FRANCHISE DISCLOSURE DOCUMENT
(California)

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Freecoat Franchising, LLC is in the business of marketing and selling full-service nail and beauty services nail studios featuring non-toxic, fume-free, and eco-friendly services under the trade name "Freecoat" ("Franchised or Freecoat Business(es)").

The total investment necessary to begin operation of a Freecoat Business ranges from $221,500 to $512,500. This includes $49,500 that must be paid to the franchisor or its affiliate(s). If you enter into a multi-unit agreement with us, the total investment necessary to begin operation of a two-store arrangement ranges from $261,100 to $602,100 and for a three-store arrangement, $300,700 to $641,700. This includes $89,100 (for two stores) or $128,700 (for three stores) that must be paid to the franchisor or its affiliate(s).

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor 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 Dave Cuff at dave@freecoatnails.com, 10000 Twin Lakes Parkway, Suite B, Charlotte, NC, 28269.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, such as 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 Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC, 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 30, 2022

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchises. You can find their names and contact information in Item 20 or Exhibit B.
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 C 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 Freecoat 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 Freecoat franchisee?	Item 20 or Exhibit B lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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 North Carolina. 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 North Carolina than in your own state.

2. **Short Operating History**. This Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise with a longer operating history.

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

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.

FREECOAT FRANCHISING, LLC
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FREECOAT FRANCHISING, LLC
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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, "Company," "we," "us," "our," or "Franchisor" means Freecoat Franchising, LLC doing business as "Freecoat". "You," ''your," or "Franchisee" means the person who buys the franchise from Freecoat Franchising, LLC and its owners, if the Franchisee is a business entity.

The Franchisor, and any Parents, Predecessors and Affiliates

We are a North Carolina limited liability company, organized on June 23, 2020. Our principal business address is 10000 Twin Lakes Parkway, Suite B, Charlotte, NC 28269. We are a wholly owned subsidiary of Freecoat Holdings, LLC, a North Carolina limited liability company also organized on June 23, 2020. Our affiliates, Freecoat Franklin, LLC, and Freecoat Mount Pleasant, LLC are also wholly owned subsidiaries of Freecoat Holdings. Freecoat Franklin, LLC is a Tennessee limited liability company established on June 23, 2020. Freecoat Mount Pleasant, LLC is a South Carolina limited liability company established on June 23, 2020. Freecoat Holdings' principal business address is 10000 Twin Lakes Parkway, Suite B, Charlotte, NC 28269. Freecoat Holdings, LLC acquired its initial franchise system assets from Mylkbar Holdings, LLC, in July 2020, and is therefore considered predecessor required to be disclosed in this Item 1.

Freecoat Holdings, LLC, through its subsidiaries, currently operates 3 Freecoat locations. The subsidiaries are as follows: Freecoat Franklin, LLC, Freecoat Charlotte, LLC and Freecoat Mount Pleasant, LLC. All of these subsidiaries have a principal address of 10000 Twin Lakes Parkway, Suite B, Charlotte, NC 28269. Freecoat Holdings and Freecoat Mount Pleasant have been conducting the type of business offered in this disclosure document since June 2020, and Freecoat Charlotte, LLC has been conducting the type of business offered in this disclosure document since June, 2021.

We conduct business under the name Freecoat Franchising, LLC and do not conduct business under any other name. We offer franchises in the line of business currently being operated by Freecoat Holdings. We have not offered and do not offer franchises in any other line of business. Freecoat Franchising, LLC does not operate a Freecoat Store. You will operate your business under the name "Freecoat." Our agents for service of process are identified by state in Exhibit D. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed. In North Carolina, our agent for service of process is Landon Eckles and his address is 10000 Twin Lakes Parkway, Suite B, Charlotte, NC 28269.

Description of the Franchise Offered

We offer the opportunity to operate Freecoat franchises ("Franchise(s)" or "Franchised Business(es)" or "Store(s)") at a single, defined location (the "Franchised Location") within a specific territory that offers various nail and beauty services using our Freecoat trademarks, trade names, service marks, commercial symbols and logos ("Proprietary Marks"), printed marketing materials (the "Marketing Materials"), methods of operation, business formats, signs, equipment, procedures, designs, layouts, standards and specifications (the "System") for the operation of Franchised Businesses. The system may be changed or modified by us throughout your ownership of the Franchise.

The Franchised Business is a retail store that is in the business of selling full-service nail and beauty services featuring non-toxic, fume-free, and eco-friendly materials.

A Freecoat franchise has a unique and distinctive look specifically designed by the Company to sell products under the Freecoat brand. You will operate your Franchised Business(es) from an approved retail store. Franchised Businesses are typically located in outdoor shopping malls, stand-alone locations, and indoor shopping malls, which are often high traffic areas that provide ample parking, significant foot traffic, and exposure to a public thoroughfare. A Franchised Business typically requires an Approved Location size between 1,200 and 1,800 square feet and typically employs between 10-15 individuals.

You must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit A ("Franchise Agreement"). You may operate one Franchised Business for each Franchise Agreement you sign.

We also offer, to qualified franchisees, the opportunity to enter into a Multi-Unit Agreement for the right to develop multiple Franchised Businesses in different locations. The Multi-Unit Agreement does not guarantee a franchisee the right to operate a Franchised Business in any specific location but does grant the franchisee the right to start and operate a certain number of franchise units ("Franchise Units") in at least two locations approved by us. Under a Multi-Unit Agreement, you must meet a performance schedule by locating a store site, submitting the information necessary for us to consider the site, obtaining our approval, and then signing our then current form of Franchise Agreement for each Franchise Unit, which may be in a different form from the Franchise Agreement in this franchise disclosure document. Additionally, you must pay a Development Fee at signing, which will be credited toward the initial franchise fees for each Franchise Unit you commit to open and sign a Franchise Agreement for. If you fail to meet the terms of your development schedule, your Multi-Unit Agreement may be terminated.

The Market and Competition

The market for full-service nail and beauty services is well established and very competitive and is not typically seasonal. Your competition will include local and national nail businesses.

Industry-Specific Laws and Regulations

You must comply with all federal, state and local laws and regulations which apply generally to all businesses, and health and sanitation codes that apply to stores generally. Some states have licensing and permitting regulations that apply to nail care businesses which may require that your Freecoat Franchised Business pass a health and safety inspection; acquire and maintain specific licenses, certifications, or credentials; dispose of hazardous chemicals in certain ways. Your Freecoat Franchised Business may be required to comply with some of these regulations in your territory. We encourage you to make additional inquiries into those laws and regulations and obtain the assistance of legal counsel in that regard.

ITEM 2
BUSINESS EXPERIENCE

Director, Chief Executive Officer

Landon Eckles has served as the Chairman of the Board of Directors and Chief Executive Officer of Freecoat Franchising, LLC and Freecoat Holdings, LLC, both located in Charlotte, North Carolina, since their inception in 2020. Additionally, he has served as the Chairman of the Board of Directors and Chief Executive Officer for Clean Juice Franchising, LLC and Clean Juice Holdings, LLC, both located in Charlotte, North Carolina since March of 2016. Mr. Eckles also has served as a member and Director at Clean Juice, LLC, located in Charlotte, North Carolina, since October 2014.

Vice President & Chief Branding Officer

Caitlyn Eckles has served as the Vice President and Chief Branding Officer of Freecoat Franchising, LLC and Freecoat Holdings, LLC, both located in Charlotte, North Carolina, since their inception in 2020. Additionally, Mrs. Eckles has served as the Vice President and Chief Branding Officer for Clean Juice Franchising, LLC and Clean Juice Holdings, LLC, both located in Charlotte, North Carolina since March of 2016. Mrs. Eckles has also served as a member and Director of Clean Juice, LLC, located in Charlotte, North Carolina, since October 2014.

Chief Development Officer

Dave Cuff has served as our Chief Development Officer, since February 2021. He previously served as our Vice President of Development, from June 2020 to February 2021. Since February 2021, Mr. Cuff has served concurrently as Chief Development Officer at Clean Juice Holdings, LLC, located in Charlotte, North Carolina. Mr. Cuff also served as the Vice President of Development at Clean Juice Holdings, LLC, from January 2017 to February 2021.

Director of Franchise Development

Staci McDonnell has served as our Director of Franchise Development since our inception in 2020. Ms. McDonnell has also served as Director of Franchise Development at Clean Juice Holdings, LLC, in Charlotte, North Carolina, since February 2017.

Director of Operations

Jen Gandino has served as our Director of Operations since our inception in 2020. From February 2018 to May 2020, Ms. Gandino served as the Director of Training for Mylkbar Holdings, LLC in Mt. Pleasant, SC. Additionally, from August 2009 to February 2018, she served as the Managing Director for Bohemia Salon and Spa in Mt. Pleasant, SC.

Director of Development

Brennan Kerr has served as our Director of Development since our inception in 2020. Mr. Kerr has also served as the Director of Development at Clean Juice Holdings, LLC, in Charlotte, North Carolina, since January 2019. From May 2016 to December 2018, he was the Director of Real Estate at Clean Juice Holdings, LLC.

Controller

Nathan Mora has served as our Controller since our inception in 2020. Mr. Mora has worked with Clean Juice Holdings, LLC in Charlotte, North Carolina since January 2017. From January 2017 to September 2017, Mr. Mora served as a Financial Analyst for Clean Juice Holdings, LLC, in Charlotte, North Carolina. From September 2017 to May 2018, Mr. Mora was the Finance Manager and from May 2018 to May 2019 as the Director of Accounting for Clean Juice Holdings, LLC. Since May 2019, he has held the position of Controller for Clean Juice Holdings, LLC.

Senior Director of Construction

Chris Cornett serves as our Senior Director of Construction since our inception in 2020. Mr. Cornett has also served as Director of Construction for Clean Juice Franchising, LLC, in Charlotte, North Carolina, since March 2016.

BOARD OF DIRECTORS

Matthew Lineberger has sat on our Board of Directors since our inception in 2020. Mr. Lineberger has also served as the owner of Lineberger Orthodontics in Cornelius, NC since 2013.

Daniel Farrell has sat on our Board of Directors since our inception in 2020. From December 2019 to present, Mr. Farrell has been the owner of Knapp CJ, LLC in Grand Rapids, MI. From November 2019 to present, Mr. Farrell has served as a realtor with John Wentworth Group in Fenton, MI. From March 2018 to present, Mr. Farrell has served as been the owner of Gaslight CJ, LLC in Grand Rapids, MI. From September 2016 to present, Mr. Farrell has also served as a Director with Clean Juice Holdings, LLC in Charlotte, NC. From January 2014 to May 2018, Mr. Farrell also served as the Director of Athletics for GearUP2Lead in Flint, MI.

Philip Hagerman has sat on our Board of Directors since our inception in 2020. From October 2019 to present, Mr. Hagerman has served as the CEO of Forum Health in Flint, MI. From January 2013 to present, Mr. Hagerman has also served as CEO of SkyPoint Ventures in Flint, MI. From June 1975 to January 2018, Mr. Hagerman served as the CEO of Diplomat Specialty Pharmacy in Flint, MI.

ITEM 3
LITIGATION

United States v. Landon Eckles, 1:15-cr-10320 (GAO filed 10/16/15) tried in the U.S. District Court for the D. Mass. Mr. Eckles, our Chief Executive Officer, was convicted of obtaining identifiable health information maintained by a covered entity relating to an individual, in violation of Title 42, United States Code, Section 1320d-6 and title 18, United States Code, Section 2. Judgment was entered on October 28, 2016 pursuant to which Mr. Eckles was ordered 12 months' probation.

Other than the above, no litigation information is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Single Unit Franchise

You must pay us an initial franchise fee ("Initial Franchise Fee ") of $49,500 when you sign the Franchise Agreement. Your Initial Franchise Fee is non-refundable when paid. If you purchase additional Franchise Stores in the future, the Initial Franchise Fee will be 80% of the then-current Initial Franchisee Fee. If there are specific state requirements regarding the payment of the Initial Franchise Fee that differ from above, they will be outlined in the State Specific Addenda attached to this Disclosure Document as Exhibit E. In

2020, our first franchisee that signed a Franchise Agreement with us did not pay an Initial Franchise Fee.

Multi-Unit Agreement

If you qualify to be a Multi-Unit Franchisee and agree to purchase and develop a minimum of 1 additional franchise, then you will sign a Multi-Unit Agreement and pay us a non-refundable Development Fee. The Development Fee is calculated based on the total number of franchises you commit to develop. You must commit to open a minimum of 2 franchises under a Multi-Unit Agreement. If you enter into a Multi-Unit Agreement, you will pay the full Initial Franchise Fee of $49,500 for the first Unit, but we will reduce the initial franchise fee for each additional unit to $39,600. For example, if you commit to develop two Units, the Development Fee is calculated as $49,500 + $39,600 = $89,100. If you do not complete the performance schedule by the Target Date, we have the right to terminate the Multi-Unit Agreement and retain the Development Fee. The Development Fee shall be deemed fully earned upon the payment thereof and shall be non-refundable under any circumstances.

Delayed Opening Fee

If your location is not open within 9 -months after signing your Franchise Agreement, except for circumstances beyond your control, you must pay us a non-refundable Delayed Opening Fee as follows: $1,000 for the first month's delay, $5,000 for the second month's delay, and $10,000 for the third month's delay. If your location is not opened and operating within 12 months after signing your Franchise Agreement, we have the right to immediately terminate your Franchise Agreement.

All fees described in this Item 5 will be deemed fully earned and non-refundable when paid.

ITEM 6
OTHER FEES

Type of Fee (See Note 1)	**Amount**	**Due Date**	**Remarks**
Royalty Fee (See Note 2_	6% of Gross Sales	Weekly on or before the close of business on Wednesday for the immediately preceding week	"Gross Sales" means the total amount of the sale price of all sales, less franchisor-approved discounts, less sales taxes and returns for the preceding reporting period. All payments must be made by electronic funds transfer. The Royalty Fee is non-refundable when paid and is fully earned upon receipt in exchange for ongoing development, licensing and support.
Brand Marketing Fee (See Note 3)	1% to 3% of Gross Sales	Same as Royalty Fee.	Payment must be made by electronic funds transfer. Franchisor reserves the right to increase the Brand Marketing up to 3%. Fee does not include marketing materials or local store advertising.
Accounting and Bookkeeping Services (See Note 4)	$250 to $900 per month	As Incurred	You must maintain our accounting service.

Type of Fee (See Note 1)	**Amount**	**Due Date**	**Remarks**
Advertising Cooperative	If established, the amounts required by the cooperative up to 2% of Gross Sales	Same as Royalty Fee.	We have currently not established advertising cooperatives.
Transfer Fee	50% - 75% of the then current Initial Franchise Fee plus any commissions due to salespersons.	Prior to the Transfer.	75% of the then current Initial Franchise Fee if the transferee is a new franchisee or 50% of the then-current Initial Franchise Fee if the transferee is an existing franchisee approved for expansion. If we assist with finding a buyer for your franchise and are required to pay commissions for such assistance, you agree to pay all commissions due in addition to our Transfer Fee. (See Note 5)
Audit	Amount of any underpayment, interest, and cost of audit estimated to be between $600 and $15,000	Upon Demand	The cost of the Audit is payable only if the understatement by you exceeds 1.5%.
Additional Training	Freecoat University ("FCU") is free up to 4 individuals, plus expenses and $1,000/per person thereafter. Additional training is $300 per day, per trainer, plus travel expenses.	Upon Demand	The Additional Training expense is for any optional training that you request or that we require if you are in non-compliance with the Franchise Agreement. See Item 11 for more details.
Technology Fee	Our then current Technology Fee (currently $250/month prior to opening. $550)	Same as Royalty Fee	This fee is paid to us monthly and per location at the time of signing the franchise agreement and covers the following: your location listing on our website, up to 4 email addresses, your POS system, our required music provider, the comprehensive Freecoat training platform, consolidated KPI reporting, gift card liability management, and a franchisee resources portal. This fee can be increased at any time at the discretion of the

Type of Fee (See Note 1)	**Amount**	**Due Date**	**Remarks**
			franchisor. This fee is in addition to the Business Accounting Software & Payroll Processing and HR Services fees that you are required to pay to us or the vendor directly. (See Note 6) In many instances internet related fees may be included in the real estate lease.
Delayed Opening Fee	$1,000 for first month's delay; $5,000 for second month's delay; and $10,000 for third month's delay	Upon Demand	If your Freecoat Business is not open within 9-months of the Effective Date of your Franchise Agreement, except for circumstances beyond your control, you must pay us a non-refundable delayed opening fee as follows: $1,000 for the first month's delay, $5,000 for the second month's delay, and $10,000 for the third month's delay.
Reimbursement of monies paid by Company on your behalf Indemnification	Varies	Upon Demand	For payments you fail to make and that we make on your behalf.
Indemnification	Will vary under circumstances	As Incurred	You must pay for any expenses or losses that we or our representatives incur related in any way to your Franchised Business or the operation of your Freecoat business.
Insufficient Funds Fee	$100 per occurrence	As Incurred	Payable if EFT payment is not successful due to insufficient funds, stop payment or any similar event.
Private/Public Offering Fee	$10,000 - $15,000	Upon request for approval of offering documents	Payable if you request our review of a placement memorandum or registration statement for any public or private offering of your equity or debt securities.
Liquidated Damages	24 months (or the number of months remaining in your current term, if less, of your average monthly Royalty payable for the one year	At termination of the Franchise Agreement	Payable if the Franchise Agreement terminates prior to expiration unless we breach and fail to cure. See Item 17.

Type of Fee (See Note 1)	**Amount**	**Due Date**	**Remarks**
	preceding termination)		
Renewal Franchise Fee	$2,500	Upon the earlier of (i) execution of the successor franchise Agreement or (ii) when you send your renewal notice	This fee is commonly referred to as a "renewal fee" payable if you execute a renewal franchise agreement.
Interest on Late Payment	Lesser of 18% per annum or the maximum allowed under applicable state law	Upon Demand	Payable on overdue royalty payments and other payments due the Company. The interest rate is per annum calculated daily.
Relocation Fee	30% of the then-current Franchise Fee	Paid upon Franchisor's approval to relocate Franchised Business.	Fee paid upon approved by Franchisor.
Default Fee (at our discretion)	At least 3% (per occurrence) and no more than cumulative 12% of Gross Sales	Same as Royalty Fee	(See Note 7)
Vendor Approval Fee	$1,000	Upon Demand	If you desire to have a non-approved supplier of a product or service designated as an approved supplier, you must pay a $1000 vendor approval application fee.
Purchasing Cooperative Fee	Up to 2% of Gross Sales	Same as Royalty Fee	We have the right to require you to participate in a national or regional approved purchasing cooperative, up to 2% of Gross Sales, for the area in which your Franchised Business operates. Franchise-owned outlets do not have any voting power regarding fees imposed by franchisee cooperatives. We do not have any purchasing or distribution cooperatives in place as of the Issuance Date.

Type of Fee (See Note 1)	**Amount**	**Due Date**	**Remarks**
Financial Services Fee	$300/month for one unit $250/month per unit for 2-5 units $200/month per unit for 5+ units	Same as Royalty Fee	The Financial Services Team will maintain your QuickBooks Online account on a weekly basis, reconcile your bookkeeping monthly, and disclose Profit & Loss statements following each month's conclusion. In addition to presenting the precise aforementioned statements: we will also provide monthly inventory, cost of goods sold, and processing fee adjustments. Please understand full access to your business information will be necessary in order to accurately review and update your QuickBooks. Prior to the 20th of each month, we will ensure your monthly sales taxes are correctly paid and recorded. In addition, our team will handle communication with local municipalities to determine if additional sales taxes should be paid to the locality or county. Encompassed in our service will be monthly reporting on all viable financial measures including the cost of goods sold, payroll, and sales data. Financial Performance Reviews containing this information will be communicated with your business to primarily determine financial progress, highlight successes, and determine shortfalls. The costs associated with our services are $300 a month per store unit beginning the month of your CO. Multi-unit pricing for franchise partners with more than one store is available for $250 per unit.

Type of Fee (See Note 1)	**Amount**	**Due Date**	**Remarks**
Additional Site Visit	$500/day plus expenses	As Incurred	If your first site visit (no charge to you) results in a site rejection and additional visits to review alternative sites is needed.
Delayed Opening Fees	$1,000 for first month, $5,000 for second month, $10,000 for third month and each month thereafter	As Incurred	If your business is not opened within nine (9) months from the Effective Date of the Franchise Agreement (except for circumstances reasonably beyond your control)

Note 1. All fees paid to us are uniform and non -refundable. We require you to pay fees and other amounts due to us via EFT or other similar means. You must complete the EFT Authorization (in the form attached to the Franchise Agreement as Attachment B) for direct debits from your business bank operating account. We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

Note 2. You must pay us a non-refundable royalty fee of 6% of the Gross Sales of your Franchised Business during the preceding Reporting Period. “Gross Sales” means the total amount of the sale price of all sales, less sales taxes, franchisor-approved discounts, and returns. "Reporting Period" consists of 1-calendar week. Our accounting system operates on a monthly reporting period for each fiscal year. Our fiscal year ends on December 31. You must pay your royalty fee by electronic funds transfer under the Automated Clearing House Payment Authorization form attached as Attachment B to the Franchise Agreement.

Note 3. We have established a Brand Fund. Currently, you must pay us a non-refundable Brand Marketing Fee of 1% (we may increase the Brand Marketing Fee up to 3% as designated by us in the future, at our discretion) of the Gross Sales of your Franchised Business during the preceding Reporting Period. See Item 11. You will have to pay your Brand Marketing Fee by ACH Payment when you pay your Royalty Fee.

Note 4. You must maintain an accounting service. The accounting services provided by the Franchisor approved company will include full-service accounting functionality for daily operations and transactional tasks, detailed reporting, weekly or biweekly payroll processing, payroll tax filings, weekly bank reconciliations, periodic reporting, budgeting and general ledger entries. The costs of these services will initially range from $250.00 to $900.00 per month per Store plus up to $500 at the beginning of the service activity and are subject to change at the discretion of the accounting services provider. You must also maintain up-to-date bookkeeping. We retain the right to mandate accounting services at a cost of $300/month to any franchise owners who fail to possess accurate monthly reports after two consecutive months. Monthly P&L's and Balance Sheets, at our discretion, are due by the 7th of every month for the prior monthly period.

Note 5. Except for transfers (i) to a corporation you control where the percentage of ownership remains the same, or (ii) necessitated by the death or incapacity of you or certain employees, you must reimburse us for our reasonable legal, sales, accounting, management, training, and incidental expenses associated with the transfer plus any commissions due, in addition to a fee equal to 75% of the then-current initial Franchise Fee for new franchisees or 50% of the then-current Franchise Fee if the franchised business is an existing franchisee approved for expansion. If you transfer a Franchised Business that was purchased with a reduced Initial Franchise Fee within the first year of operation, you will be required to pay the difference between the reduced Initial Franchise Fee and the then-current Initial Franchise Fee for Franchised Business.

Note 6. This fee may increase, and you will be responsible for any such increases.

Note 7. This fee is only due in the event you (1) fail to allow, or cooperate with, any audit conducted by us or our designated agents as required by the Franchise Agreement within 30 days after receiving notice of the audit, (2) fail to follow or comply with our prescribed accounting system as required by the Franchise Agreement, (3) establish or use an unapproved website without our prior written approval, (4) fail to complete the initial training in the timeframe that we prescribe, or (5) fail to remodel/upgrade the Business within 60 days of the requirement to do so. Upon the occurrence of any one of these events of default, we have the right to impose a separate fee equal to 3% of Gross Sales of the Franchised Business. Each separate 3% fee is in addition to the royalty fee and will continue until such time as the specific event of default is cured. This fee is intended to offset the damages that we incur as a result of your default and is not intended as a penalty.

All fees are imposed by and are paid to us. All fees are non-refundable. Except as noted in Note 1, all fees are uniformly imposed and collected. There are currently no franchisee cooperatives in existence, so there are no fees imposed by cooperatives and no voting power requirements for company-owned outlets.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT – SINGLE FRANCHISE AGREEMENT

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Franchise Fee	$49,500	$49,500	Lump Sum	Upon Signing Franchise Agreement	Us
Delayed Opening Fee	$0	$16,000	As Incurred	Before Opening	Us
Lease Security Deposit (See Note 1)	$2,500	$5,000	Lump Sum	Before Opening	Landlord
Leasehold Improvements (See Note 2)	$80,000	$300,000	Per Agreement with Landlord	As Agreed	Contractors/Landlord
Utility Deposits	$500	$1,000	Lump Sum	Before Opening	Utility Providers
Furniture, Fixtures and Equipment (See Note 3)	$25,000	$60,000	Per Agreement	Per Agreement	Suppliers
Inventory	$25,000	$45,000	Lump Sum	Before Opening	Us or Third Party
Signage	$5,000	$10,000	As Incurred	Before Opening	Suppliers
Travel and Living Expenses While Training	$1,000	$3,000	Lump Sum	Before Opening	Suppliers
Business Licenses	$500	$1,500	Lump Sum	Before Opening	Various
Grand Opening Marketing and Event and Pre-Sales	$10,000	$10,000	Lump Sum	As Agreed	Various
Insurance Premiums (See Note 4)	$2,500	$6,500	Lump Sum	Before Opening	Insurance Carrier
Professional Expenses	$0	$5,000	Lump Sum	As Agreed	Attorney, Accountant, and Other Professionals
Architect Fee	$5,000	$10,000	Lump Sum	Before Opening	Architect

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Additional Funds (3 Months) (See Note 5)	$15,000	$40,000	As Incurred	As required during the first 3-months	Various
TOTAL	**$221,500**	**$562,500**			

*All expenditures are non-refundable except as you negotiate with any particular party, e.g. your landlord.

Note 1. Security deposits generally are required by utilities, the landlord, and the equipment lessors Amounts will vary depending on the provisions of various leases, utilities' policies, and your credit rating. The estimated cost includes a 1-month deposit to the landlord, however the landlord may require additional months' deposit.

Note 2. You must lease or own the Store. You may pay real estate fees to a broker, consultant or advisor to assist you in finding and leasing a suitable location for your Store. Your Franchised Location must have a minimum of 1,000 square feet of interior space, [or such lesser amount agreed to by us on a case-by-case basis]. The amount of monthly rental expenses for your Franchised Location may vary widely and will depend on geographic location, size, visibility, local rental rates, other businesses in the area, other local economic conditions, the site's market potential and other factors. The Store should have convenient parking for between 5-10 vehicles. Improvement costs for the rental space will also vary widely depending upon the amount of renovation and retrofitting you must perform to transform the space into a store. Your leased space may be a pre-existing store that will be retrofit to meet our System Standards. A landlord may finance all or part of the cost of the tenant improvements as part of your rent or otherwise, and may provide a period of free or reduced rent to offset the costs of improvements. You will be responsible for paying our approved architect to draft plans and specifications for the improvements and produce blueprints for the landlord and your contractor. Architectural fees are included in this estimate.

Note 3. The estimated cost includes fixtures and furniture, including tables, chairs and office furniture as well as the POS and Computer System. The furniture, fixtures and equipment will vary, depending on the size your Freecoat location.

Note 4. The estimated cost covers the typical first year's insurance premium for required coverage for general business liability, umbrella, and/or worker's compensation insurance. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of a Franchised Business, your rates may be significantly higher than those estimated above.

Note 5. This is an estimate of your initial startup expenses for one Freecoat Franchise for the initial period of operations, which we anticipate will be three months. These expenses include royalty fees, technology fees, and brand marketing fees. We have relied on our affiliates' experience in operating a Freecoat business to prepare these estimates. We do not offer direct or indirect financing for these items. These figures are estimates and we cannot guarantee that you will not have additional expenses involved with starting your Freecoat Franchise. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

YOUR ESTIMATED INITIAL INVESTMENT – MULTI-UNIT AGREEMENT

Type of Expenditure (2 Units)	Low Amount	High Amount	Method of Payment	Due Date	Payment Made To
Initial Multi-Unit Agreement Fee (See Note 1)	$89,100 2 Units	$89,100 2 Units	Lump Sum	Upon Signing Multi-Unit Agreement	Us
Initial Investment – Store #1 (See Note 2)	$172,000	$513,000	Varies	Varies	Varies
TOTAL	**$261,100**	**$602,100**			

Type of Expenditure (3 Units)	Low Amount	High Amount	Method of Payment	Due Date	Payment Made To
Initial Multi-Unit Agreement Fee (See Note 1)	$128,700 3 Units	$128,700 3 Units	Lump Sum	Upon Signing Multi-Unit Agreement	Us
Initial Investment – Store #1 (See Note 2)	$172,000	$513,000	Varies	Varies	Varies
TOTAL	**$300,700**	**$641,700**			

Note 1. If you enter into a Multi-Unit Agreement, you will pay the full Initial Franchise Fee of $49,500 for the first Unit, but we will reduce the initial franchise fee for each additional unit to $39,600. For example, if you commit to develop two Units, the Development Fee is calculated as $49,500 + $39,600 = $89,100.

Note 2. Please refer to the table for the Estimated Initial Investment for a Single Unit for expenses associated with opening a Freecoat Business under a Franchise Agreement signed under a Multi-Unit Agreement.

Except as described in the footnotes, all fees are uniform and non-refundable.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

To ensure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the methods, standards, and specifications that we list in our proprietary and confidential operating manual(s) ("Manual(s)"), which may exist in various parts, locations, and formats and may include a combination of audio, video, written material, electronic media, website content, and/or software components. You must not (i) deviate from these methods, standards, and specifications without our prior written consent, or (ii) otherwise operate in any manner which reflects adversely on our Proprietary Marks or the System. Our Manual states our specifications, standards, and guidelines for all goods and services that we require you to obtain in establishing and operating your Franchised Business. We based these specifications on our experience and upon the experience of our officers and the subsidiaries of our parent, Freecoat Holdings.

We will notify you of new or modified specifications, standards, and guidelines through periodic amendments or supplements to the Manual or through written communication (including electronic communication). We will issue copies of our standards and specifications to you for approved and proposed suppliers, unless these standards and specifications contain our confidential information.

You must purchase, install, maintain in sufficient supply, and use only fixtures, furnishings, equipment, signs, and supplies that conform to the standards and specifications described in the Manual or otherwise in writing by us. You must not use nonconforming items. In addition, you must sell or offer for sale only those products and services that we have expressly approved for sale in the Manual or otherwise in writing and discontinue selling any products or services that we, in our discretion, determine may adversely affect the System. You must not offer any unapproved products or services.

You must obtain and maintain insurance policies protecting you, us and our affiliates, and our respective shareholders, directors, employees, and agents against any demand or claim regarding personal and bodily injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring at or in connection with the construction and/or operation of your Franchised Business. Such policies must be written by an insurer authorized to write coverage in your state, having an A M Best rating of at least A-VI that we find acceptable and conforming to our standards. All insurance policies you purchase must name us (and any affiliate we designate) as additional insureds and provide for 30 days' prior written or statutory notice to us of a policy's material modification or cancellation and 10 days' notice for non-payment of premium. If the additional insured has other insurance applicable to a loss, it will be on an excess or contingent basis. The additional insured's insurance coverage will not be reduced by the existence of such other insurance.

If we are informed that the proper insurance is not in place, we have the right to force place coverage and charge you for the coverage and a reasonable administrative fee. The type of coverage must include:

1. General Liability – $1,000,000 per occurrence, $2,000,000 aggregate (per location) for bodily injury and property damage, including broad form contractual liability, products/completed operations and tenant's legal liability of not less than $500,000;
2. Property Insurance – 100% of the replacement cost value including special form coverage of all Tenants Improvements and Betterments, Furniture, Fixtures and Equipment and all inventory. A builder's risk policy maybe required for your buildout phase if your insurance policy does not cover it. Flood, windstorm and earthquake will be required in geographically prone areas;
3. If a vehicle is used in the business, business automobile liability covering liability arising out of any auto (including owned, hired and non-owned autos), with a minimum of $1 million combined single limit each accident;
4. Worker's Compensation or legally appropriate alternative covering all employees and contractors working at the Store for Statutory limits and Employers Liability with minimum limits of $500,000 bodily injury for each accident, $500,000 bodily injury by disease for each employee and $500,000 bodily injury disease aggregate;
5. Umbrella Liability: $2,000,000 to be excess of General Liability, Auto Liability, and Employer's Liability (lease may require higher limits);
6. Any other federal, state or local insurances as may be required; and
7. (Optional) Employment Practices liability insurance with a limit of $100,000.

We reserve the right to modify these insurance requirements at any time for which you will comply upon written notification due to changing or increased risks. Each policy must contain a waiver by the Franchisee and its insurer of their subrogation rights against Freecoat and its affiliates, and their respective shareholders, directors, employees and agents. If the additional insured has other insurance

applicable to a loss, it will be on an excess or contingent basis. The additional insured's insurance coverage will not be reduced by the existence of such other insurance.

Required Purchases and Approved or Designated Suppliers

As of the Issuance Date, you must purchase all inventory from vendors we approve, which may include us or our affiliates. We will, upon our inspection and approval, approve local vendors who provide the same or substantially similar quality products for use at your Franchised Location. In addition, you must purchase and/or lease from us additional equipment, products or inventory. Except for those items outlined in the Manual(s), you are currently not required to purchase or lease from us or our affiliates, any other goods, services, supplies, fixtures, equipment, inventory, or real estate for the establishment or operation of the Franchised Business. You must, however, purchase all products, equipment, supplies, and materials used or sold by the Franchised Business, solely from us or suppliers (including manufacturers, wholesalers, and distributors) (i) who demonstrate, to our continuing reasonable satisfaction, the ability to meet our reasonable standards and specifications for these items, (ii) who possess adequate quality controls and capacity to supply your needs promptly and reliably, (iii) whose approval would enable the System, in our opinion, to take advantage of marketplace efficiencies, and (iv) who have been approved by us in the Manual or otherwise in writing and not later disapproved. We and our affiliates, are currently approved suppliers, and some of our franchisor officers own an interest in a supplier. Those are not currently the only approved suppliers.

You must purchase and install hardware and software to run a computer based, point-of-sale ("POS"), store management system, including the appropriate POS equipment and/or printers (the "Computer System"). We will advise and work with you to select these systems from our approved suppliers. We estimate the cost to purchase the required POS and store management systems from an approved supplier is between $2,500 to $5,000. The ongoing monthly cost to operate and maintain the POS is included in the Technology Fee that you must pay to us.

You must maintain an accounting service provided by the Franchisor which includes full-service accounting functionality for daily operations and transactional tasks, detailed reporting, weekly bank reconciliations, periodic reporting, budgeting and general ledger entries. The costs of these services will initially range from $250.00 to $900.00 per month per Store plus up to $500 at the beginning of the service activity and are subject to change at the discretion of the accounting services provider. You must also maintain up-to-date bookkeeping. We retain the right to mandate accounting services at a cost of $300/month to any franchise owners who fail to possess accurate monthly reports after two consecutive months. Monthly P&L's and Balance Sheets, at our discretion, are due by the 15th of every month for the prior monthly period.

Revenue from Franchisee Purchases

We and our affiliates have the right to receive rebates or other payments from distributors, suppliers and other service providers, based (directly or indirectly) on sales to franchisees and company-owned stores, which will be deposited back into the Fund. Because we are a new franchise, we have not received any rebates/ referral fees from required purchases or leases from franchisee purchases. Our affiliates do not derive revenues from required purchases or leases.

Percentage of Total Purchases Represented by Required Purchases

Required purchases consist of items you must purchase from approved suppliers or under our established specifications. We estimate your required purchases will represent 90% of your total opening expenses (excluding the cost of real estate improvements) and total annual operating expenses.

Negotiated Purchases

We have and, as we grow, anticipate continuing to negotiate purchase arrangements with suppliers where we (and our Franchisees) obtain discounts from standard prices for items such as inventory, equipment, and outsourced services such as insurance and credit card processing. Currently, we have negotiated discounts with our Franchisor-approved architect that we have passed on to our Franchisees. We do not, however, represent and cannot guarantee that any particular supplier arrangement will be available to you as the availability of these arrangements may vary depending on whether the supplier services the area in which your Franchised Business will be located.

Approval of New Suppliers, Product Specifications.

If you desire to have a non-approved supplier of a product or service designated as an approved supplier, you must pay a $1,000 vendor approval application fee ("Vendor Approval Fee"). You must provide sufficient information and specifications and/or submit samples of the supplier's products and services to us, along with a written statement describing why such items, services, or suppliers should be approved for use in the System. We may revise our approved supplier criteria from time to time as we deem appropriate and will make them available to our Franchisees upon written request. We may condition our approval of a supplier on the supplier's agreement to comply with product quality standards, frequency of delivery, standards of service, and concentration of purchase requirements. We also may impose limits on the number of approved suppliers, products and services. We reserve the right to test supplies and inspect the premises of suppliers before granting our approval. While we will be required to respond to a request within 120-days, we anticipate generally responding to a request for an additional approved supplier within 30-days. Our written approval must be received before you use products not purchased from an approved supplier. We may revoke our approval at any time if we determine, in our sole, subjective discretion, that the supplier no longer meets our standards. When you receive written notice of a revocation, you must stop selling any disapproved products, and stop purchasing from any disapproved supplier.

We may formulate and modify our product specifications and standards by reviewing each product on an individual basis, taking into consideration the supplier's ability to provide consistently high quality products to you or our approved suppliers on a timely basis. We generally will formulate specifications and standards based on the quality of the products and other relevant factors. We periodically may review each product and respective supplier to make sure that the supplier is following the specifications and standards.

Material Benefits

We do not provide any material benefits to any Franchisees (for example, additional franchise rights or renewal rights) based on their purchases of particular products or services or their use of particular suppliers. We reserve the right not to grant franchises or confer other benefits to any Franchisee, for any reason or no reason, which may include the failure of a Franchised Business to follow and support the Franchised Business System, including its recommended advertising programs and approved supplier programs.

Cooperatives

We have the right to require you to participate in a national or regional approved purchasing cooperative, up to 2% of Gross Sales, for the area in which your Franchised Business operates. We do not have any purchasing or distribution cooperatives in place as of the Issuance Date.

ITEM 9
FRANCHISEE'S OBLIGATIONS

Franchise Agreement

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

Obligation	Section in Franchise Agreement	Item in Franchise Disclosure Document
a. Site selection/lease or acquisition	Sections 1, 6 and Exhibit A	Items 7 and 11
b. Pre-opening Purchases/Leases/Licenses	Sections 6, 7, 8 and Exhibit G	Items 5, 7 and 8
c. Site Development and other Preopening Requirements	Sections 3, 6, 7, 8 and Attachment A	Items 6, 7 and 11
d. Initial and ongoing Training	Section 6	Item 11
e. Opening	Sections 2 and 6	Item 11
f. Fees	Sections 4, 5, 7, 8, 11, 12, 14, 15, 17, 18	Items 5, 6 and 7
g. Compliance w/standards and policies/operating Manual	Sections 1, 2, 4, 6, 7, 8, 10, 11, 12, 14, 15	Items 11 and 14
h. Trademarks and proprietary Information	Sections 1, 8, 10, 11, 17 and Guarantee and Covenant, Confidentiality and Non-Competition Covenant	Items 13 and 14
i. Restrictions on Products/services offered	Sections 2 and 8	Item 16
j. Warranty and customer service requirements.	Not Applicable	Not Applicable
k. Territory development and sales quotes	Not Applicable	Item 12
l. Ongoing product/service Purchase	Section 8	Item 8
m. Maintenance, appearance, and remodeling requirements	Section 8	Item 11
n. Insurance	Sections 13	Items 6 and 11
o. Advertising	Sections 8, 12	Items 6 and 11
p. Indemnification	Section 19, Guarantees and Covenants	Item 6
q. Owners participation/management/staffing	Sections 8, 18	Items 11 and 15
r. Records and Reports	Section 8, 15 and 21	Item 6
s. Inspection and Audits	Sections 7, 8 and 14	Items 6 and 11
t. Transfer	Section 15	Items 6 and 17
u. Renewal	Section 4, 8, Exhibits J	Item 17
v. Post Termination Obligation	Sections 16 and 18	Item 17

Obligation	Section in Franchise Agreement	Item in Franchise Disclosure Document
w. Non-Competition Covenants	Sections 18 and Guarantee and Covenants	Item 17
x. Dispute Resolution	Sections 25	Item 17
y. Other-Guaranty	Sections 15, 17, 19 and Attachment C	Item 15

Multi-Unit Agreement

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 Multi-Unit Agreement	Item in Franchise Disclosure Document
a. Site selection/lease or acquisition	Sections 6, 7, and 8	11
b. Pre-opening Purchases/Leases/Licenses	Not Applicable	Not Applicable
c. Site Development and other Preopening Requirements	Not Applicable	Not Applicable
d. Initial and ongoing Training	Not Applicable	Not Applicable
e. Opening	Not Applicable	Not Applicable
f. Fees	Sections 5	Items 5 and 6
g. Compliance w/standards and policies/operating Manual	Not Applicable	Not Applicable
h. Trademarks and proprietary Information	Not Applicable	Not Applicable
i. Restrictions on Products/services offered	Not Applicable	Not Applicable
j. Warranty and customer service requirements.	Not Applicable	Not Applicable
k. Unit development and sales quotes	3	Item 12
l. Ongoing product/service Purchase	Not Applicable	Not Applicable
m. Maintenance, appearance, and remodeling requirements	Not Applicable	Not Applicable
n. Insurance	Not Applicable	Not Applicable
o. Advertising	Not Applicable	Not Applicable
p. Indemnification	Section 17, Guarantees and Covenants	Item 6
q. Owners participation/management/staffing	Not Applicable	Not Applicable
r. Records and Reports	Not Applicable	Not Applicable
s. Inspection and Audits	Not Applicable	Not Applicable
t. Transfer	Section 16	Items 6 and 17
u. Renewal	Not Applicable	Not Applicable
v. Post Termination Obligation	Not Applicable	Not Applicable
w. Non-Competition Covenants	Not Applicable	Not Applicable

Obligation	Section in Multi-Unit Agreement	Item in Franchise Disclosure Document
x. Dispute Resolution	Sections 15, 22 & 23	Item 17
y. Other-Guaranty	Not Applicable	Not Applicable

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

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

Except as listed below, Freecoat Franchising LLC is not required to provide you with any assistance and services.

Pre-Opening Obligations.

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

1. We will assist you in the selection of sites for Franchised Location(s) (or, in other limited instances, another approved location) to serve as the site for your Franchised Business, which meets our then-current site-selection criteria ("Approved Location"). We will not own the site or lease it to you. We will review the information you submit for each proposed site for a Franchised Location, conduct any investigation we deem appropriate to evaluate the site, and accept or reject the site within 30-days of your submission of all initial and supplemental information. We do not require you to locate an Approved Location at the time of signing the Franchise Agreement. You must have a signed lease or purchase contract for an Approved Location within 90-days after the signing of your Franchise Agreement (Franchise Agreement Section 6.2) or your Franchise Agreement may be terminated (Franchise Agreement Section 16). You have the option to secure a single 30-day extension of the 90 day period by written notice to us that you are exercising your extension option. The grant of any further extension of time to complete this phase of pre-opening is at our sole discretion.

2. We will advise you on the business terms (to the extent possible) for an acceptable lease/license agreement for the site. *See below for more information regarding site selection.* All terms of your lease and any modifications or amendments must be approved by us before you sign the lease or letters of intent ("LOI"). We will review the LOI, lease and any modifications and/or amendments to the lease, and accept or reject the site within 30-days of your submission of all initial and supplemental information. Each Franchised location must be under lease to you and not to an affiliate if you do not own it. We do not review, provide advice on or approve any financing you obtain for your development costs (See Franchise Agreement Section 6).

3. We will designate the unit location for your Franchised Location (See Franchise Agreement Section 2&3).

4. We will have the right to terminate the Franchise Agreement if you fail to (i) gain our acceptance of your site within 90-days after you sign the Franchise Agreement, (ii) sign an approved lease or purchase agreement for an accepted site within 90-days (or 120-days if you exercise your extension

option) after the date of your Franchise Agreement, or (iii) open your Store within nine months after the Effective Date if we do not agree to an extension (Franchise Agreement Section 6).

5. We will provide you with other resources and assistance that we may develop and make available to new Franchisees and developers from time to time. (See Franchise Agreement Section 6).

6. If you are operating under a Multi-Unit Agreement, we will forward the Franchise Agreement for your proposed Franchised Location after you give us notice of your lease of an accepted site and the fully executed lease rider (Multi-Unit Agreement Section 9).

7. Give you access to the Manual(s) for the duration of the Franchise Agreement and any other manuals that we may develop and issue. The table of contents of the Manual is attached as Exhibit D to this Franchise Disclosure Document. The majority of the Manual is currently in paper and electronic form, and may be available, in the future, on a password-protected extranet. Our Manual contains mandatory specifications, standards, forms, material samples, guidelines, policies, and operating procedures. As of the Issuance Date, the total pages of the Manual is approximately 208 pages. This Manual is confidential and remains our property. We may modify the Manual, but the modifications will not alter your status and rights under the Franchise Agreement (Franchise Agreement Section 11).

8. Offer a training program, up to three weeks, to you (if you are the owner/operator), your general manager, and up to three other individuals. The training and information will cover basic Franchised Business operations and management, including a standard chart of accounts for use in the daily and periodic accounting of the Franchised Business (Franchise Agreement Section 7). See Training Chart located at the end of this Item 11.

9. In connection with opening, we shall provide you with up to 5 of our representatives for up to 14-days. You must pay our current per diem rate for trainers, plus reimburse their expenses such as travel, lodging and incidentals. There are several factors that will impact your training costs, including the amount of advance notice given to us so we can book travel arrangements, seasonality increases, and local events that directly affect availability and rates. Travel rates are generally lower with at least a 14-day notice to book; thereafter, rates can increase significantly, especially within 7-days' notice when rates are usually the highest (See Franchise Agreement Section 7).

10. We will not provide you with equipment, fixtures, opening inventory and supplies. However, we will provide you with a list of approved suppliers, and their respective approved products, including signage and services, in the confidential Manual and/or in other written or electronic communication to you. We will provide you with written specifications for inventory and fixtures. However, we will not deliver or install those items. As new suppliers, products or services become available, we will notify and amend the Manual to reflect that change.

11. Conduct a final inspection of the Franchised Business before it opens for business (Franchise Agreement Section 7).

12. Provide initial advice and assistance to you in operating the Franchised Business, as we deem appropriate (Franchise Agreement Section 7).

Site Selection

The Franchised Business must be located at the Approved Location. We will assist you as we deem reasonable and necessary in the selection of your site location. We do not generally own the premises and lease it back to you. We have the right to accept or reject your proposed site selection. If you do not have

an approved/accepted location for the Franchised Business at the time you sign the Franchise Agreement, you must obtain our approval before you execute a LOI, lease, and license or otherwise acquire a location (Franchise Agreement Section 2). You have 90 days from the signing of the Franchise Agreement to find an Approved location and execute the lease (or 120-days if you exercise your extension option) or your Franchise Agreement may be terminated within our sole discretion.

We do not charge any fees or expenses for the first on-site visit, if such on-site visit is needed. If, however, your first site is rejected and additional visits are required, you must pay us a non-refundable location assistance fee of $500 per day plus reimburse our expenses related to this assistance, such as travel, lodging and meals. If during the construction process, more than 3 on-site visits from our construction team are required, you must pay us $500 per day, plus reimburse our expenses for travel, lodging and meals. We have no obligation to negotiate the lease, conform the premises to local codes and ordinances, obtain permits, construction, remodel or decorate, or hire and train employees (except as described herein). In determining whether to approve your site, we will consider demographic evaluations, traffic patterns, population density, proximity to activity centers and employers, physical site profiles, parking convenience, visibility, competition in the market area and other factors. Once you have selected a site and we have approved it, we may, at our discretion, advise you in negotiating an acceptable lease agreement for your Franchised Business premises. We recommend that you also retain your own real estate attorney to assist in finalizing the lease agreement.

Schedule for Opening

We anticipate that the typical length of time between signing the Franchise Agreement and the opening of the Franchised Business can take approximately 6 to 9 months. Some factors that may affect this timing are your ability to acquire a location through lease (or in rare instances purchase) negotiations, your ability to secure any necessary financing, your ability to comply with local zoning and other ordinances, your ability to obtain any necessary permits and certifications, the timing of the delivery of equipment and inventory, obtaining necessary labor and materials and the time to convert, renovate or design the space. If your Freecoat Business is not open within 9-months of the Effective Date of your Franchise Agreement, except for circumstances beyond your control, you must pay us a non-refundable delayed opening fee as follows: $1,000 for the first month's delay, $5,000 for the second month's delay, and $10,000 for the third month's delay. If your Freecoat Business is not opened and operating within 12-months of the Effective Date of your Franchise Agreement, we have the right to immediately terminate your Franchise Agreement with no refund due to you (Franchise Agreement Section 16).

Under the Multi-Unit Agreement, you must agree to open at least 2 Franchised Locations by the dates required under your performance schedule (the "Performance Schedule"). The general Performance Schedule for 3 Franchised Locations is displayed below.

Development Unit #	Deadlines
1	Lease signed within 4-months of signing this Agreement and Unit open within 9-months after signing this Agreement
2	Lease signed within 10-months of signing this Agreement and Unit open within 15-months after signing this Agreement
3	Lease signed within 16-months of signing this Agreement and Unit open within 21-months after signing this Agreement

You must sign a Franchise Agreement for each Store to be developed under the Multi-Unit Agreement, and the deadlines for developing the Store and obtaining our approvals for the subsequent sites and leases described above become applicable.

If you agree to open more than 3 Franchised Locations, you must sign a lease for each new Franchised Location no more than 6 months after signing the previous lease and must be open for business no more than 6 months after opening the previous Franchised Location.

Continuing Obligations

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

1. Provide continuing advice and assistance to you, as we deem appropriate, in operating and promoting the Franchised Business (Franchise Agreement Section 7).

2. Provide you with an on-site training team for a period of at least 3-days to assist you with the opening of your Franchised Business and offer a follow-up on-site training visit to you as needed (Franchise Agreement Section 7). You must reimburse us for all reasonable travel and living expenses associated with the follow-up training period.

3. Inform you of mandatory specifications, standards, and procedures for the operation of your Franchise.

4. Upon reasonable request, provide advice regarding your Franchised Business's operation based on reports or inspections. Advice will be given during our regular business hours and through written materials, electronic media, telephone or other methods in our discretion.

5. Provide you with merchandising, marketing and advertising research data and advice that we develop from time to time and deem helpful in the operation of the Franchised Business using the System.

6. Provide you with a list of approved suppliers and their respective approved products, including signage, and services in the Manual and/or in other written or electronic communication to you. We will not provide you with equipment, fixtures, opening inventory and supplies. However, we will provide you with a list of approved suppliers, and their respective approved products and services, in the confidential Manual and/or in other written or electronic communication to you. We will provide you with written specifications for inventory and fixtures. However, we will not deliver or install those items. As new suppliers, products or services become available, we will notify and amend the Manual to reflect that change.

7. Allow you to continue to use confidential materials, including the Manual and the Proprietary Marks.

8. Setting minimum retail prices you may charge for your goods and services; however, you may set higher prices than our prescribed minimum prices for your goods and services.

9. Provide you with a set of personalized forms, logos and logo apparel (Franchise Agreement Section 7.4).

10. We will conduct periodic field evaluations and quality assurance inspections of the business to test and promote compliance with the System Standards (See Franchise Agreement Section 7).

11. We will provide you with periodic advice, consultation and assistance by personal visits, telephone, and electronic communication or by published newsletter or bulletins that we may make available to our Franchisees from time-to-time. (See Franchise Agreement Section 7).

12. We will provide you with other resources and assistance that we may develop and make generally available to all of our other Franchisees. (See Franchise Agreement Section 7).

13. We will renew your Franchise Agreement provided you have met the conditions for renewal as further described in the Franchise Agreement.

14. We will review any proposed transfer of your Franchise Agreement and either approve or disapprove that proposed transfer.

Except as listed above, we do not have any obligation to provide you with assistance regarding (1) developing services or products your Franchised Business will offer to your customers, (2) the hiring or training of your employees, (3) improving or developing your Franchised Business, (4) establishing and using administrative, bookkeeping, accounting or inventory control procedures, or (5) resolving operating problems you may encounter.

Optional Assistance

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

1. Modify, update or change the System, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new products, new equipment or new techniques.

2. Make periodic visits to the Business for the purpose of assisting in all aspects of the operation and management of the Franchise, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the Franchise, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then-current training charges.

3. Maintain and administer a Brand Fund (the "Fund"). We may dissolve the Fund at our discretion, upon written notice.

Brand Marketing & Advertising by Franchisees

The Fund

You are currently required to contribute 1% (and, subject to future increases at the discretion of Franchisor, up to 3%) of the Franchised Business's Gross Sales (Item 6 and Franchise Agreement Sections 5 and 12) to the Fund. Once the first franchised location is open for business, then each Franchised Business that we own also will contribute 1% (and are subject to future increases at the discretion of Franchisor, up to 3%) of its Gross Sales for each reporting period to the Fund (Franchise Agreement Section 12). Corporately-owned stores also contribute to the Fund at 1%.

The Fund will be administered by us, or our affiliate or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. The Fund will be in a separate bank account, commercial account, or savings account. We may use the Fund for local, regional or national marketing, advertising, sales promotion and promotional materials, public and consumer relations, website

development and search engine optimization, the development of technology for the System and any other purpose to promote the Freecoat brand. We will not use the Fund to defray any of our expenses except for our reasonable costs and overhead that we incur in activities related to the administration of the Fund, including, salaries of personnel for creating, implementing and managing advertising and marketing programs. If we do not use all of the amounts in the Fund in the year in which they accrue, they will be the first monies expended in the next year. We will not use the Fund contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement indicating "Franchises Available" or similar phrasing, which advertisement may be displayed at the Franchised Business location at our discretion.

The Fund will not be a trust fund, and we do not have any fiduciary duty to you with respect to the Fund's administration, activities, or expenditures (Franchise Agreement Section 12). We are not obligated to make expenditures from the Fund that are equivalent or proportionate to your contribution, or to ensure that you or any other particular Franchisee or geographic region benefits directly or pro rata from the advertising or promotion that we conduct under the Fund (Franchise Agreement Section 12). We are also not required to spend any amount on advertising in the area or territory where you are located. We will provide you with an annual unaudited accounting of receipts and disbursements within 30 days of a written request. We will make all studies and reports produced by the Fund available to you at no cost as Confidential Information. We may suspend, terminate and reinstate the Fund at any time. The Fund will not terminate however until we have spent all moneys in the Fund for the purposes set forth above.

During the fiscal year that ended December 31, 2021, we collected $0 in Fund contributions. Any contributions that we did not spend in the last fiscal year were rolled over into this year's Fund.

Advertising Council

We currently have no advertising council composed of franchisees. We have no obligation to create an advertising council. However, we reserve the right, if the Franchisor determines at a later date, to form an advertising committee within any Advisory Council established and agreed to by the Franchisor.

Local Advertising

We require our Franchisees to promote their Franchised Businesses through Facebook, Instagram and Google at our discretion. We will provide you with Facebook, Instagram and Google My Business pages created, owned and audited by Franchisor. All local advertising and promotion expended by you must be conducted in a dignified manner and conform to the standards listed in the Manual(s) or otherwise provided by us in writing. You may only use advertising or promotional plans or materials provided by or approved by us. (Franchise Agreement Section 12). We require that you spend a minimum of 3% of Gross Sales, but no less than $500, per month on local advertising, which includes Google, Facebook and Instagram advertisements.

You must order sales and marketing material from us or our designated suppliers. If you desire to use your own advertising materials, you must obtain our prior approval at least 10-days before making any financial commitment to use the materials. We will review your request and we will respond in writing within seven days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed an approval of your request. Use of logos, Proprietary Marks, and other name identification materials must follow our approved standards.

Advertising Cooperatives

We may establish one or more advertising cooperatives from time to time and, further, may modify, terminate and reform any existing advertising cooperative at any time in our sole discretion. If the Franchised Business operates within a designated marketing area for which an approved advertising cooperative exists, you will contribute to the advertising cooperative the amounts required by the cooperative up to two percent (2%) of the Gross Sales of the Franchised Business during each Reporting Period. Any such payments made to any cooperative will count towards satisfaction of your minimum local advertising spending under Section 12.4 of the Franchise Agreement. All Freecoat Stores that we or our Affiliates operate will participate in any advertising cooperative that we establish for the designated marketing area in which they are located on the same basis as the Franchised Business in the designated marketing area. We will administer the cooperative unless we designate another administrator.

Website

Unless we otherwise approve in writing, you shall not establish a separate Website (the term "Website" is defined to mean a group of related documents that can be accessed through a common internet address), but shall only have one or more references or webpage(s), as we designate and approve in advance, within our Website.

We will provide you with up to 4 email accounts for use with your Franchise Business. We have the continuing right to review all online content on social media sites, blogs, in electronic communications, and on other online sites, which are related to your Franchised Business or contain our trademarks, in order to protect the reputation and high quality associated with our Proprietary Marks and Brand. We may require that you remove any questionable usage or content involving our Proprietary Marks. We may also require that you cease using our Proprietary Marks (Franchise Agreement Sections 10 and 11).

Computer System

Before opening your Franchise Business, you must purchase and install hardware and software to run a computer based, point-of-sale ("POS"), store management system, including the appropriate POS equipment and/or printers (the "Computer System"). The POS and Computer Systems capture, collect and store customer and purchase information, including products purchased, customer payment method, time and location of sale, price of goods and services and discounts given. We will advise and work with you to select these systems from our approved suppliers. We estimate the cost to purchase the required POS and store management systems from an approved supplier is between $2,500 to $5,000. The ongoing monthly cost to operate and maintain the POS is included in the Technology Fee that you must pay to us.

You will be responsible for the maintenance of the Computer System. You may be required to purchase a service contract from our approved suppliers, if not included in the monthly cost, to cover upgrades and updates, enhancements, and telephone support and assistance using our approved suppliers' 800 telephone number for the software. This obligation begins when the Computer System is installed in your Business. Currently there is no required service contract(s). The cost to upgrade the hardware and maintain or upgrade the software depends on the System's future needs, as well as technological developments, none of which we can predict at this time and are therefore subject to change. We have no contractual obligation to you for maintenance, repairs, updates or upgrades, nor are there any contractual limits on the frequency and cost of your obligation to maintain, upgrade and update those Computer Systems.

We may modify System Standards to require new technology at all Franchised Businesses, which may require you to upgrade and update the systems you use in the Store and for customer entertainment. You may be required to upgrade your computer hardware approximately every 2 to 3-years due to improvements in the

software, advances in technology, and memory requirements; however, there is no contractual limitation on our right to mandate upgrades and updates. There is no limitation on the frequency or cost of this obligation. Other than as specified in this paragraph, neither we, nor any third-party vendor, have any ongoing obligation to provide ongoing maintenance, upgrades or updates to your Computer System.

We (or our designee) have the right to independently access the electronic information and data relating to your Franchise, including your accounting and bookkeeping files, and to collect and use your electronic information and data in any manner, including to promote the System and the sale of franchises. This may include posting financial information of each franchisee on an intranet website. We will have independent access to the information on your Computer System, and there is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your Business or from other locations. You should expect to update your Store customer service and entertainment systems, computer, business management, training, and communications technology periodically during the term of your Franchise Agreement to keep pace with the evolution of such technology and its applications in fast casual stores. We may designate ourselves or an affiliate as the sole source of technology you are required to obtain.

At our request, you shall participate in any intranet or extranet system developed for use as part of the System. Such intranet or extranet system may be combined with that of our affiliates. You shall also execute such terms of use agreements concerning the use of such intranet or extranet system as we may prescribe, which agreements may contain, among other things (a) confidentiality requirements for materials available and transmitted on such system, (b) password protocols and other security precautions, (c) grounds and procedures for our suspension or revocation of access to the system by you and others, and (d) a privacy policy governing the parties' access to and use of electronic communications posted on electronic bulletin boards or transmitted via the system. You shall pay any fee imposed from time to time by us, or a third-party service provided in connection with hosting such system.

Finally, we may mandate that you offer free wireless internet access or other accepted means of communication for customers in your Store.

Training Programs

Training for Franchisees with New Franchised Businesses

Before you open your Franchised Business, you and, if applicable, your designated manager must attend and complete, to our satisfaction, our Management Training program ("Freecoat University or "FCU") at or near our corporate headquarters, regional training center, or Charlotte training store, all currently located in Charlotte, North Carolina. In addition, you will be required to complete our initial on-site training program ("Initial Onsite Training Program") and any follow up training program ("Follow-Up Training Visit") (Franchise Agreement Section 7) as determined by us.

Training for Transferees Purchasing an Existing Franchised Business

If you are purchasing an existing Franchised Business, you and, if applicable, your designated manager, must attend our Classroom Training Program either (1) prior to the transfer date, or (2) the first Classroom Training Program immediately following the effective date of the Franchise Agreement. The Classroom Training Program will be held at or near Corporate Headquarters near Charlotte, North Carolina. We will provide the trainers and training materials at no cost for up to 4 individuals (Designated Managers and/or Owner-Operator), but the transferee must pay for travel, lodging, meals, and related expenses. Transferees also must complete the Initial Onsite Training Program that is provided to new

franchisees. We will not charge a separate fee for our expenses related to the on-site portion of the initial training or travel costs (Franchise Agreement Section 7).

Freecoat University

Freecoat University is a mandatory training program lasting up to 2 weeks. Training will be held at or near our corporate headquarters near Charlotte, North Carolina or a designated Franchisee Business that we certify as a training store and will cover comprehensive Franchised Business operations and best practices. This training program is typically offered once or more per month. We will provide training instructors, instructional manuals, and other materials without charge for a new Franchised Business for up to 4 individuals (Designated Managers and/or Owner-Operator(s)) in a new market. However, we reserve the right to charge for training materials or uniforms in the future. The instructional materials for the training include printed manuals, online manuals, and may change to include online interactive software. You will be responsible for all other expenses incurred during the training, such as travel, lodging, and certain meals for you, your designated manager (if applicable), and/or any of your other attendees.

There is no tuition charge for up to 4 attendees for Freecoat University for a new Store in a new market. However, any additional managers or persons registered in Freecoat University before the opening of a new Franchised Business or during the operations of an existing Franchised Business, will be required to pay a tuition charge of $1,000 per trainee. Upon the final day of Freecoat University, the Director of Operations and/or Operations Director will conduct a thorough evaluation outlined in the FCU manual. You and your attendees must score 90% or better on the evaluation to be certified. We may modify an opening date you propose based upon the projected date of successful completion of Freecoat University by the General Manager and/or Owner-Operator. We require that you always have a Certified Manager in store and/or be in the process of having a manager trained and certified. If a trained manager leaves your employment for any reason, you must hire a replacement manager within 30 days who must attend the next FCU Program class slot we make available at a tuition charge of up to $500.

Prior to opening your fourth Franchised Business in the Training Group, one of the first three Franchised Businesses in the Training Group must be certified by us as a "Certified Training Store," at which time all of the training for your managers and supervisors in the Training Group will be trained by us or by a Certified Trainer. We will specify procedures to obtaining and maintaining certification of a Franchised Business as a Certified Training Store in the Operations Manual. A Certified Training Store is a Store that employs a Certified Trainer as a General Manager, has passed a "Certified Training Store Assessment" initially, and has passed all of its subsequent Franchised Business Standards Assessments.

We may conduct training at an annual convention or regional meeting. We may require that your Owner-Operator, General Manager, Assistant Manager and Shift Leaders attend this training. We may include the training tuition in a convention or meeting fee or may charge separately for training tuition.

The instructional materials used during initial training include: Schoox, our learning management system platform, which includes approximately 10 hours total of eLearning; and a Freecoat University Manual is given to every attendee to keep and refer back to. The current instructors are: Scarlett Warren, with over 3 years of training Freecoat franchise owners and employees, and Danielle Waden with over 2 years of training experience.

We recommend that this initial training be completed either one month prior to your anticipated Certificate of Occupancy date, or alternatively, midway through the construction phase of the unit.

Initial Onsite Training Program Description

Your Initial Onsite Training Program will be held at your Franchised Business at approximately the time your Franchised Business opens or, if you are purchasing an existing Franchised Business, approximately 1 to 2-months following the transfer date and launch of your Store. Jen Gandino, who has served as our Director of Operations since our inception in 2020, is responsible for overseeing all initial and ongoing training events and programs. Our Director of Operations collaborates closely with our Management on the creation and refinement of training initiatives. The Director of Operations or other trainers working under the Director of Operations (who have at least 6 months experience) will provide you, and if applicable your manager, with training that will cover the Franchised Business set up, daily operations, use and maintenance of equipment, and service fulfillment. We do not provide training to your nail technicians. Certified trainers will have worked in a Franchised Business or must attend and successfully complete a 1-day annual training certification session that updates them on any new information and curriculum. Initial Onsite Training will last for approximately 3 calendar days. We will provide the Initial Onsite Training Program and any materials associated with it at no charge to you. We may modify the Initial Onsite Training Program for Franchisees who sign additional franchise agreements to reflect their prior experience and knowledge of our System. The duration of the modified initial training program will be determined at our discretion. Certain approved suppliers also may provide instruction and hands-on training at your Franchised Business, prior to the Initial Onsite Training Program. The Initial Onsite Training Program occurs as needed, based on number of new and transfer stores. The time spent during any such vendor training is not reflected in the chart below. Finally, the Initial Onsite Training Program may require all attendees to utilize electronic learning opportunities to supplement the training received at Corporate Headquarters.

Additional Training

We may, from time to time, require that you (including, if applicable, your designated manager, staff, and employees) attend additional training programs that we designate at the times and places that we designate ("Additional Training"). The Additional Training will be at our corporate headquarters, your Franchised Business or at any other location that we designate. We estimate the additional training to be no more than 3 to 5-days per year. The Additional Training may encompass operational issues, new products or services, or compliance issues. Attendance at Additional Training will be at your sole expense which we estimate to be $300 per day, including expenses to cover travel, living expenses, and wages in connection with attending Additional Training (Franchise Agreement Section 7).

At your request and expense, additional Training Visits may occur at any time convenient for us and will be conducted by a Certified Trainer, who may be one of our area Franchisees. The trainer will work with you for a period of time (at our discretion) to follow up on questions or needs identified since the conclusion of the Initial Onsite Program, and also to provide advanced training on Franchised Business operations, and financial management. You are responsible for training expenses of $300 per day, per trainer, plus any additional expenses incurred.

A Follow-Up Training Visit occurs as needed, based on the number of new Franchised Businesses. The instructional materials for the Follow-Up Training Visit include printed materials and online manuals. There will be no Follow-Up Training Visit for transferees or existing Franchisees that open additional Franchised Businesses. Time and cost will vary depending on the follow-up.

Training Chart

We plan to provide the training listed in the following table. The days presented for each subject are estimates and may change.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
FCU Virtual Kick-Off: Onboarding, Service Menu Overview and Add-Ons. Salon Software: Training, Booking Policies, Boulavard Acadamy, Prospr tutorial, FPH/BOH videos	10	0	Virtual
Day 1: Freecoat Foundation and Culture, Store Tour, Why We're Different, Guest Experience: Booking Policies	0	6	Corporate/Certified Training Store
Day 2: Day in the Life: Opening the Studio, Scheduling, Answering Phones, Greet and Seat, Group Bookings, Canned Replies, SMS Messaging, Daily Summary	0	6	Corporate/Certified Training Store
Day 3: Day in the Life: Inventory, PARs, Daily Summary,Payroll, Make Sugar Scrub, Package Mani Kits,Service Procedure Overview, Close the Store, General payroll reports, Recruiting, Team Experience, Training and Development, Guest/Staff Incidents and Safety, Responding to Reviews, and Compensation Structure	0	8	Corporate/Certified Training Store
Day 4: Manage Store	0	10	Corporate/Certified Training Store
Day 5: Manage Store	0	10	Corporate/Certified Training Store
FCU Virtual Wrap-Up: General Payroll Reports, State Board of Cosmetology Recruiting, Team Experience, Training and Development, Guest/Staff Incidents and Safety, Responding to Reviews, Compensation Structure, NSO Overview, Influencers/Scheduling for Opening, Marketing	3	0	Virtual
Opening Assistance	0	30	At your location
Final Exam	1	0	Virtual
Total	**14**	**70**	

Our Certified Training Stores include, as of the issuance date, our Corporate Stores in Charlotte, NC, Franklin, TN and Mount Pleasant, SC. We may add additional Certified Stores at other Franchisee locations. A Training Group must obtain certification of one of its Franchised Businesses as a Certified Training Store before its fourth Franchised Business and requires FCU program participation of its manager.

We will provide our training program on an as-needed basis based on the number of new stores.

ITEM 12
TERRITORY

Franchise Agreement

We will grant you a franchise for a specific location that we first must approve ("Approved Location" or "Territory"). Your Territory will typically include a one-half mile to 5-mile radius from the Approved Location; however, in densely populated areas we may reduce this geographic area. 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. If no Approved Location exists at the time you sign the Franchise Agreement, we will provide you with the various areas that could serve as the Approved Location in an amendment to the Franchise Agreement, after you select and we approve the Approved Location. You may not relocate the Franchised Business without our prior written approval. Our approval will, among other things, be based on where your Franchised Business will be located, whether or not such relocation will infringe upon the rights of other franchisees, and the time it will take to relocate your Franchised Business. We will not grant a Territory or Approved Location within your territory to another franchisee nor operate an Approved Location ourselves during the Term of the Franchise Agreement.

We retain the right, for ourselves and our affiliates (if any), on any terms we deem advisable, and without granting you any rights and without paying any compensation to you:

1. To own, operate, license or franchise other Franchised Businesses at any location outside of the Territory regardless of the proximity to your Approved Location or their impact on your existing or potential customers;

2. To use the Proprietary Marks and the System to sell any products, similar to those which you will sell and which bear the Proprietary Marks, through any channels of distribution within or outside of the Territory, regardless of their proximity to the Approved Location or their impact on your existing or potential customers. This includes, but is not limited to, Businesses located within other retail locations such as mega stores, grocery stores, airports, college campuses, special events, and military bases, and other channels of distribution such as television, direct mail, mail order, catalog sales, telemarketing, or over the Internet. We exclusively reserve the Internet, including computerized or remote entry ordering systems, as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce unless you have received our prior written permission or unless such activities are expressly authorized by the Manual;

3. To use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Proprietary Marks, whether in alternative channels of distribution or in the operation of a retail store, at any location, including within the Territory, which may be similar to or different from the Franchised Business operated by you;

4. To purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your Franchised Business, wherever located; and

5. To implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

Multi-Unit Agreement

If you enter into a Multi-Unit Agreement, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You will obtain the right to own and operate a certain number of Franchised Businesses at any site selected by you and approved in writing by us where you must open each Franchised Business in compliance with the Development Schedule. The size of the area will depend upon the number of locations you are obligated to open but will vary based on demographics. Provided you comply with the terms of the Multi-Unit Agreement, and any Franchise Agreements signed for locations within the area, we will not locate another store operating under the Proprietary Marks, whether franchised or company-owned, in your area.

You must comply with your development obligations in the Development Schedule in order to maintain your area protection. In the event that you fail to meet your development obligations and the Multi-Unit Agreement is terminated, you will retain your rights to any previously owned locations, including the territorial rights described in the Franchise Agreement for such locations, provided that the Multi-Unit Agreement was not terminated as a result of your failure to comply with the terms of your existing Franchise Agreement(s). Your rights to any locations for which there is no Franchise Agreement and your protection in the area will terminate immediately upon termination of the Multi-Unit Agreement. Thereafter, we will have the right to develop the area on our own or through third parties.

There are no restrictions on your soliciting or accepting orders from customers at your Franchise location. However, you may only sell items from the Approved Location. You may only undertake outside sales activities, including those that use alternate channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing, upon our approval, provided the sales activities meet our then-current requirements. We reserve the right to sell any products bearing the trademarks through other distribution channels (e.g., online, through grocery, convenience stores, etc.) which may be within or outside your Territory.

We have no present intention but may in the future operate, franchise, plan to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those a System Franchisee will offer. Such a business could be located within or have an outlet within the Territory.

We do not grant you any options, rights of first refusal or similar rights to acquire additional franchises.

ITEM 13
TRADEMARKS

Under the Franchise Agreement, we grant you the nonexclusive right to use the Proprietary Marks in connection with the operation of your Franchised Business. Our principal trademark is "freecoat" as it appears on the first page of this Disclosure Document. We have the right to use and to license others to use the Proprietary Marks and under any other trade name, trademarks, service marks and logos currently used or that may hereafter be used in the operation of the Franchised Business. You must use the Proprietary Marks only for the operation of your Franchised Business and in the manner authorized by us. Some of our Proprietary Marks are registered on the Principal Register of the United States Patent and Trademark Office (referred to as "USPTO"). However, some of our Proprietary Marks do not have a federal registration. Therefore, those trademarks do not have as many legal benefits and rights as a federally registered trademark. If our right to use the those trademarks are challenged, you may have to change to an alternative trademark, which may increase your expenses. We also claim common law

rights in our trademarks based on our prior use. Below is a summary of the USPTO registration and application status for some of the Proprietary Marks:

Mark	Serial No.	Registration No.	Application/Registration Date
FREECOAT	90019178	6494545	September 21, 2021
	90033444	6494586	September 21, 2021
	90975406	6495235	September 21, 2021
	90033402	n/a	July 2, 2020
	97016283	n/a	September 8, 2021

All required affidavits have been filed. No renewals have yet been required. There are currently no effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, no pending infringements, oppositions or cancellations, and no pending material litigation involving any of the Proprietary Marks. There is no pending material federal or state court litigation involving the use or ownership rights in our Marks.

Except for the Trademark License Agreement between us and Freecoat Holdings, LLC, no agreement significantly limits our right to use or license the Proprietary Marks in any manner material to the Franchised Business. We know of no superior rights or infringing uses that could materially affect your use of our Marks. However, we cannot guarantee that a store or other user operating under the name "Freecoat" or another confusingly similar name does not have priority over our marks. We reserve the right to restrict Approved Locations where we identify a senior user or where the potential for confusion exists with an existing user of the "Freecoat" name.

You must follow our rules when using the Proprietary Marks. You cannot use our name or mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You may not use the Freecoat name relating to the sale of any product or service that is not previously authorized by us in writing. You must comply with the rules and guidelines we issue for using the Marks. You must indicate to the public in any contract, advertisement and with a conspicuous sign in your Approved Location that you are an independently owned and operated licensed franchisee of Franchisor.

You must notify us immediately when you learn about an infringing or challenging use of the Proprietary Marks. If you are in compliance with the Franchise Agreement, we will defend you against any claim brought against you by a third party alleging your use of the Proprietary Marks, in accordance with the Franchise Agreement, allegedly infringes upon that party's intellectual property rights. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our Proprietary Marks. We have no

affirmative duty to protect your right to use the Proprietary Marks or to pursue any infringing users of our Proprietary Marks. If we learn of an infringing user, we will take the appropriate action, but we are not required to take any action if we do not feel it is warranted. We shall control all actions but are not obligated to take any action. You must not directly or indirectly contest our right to the Proprietary Marks. We may acquire, develop and use additional proprietary marks not listed here, and may make those proprietary marks available for your use and for use by other Freecoat Businesses.

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Proprietary Mark and/or use one or more additional or substitute trademarks or service marks, we reserve the right to substitute different proprietary marks for use in your Franchised Business. You must comply with our directions within a reasonable time after receiving notice. We have no obligation to compensate you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Proprietary Mark(s), or for your expenses of promoting a modified or substituted trademark or service mark.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or patents pending are material to us at this time.

We own certain proprietary information that constitutes trade secrets that you may use in the operation of a Franchised Business. The information in the Manual is proprietary and is protected by copyright and other laws. The designs contained in the Proprietary Marks, the layout of our advertising materials, the content and format of our products, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Manual, we claim common law and federal copyrights in our advertising materials, the content and format of our products and services, the Freecoat Website and its contents and any other writings and recordings. We grant you the limited, non-exclusive right to use this proprietary and copyrighted information ("Copyrighted Works") for your operation of your Franchised Business for so long as you are a Franchisee of Freecoat, but such copyrights remain our sole property.

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works. Although not obligated under any express provision of the Franchise Agreement, we intend to protect our rights in our existing and future patents, copyrights and proprietary information.

Our Manual, electronic information and communications, sales and promotional materials, design software, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of, and experience in the development, operation and franchising of Franchised Businesses, our training materials and techniques, information concerning product and service sales, operating results, financial performance and other financial data of Franchised Businesses, and other related materials are proprietary and confidential ("Confidential Information") and are our property to be used by you only as described in the Franchise Agreement and the Manual. Where appropriate, certain information has also been identified as trade secrets ("Trade Secrets"). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and Confidential Information.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your Franchised Business during training and in guidance and assistance furnished to you under the Franchise Agreement and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and

Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owner(s) and manager(s) if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of your or other Franchised Businesses during the term of the Franchise Agreement.

You must notify us within 3-days after you learn about another's use of design, a visual image, writing or a recording of any kind, that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets, or if someone challenges your use of our Copyrighted Works, Confidential Information or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of or challenge to your use of any Copyrighted Works, Confidential Information or Trade Secrets or claim by any person of any rights in any Copyrighted Works, Confidential Information or Trade Secrets.

You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information or Trade Secrets. You may not communicate with anyone except us, our counsel or our designees regarding any infringement, challenge or claim. We may take action as we deem appropriate regarding any infringement, challenge or claim, and retain the sole right to control exclusively any litigation or other proceeding arising out of any infringement, challenge or claim under any Copyrighted Works, Confidential Information or Trade Secrets. You must sign any and all instruments and documents, give the assistance, and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding or to protect and maintain our interests in the Copyrighted Works, Confidential Information or Trade Secrets. If anyone institutes or threatens litigation involving any of our patents, copyrights or proprietary information against you, you must notify us promptly and cooperate fully with us in defending or settling the litigation.

If we must discontinue the use of any of our patents, copyrighted materials, or proprietary information relating to the Franchised Business System, we reserve the right to substitute different materials and/or information for use in your Franchised Business, but we have no obligation to compensate you for the discontinuance or modification of any patents, copyrights material, or proprietary information. We know of no infringing rights that could materially affect you.

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

Each Franchised Business is required to have at least one person who has an equity ownership position in the Franchised Business, designated as the "Owner-Operator," or a manager on premises, the "Designated Manager" who must be actively involved in the Franchised Business and attend Freecoat University. The Designated Manager or Owner-Operator must devote their full time and attention to the operations of the Franchised Business to: (i) supervise the day-to-day operations of your Franchised Business and continuously exert their best efforts to promote and enhance your Franchised Business, (ii) have the ability to operate your Franchised Business professionally and in compliance with the System, (iii) communicate

with us as needed and be available to communicate with us during normal business hours, and (iv) be authorized by you and have the ability to cure any default of the Franchise Agreement on your behalf, including the payment of overdue amounts. You will not hire or replace any Designated Manager without our prior written approval of the potential replacement's qualifications. Each Designated Manager and successor Designated Manager must attend and complete FCU. The Designated Manager and other

employees you may designate must also attend and satisfactorily complete refresher training courses at our reasonable request. We do not require that the Designated Manager have an equity interest in your Franchised Business, but he or she cannot have any interest in or business relationship with any business competitor of your Franchised Business.

Any Designated Manager and, if you are an entity, an officer that does not own equity in the entity, must sign a System Protection Agreement, the form of which is attached to the Franchise Agreement as Attachments E and F. All of your employees and other agents or representatives who may have access to our confidential information must sign a Confidentiality Agreement (unless they already signed a System Protection Agreement), the current form of which is attached to the Franchise Agreement as Attachment F, to maintain the confidentiality of the trade secrets and other proprietary information contained in Item 14 and to comply with the covenants not to compete described in Item 17. If you are an entity, each owner (each person holding an ownership interest in you) and their spouse, if applicable, that owns a 10% interest or greater in the franchisee entity must sign an Owner's Agreement and a Guaranty and Restriction Agreement, the form of which is attached to the Franchise Agreement as Attachment C to the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only products and services that we have expressly approved for sale in the Franchise Agreement, Operations Manual or otherwise in writing. You may not engage in any business or offer any other services or products at a location other than your approved Franchised Business or location that is, or are, not part of the System or without our express authorization in advance. You must discontinue selling and offering for sale any products or services that we disapprove in writing at any time. You must offer all of our approved products and services except those items we designate as optional. You may not offer additional products or services items without our prior written consent. We retain the right to modify the Operations Manual and to modify, discontinue or add to the goods and services that you must sell in your Franchised Business, which may include new or modified products, services, and the installation and use of new or modified equipment. There are no limits on our right to make these changes.

Unless otherwise permitted by us in writing, we will determine an amount you may charge for each product. You may not conduct e-commerce unless you have received our prior written permission or unless such activities are expressly authorized by the Manual.

We currently do not impose any restrictions or conditions on the Franchisee as to any limits regarding customers to whom the Franchisee may sell such goods and services.

All advertising and promotional materials, signs, decorations, paper goods (including all forms and stationary used in the Franchised Business) and other items we designate must be purchased directly from us, or a designated supplier, and bear the Marks in the form, color, location and manner we prescribe. In addition, all advertising promotion in any medium, (including websites, internet postings or markings) must be conducted in a dignified manner and must conform to the standards and requirements in the Operations Manual, the Franchise Agreement or otherwise. You must obtain our approval before you use any advertising and promotional materials and plans not obtained by us directly. You must obtain our written approval of website or internet postings or marketing in advance of such use and such use must be in compliance with our policies including the use and presentation of the Marks.

We have established a guest survey feedback program and have the right to establish any similar programs that we elect, in our sole discretion to implement. We may use the scores and comments from

such program to evaluate whether or not you meet System Standards, are eligible for additional franchises or Multi-Unit Agreements, or comply with your Franchise Agreement.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of Franchise Term	Section 2 or 4	10 Years
b. Renewal or Extension of Terms	Section 2 or 4	If you are in good standing and meet other requirements you may add 2 successive 5-year terms.
c. Requirements for Franchise to Renew or Extend	Section 2 or 4	When renewing, you may be asked to sign a contract with materially different terms and conditions than your original contract. You must give us 180 days' advance notice of renewal, sign our then current form of the Franchise Agreement, execute a general release of claims (subject to state law), complete any retraining program we may require, and pay a renewal fee of $2,500. At the end of the initial term and at the end of the second renewal term you must also upgrade your store to our current entry standards and design elements, complete any retraining we require and install our current point-of-sale system and other equipment.
d Termination by Franchisee	Section 16	You may terminate the Franchise Agreement if you are in compliance with the Agreement and if we substantially fail to perform any of our material obligations to you under this Agreement. You must give us written notice of non-performance and at least 60-days to cure the failure. If the failure continues at the end of such 60-day cure period, you may terminate this Agreement on written notice to us delivered at any time before we cure the failure; provided however, you shall have complied with all of your obligations under this Agreement and satisfied all monetary obligations pursuant to the terms of this Agreement. You may not withhold the payment of any fees due under this Agreement during the pendency of cure period, and any payment by you of fees after the expiration of the cure period will be

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		deemed a waiver of our default by you.
e. Termination by Franchisor without Cause	None	We may not terminate the Franchise Agreement without cause.
f. Termination by Franchisor with Cause	Section 16	We may terminate the Franchise Agreement after written notice of a curable default if you fail to cure within the time permitted or such longer period as required by law, or immediately upon written notice on an incurable default unless a longer notice period is required by law. A termination by us in this instance also permits us to terminate your Multi-Unit Agreement.
g. Caused Defined – Curable Defaults	Section 16	A curable default consists of (1) the breach of any of your obligations under any agreement with us or our affiliates other than an incurable default listed below or (2) any condition which makes the continued operation of your Franchised Business a danger to public health or safety. If you do not remedy a curable default within 30 days after notice of a nonmonetary default or within five days after notice of a monetary default, we may terminate your Franchise Agreement. These cure or notice periods may be extended by applicable law in your state. A termination by us in this instance also permits us to terminate your Multi-Unit Agreement.
h. Cause Defined – Not Curable Defaults	Section 16	An incurable default will occur if (1) you close or abandon your Franchised Business without approval, (2) you or any of your equity owners request the appointment of a receiver or have a receiver appointed for any of your or their assets, (3) you or any of your equity owners make a general assignment for the benefit of your or their creditors, (4) you or any of your owners commence a case or have an order for relief entered against you or them under the U S Bankruptcy Code or any foreign equivalent, (5) you or any of your owners suffer a conviction for a crime involving moral turpitude or any other offense, or an incident occurs at or involving the Store or an off premises service provided by the Store reasonably likely, in our opinion, to have an adverse effect on the good will of the Marks, the System or other Stores, (6) we discover a material inaccuracy in any of the representations made by you in the Franchise

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		Agreement or in any written application submitted by you to us in order to qualify as a franchisee, (7) you maintain false books or records, (8) you breach the same provision of the Franchise Agreement on two occasions within any 12-month period having received notice of the first two breaches, (9) you commit a breach, which by its nature, you cannot cure or which you notify us you do not intend to cure, or (10) a court, administrative tribunal, health department having jurisdiction over your Store or an independent laboratory determines that a preventable incident is attributable to your Store, and we determine in good faith that such incident resulted from your breach of System Standards or your Franchise Agreement. A termination by us in this instance also permits us to terminate your Multi-Unit Agreement.
i. Franchisee's Obligations upon Termination/Non-renewal	Section 17	You must (1) abide by the non-competition provisions of the Franchise Agreement, (2) promptly pay us and our affiliates all amounts owed, (3) not use or adopt the Franchised Business system or any of our proprietary marks or intellectual property, (4) remove from the store all signs, emblems and displays identifying it as associated with the Franchised Business System, (5) cease to use and return to us the Operations Manual and other confidential materials delivered to you, (6) cease to hold yourself out in any way as our franchisee or to do anything which would indicate any relationship between you and us, (7) change the exterior and interior design and decor of the store and make all changes in signs, buildings and structures which we direct to distinguish the building from its former appearance as a Franchised Business, and (8) transfer to us all telephone listings, domain names, and web pages for your Franchised Business or which contain, use or display any of our proprietary marks or intellectual property.
j. Assignment of Contract by Franchisor	Section 15	We may transfer, assign or pledge our interest in the Franchise Agreement, in whole or in part, to any person.
k. "Transfer" by Franchisee - Definition	Section 15	Any transfer of any interest in your Franchise Agreement or in You, either directly or indirectly, will constitute a "transfer" of your

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		Franchise Agreement by You.
l. Franchisor Approval of Transfer	Section 15	We have the right to approve all transfers and will not unreasonably withhold consent if you satisfy our requirements.
m. Conditions for Franchisor Approval of Transfer	Section 15	We may impose any condition for our approval, including (1) the proposed transferee must satisfy all of the requirements and conditions then being used to qualify a person as a new franchisee, (2) the proposed transferee must comply with Section 20 of the Franchise Agreement relating to business entities, (3) you must satisfy all of your accrued monetary obligations to us and our affiliates, (4) you must cure all existing defaults under the Franchise Agreement, (5) you must execute and deliver a general release of all claims against us and our affiliates (subject to state law), (6) the transferee must execute and deliver our then current form of franchise agreement with the same royalty fee and same expiration date and remaining renewal term (if any), and (7) you must pay us a transfer fee and our reasonable expenses (See Item 6) unless the transfer is an initial transfer from an individual to an entity or to any of your existing owners or any member of your immediate family.
n. Franchisor's Right of First Refusal to Acquire Franchisee's Business	Section 15	We have a right of first refusal to purchase your Franchised Business or any controlling interest in you that you propose to sell on the same terms and conditions offered to you by a third party.
o. Franchisor's Option to Purchase Franchisee's Business	Section 17	We have an option to purchase your Franchised Business for its fair market value upon the termination or expiration of the Franchise Agreement. If you and we cannot agree on fair market value, then the purchase price will be the book value of the assets as shown on your balance sheet dated within 30 days before termination or expiration, or up to five times your EBITDA for the preceding 12 months, whichever is greater.
p. Death or Disability of Franchisee	Section 15	In the event of your death or permanent disability, the Franchise Agreement will terminate within 90 days unless we give our written consent to the assignment of the Franchise Agreement to your lawful successor under the other provisions of

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		Section 22(b) of the Franchise Agreement.
q. Non-Competition Covenants during the Term of the Franchise	Section 18	You may not engage and solicit, either directly or indirectly through any financial or beneficial interest in any other person, in any "competing business," other than a Franchised Business. A "competing business" means any business that offers nail services and/or other beauty services, wherever located.
r. Non-Competition Covenants after the Franchisee is terminated of agreement expires	Section 18	For a period of two years after the termination, transfer, or expiration of the Franchise Agreement, you may not engage in any competing business other than a Franchised Business, within your Territory and within the Applicable Radius in miles from any Store listed on our web site at the time of termination, either directly or indirectly through any financial or beneficial interest in any other person. Certain individuals also must sign the Confidentiality and Non-Competition Agreement (Attachments E and F to the Franchise Agreement) at the time you sign the Franchise Agreement, which contains similar restrictions.
s. Modifications to Agreement	Section 23	Requires writing signed by both parties (except for unilateral changes to Manual or unilateral reduction of scope of restrictive covenants by us). Other modifications primarily to comply with various states laws.
t. Integration Merger Clause	Section 23	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute Resolution by Arbitration or Mediation	Section 25	Except as provided in Section 25.4, you must arbitrate all disputes arising out of or related to the Franchise Agreement. Except as provided in Section 25.2, before arbitration may begin, you must first mediate all disputes arising out of related to the Franchise Agreement. This provision is subject to state law.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
v. Choice of Forum	Section 25	Where we have our principal place of business at the time when the mediation, arbitration or litigation commences (subject to state law). As of the date of this Franchise Disclosure Document, our principal place of business is Charlotte, North Carolina. Your local law may supersede this provision. See Disclosure Document Addenda for Certain States at Exhibit E.
w. Choice of Law	Section 25	North Carolina law will govern (subject to state law).

Multi-Unit Agreement

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

PROVISION	SECTION IN MULTI-UNIT AGREEMENT	SUMMARY
a. Length of Franchise Term	Section 4	The Multi-Unit Agreement expires 12 months from its effective date.
b. Renewal or Extension of Terms	None	You may not renew the Multi-Unit Agreement.
c. Requirements for Franchise to Renew or Extend	Section 2	You may not renew the Multi-Unit Agreement.
d Termination by Franchisee	None	You may not renew the Multi-Unit Agreement
e. Termination by Franchisor without Cause	None	We may not terminate the Multi-Unit Agreement without cause.
f. Termination by Franchisor with Cause	Sections 13 & 14	We may terminate the Multi-Unit Agreement or the accompanying Franchise Agreement(s) 30 days after we give you written notice of a curable default that you fail to cure, or immediately upon written notice of an incurable default. A termination by us in this instance also permits us to terminate any other agreements between us.
g. Caused Defined – Curable Defaults	Section 13	A curable default consists of the breach of any of your obligations under any agreement with us or our affiliates, other than an incurable default listed below Requesting the appointment of a receiver or assigning your interest may also constitute a curable default. If you do not remedy a curable default within 30 days after notice, we may terminate your Multi-Unit Agreement. A termination by us in this instance also permits us to terminate any other agreements between us.

PROVISION	SECTION IN MULTI-UNIT AGREEMENT	SUMMARY
h. Cause Defined – Not Curable Defaults	Section 13	An incurable default will occur if you fail to comply with the performance schedule set forth in the Multi-Unit Agreement or any incurable default occurs under Section 16 of any of your existing Franchise Agreements. A termination by us in this instance also permits us to terminate any other agreements between us.
i. Franchisee's Obligations upon Termination/Non-renewal	Section 14	You must cease to select or develop any sites for a Franchised Business or hold yourself out as a Franchised Business developer.
j. Assignment of Contract by Franchisor	Section 16(a)	We may transfer, assign or pledge our interest in the Multi-Unit Agreement, in whole or in part, to any person.
k. "Transfer" by Franchisee - Definition	Section 16	Any transfer, assignment or pledge of the Multi-Unit Agreement will constitute a "transfer" of the agreement.
l. Franchisor Approval of Transfer	Section 16	You may not transfer any interest in your Multi-Unit Agreement without our express written consent.
m. Conditions for Franchisor Approval of Transfer	Section 16	You may not transfer any interest in your Multi-Unit Agreement without our express written consent.
n. Franchisor's Right of First Refusal to Acquire Franchisee's Business	Not Applicable	Not Applicable.
o. Franchisor's Option to Purchase Franchisee's Business	Not Applicable	Not Applicable.
p. Death or Disability of Franchisee	None	Your death or permanent incapacity, in and of itself, will not affect your Multi-Unit Agreement.
q. Non-Competition Covenants during the Term of the Franchise	Section 12	You may not develop or operate any competing business within the Applicable Radius of any Store during a period of two years after termination of the Multi-Unit Agreement.
r. Non-Competition Covenants after the Franchisee is terminated or agreement expires	Section 12	If the Multi-Unit Agreement terminates without your completion of the performance schedule, then you may not develop any competing business within the Applicable Radius of any Store during a period of two years after termination of the Multi-Unit Agreement.
s. Modifications to Agreement	Section 28	You and we must agree in writing to any Modifications to the Multi-Unit Agreement.
t. Integration Merger Clause	Section 20 or 19 & 31	Only the terms of the Multi-Unit Agreement and other related written agreements are

PROVISION	SECTION IN MULTI-UNIT AGREEMENT	SUMMARY
		binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Multi-Unit Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute Resolution by Arbitration or Mediation	None	Not Applicable. This provision is subject to state law.
v. Choice of Forum	Section 23	Any legal action must be brought in the judicial district where our headquarters is located, which is currently Mecklenburg County, North Carolina (subject to state law). Your local law may supersede this provision. See Disclosure Document Addenda for Certain States at Exhibit E.
w. Choice of Law	Section 22	North Carolina law will govern (subject to state law).

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following charts include data from our affiliate-owned ("corporate") stores located in Franklin, TN and Mount Pleasant, SC for 2021, showing the averages of the information provided. The last two charts for 2021 show the actual numbers for the location indicated which were used to calculate the averages in the first 2021 chart.

2021 Averages			
	Number of Stores		**Percentage of Gross Sales**
Gross Sales	2	$ 356,801.68	100.00%
Payroll	2	$ 242,956.60	68.09%
Job & Salon Supplies	2	$ 19,778.23	5.54%
Gross Profit	2	$ 94,066.86	26.36%

2021			
	Freecoat Mt. Pleasant, LLC		**Percentage of Gross Sales**
Gross Sales		$ 442,686.62	100.00%
Payroll		$ 295,207.21	66.69%
Job & Salon Supplies		$ 21,834.63	4.93%
Gross Profit		$ 125,644.78	28.38%

2021			
	Freecoat Franklin, LLC		**Percentage of Gross Sales**
Gross Sales		$ 270,916.73	100.00%
Payroll		$ 190,705.98	70.39%
Job & Salon Supplies		$ 17,721.82	6.54%
Gross Profit		$ 62,488.93	23.07%

"Gross Sales," as used in the above charts, means all revenue minus discounts.

"Gross Profit," as used in the above chart, means Gross Sales minus payroll, brand marketing fund contributions, and required local marketing expenditures.

Our affiliate, Freecoat Mount Pleasant, LLC, was closed for 19 full days for remodeling and during this time, full salaries were paid to employees. Our affiliate, Freecoat Franklin, LLC, was closed for 6 full days due to winter storms. Again, full salaries were paid to employees during this time. The financial data in the tables for 2021 above are financial representations of the operating period of the 2021 fiscal year including these closures.

Our affiliate-owned outlets share many of the same characteristics as our franchised outlets will, except that our affiliate-owned outlets do not pay royalties.

Some outlets have earned these amounts. Your individual results may differ. There is no assurance will sell as much.

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

Other than the preceding financial performance representation, Freecoat Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting our Chief Executive Officer, Landon Eckles, 10000 Twin Lakes Parkway, Suite B, Charlotte, NC 28269, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2019 to 2021

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change
Franchised	2019	0	0	0
	2020	0	0	0
	2021	0	2	+2
Company Owned*	2019	0	0	0
	2020	0	2	+2
	2021	2	3	+1
Total	**2019**	**0**	**0**	**0**
	2020	**0**	**2**	**+2**
	2021	**2**	**5**	**+3**

* Company-Owned outlets includes the non-franchised Businesses owned and operated by our Affiliates as set forth in the footnote to Table 4 of this Item 20.

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For years 2019 to 2021

State	Year	Number of Transfers
	2019	**0**
Total	**2020**	**0**
	2021	**0**

Table No. 3
Status of Franchise Outlets
For years 2019 to 2021

State	Year	Outlets at start of Year	Outlets Opened	Terminated	Not Renewed	Reacquired by Company	Ceased Operations	Outlets at end of Year
NC	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
TOTAL	**2019**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2020	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2021	**0**	**2**	**0**	**0**	**0**	**0**	**2**

Table No. 4
Status of Company-Owned Outlets*
For years 2019 to 2021

State	Year	Outlets at start of Year	Outlets Opened	Outlets Reacquired	Outlets Closed	Outlets Sold to Franchisees	Outlets at end of Year
NC	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
SC	2019	0	0	0	0	0	1
	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
TN	2019	0	0	0	0	0	0
	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
TOTAL	**2019**	**0**	**0**	**0**	**0**	**0**	**0**
	2020	**0**	**2**	**0**	**0**	**0**	**2**
	2021	**2**	**1**	**0**	**0**	**0**	**3**

* "Company-owned Outlets" includes the non-franchised Businesses owned and operated by our affiliate at the locations listed below. These businesses are not part of the Franchise System. They may be sold to others or to a franchisee in the future.

Freecoat Franklin, LLC	**Freecoat Charlotte, LLC**	**Freecoat Mount Pleasant, LLC**
3065 Mallory Lane Suite 107 Franklin, TN 37076	2901 Selwyn Avenue Charlotte, NC 28209	920 Houston Northcutt Blvd a4 Mt. Pleasant, SC 29464

Table No. 5
Projected Openings as of
December 31, 2021 for 2022

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchise Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
CA	0	2	0
FL	0	5	0
NC	1	5	0
SC	1	2	0
TX	0	5	0
Total	**2**	**19**	**0**

The names, addresses and telephone numbers of our current Franchisees, if any, including those that have signed agreements with us but have not opened their Business as of December 31, 2021 are attached to this Franchise Disclosure Document as Exhibit B, if any.

The name and last known address and telephone number of every Franchisee who had a Business terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the 2021 fiscal year, or who has not communicated with us within 10 weeks of the date of this Franchise Disclosure Document is listed in Exhibit B, if any. Within the last three fiscal years (Freecoat has only been in business since June 2020), no current and former franchisees have signed confidentiality clauses restricting their ability to speak openly about their experiences with Freecoat. If you buy a Freecoat franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Confidentiality Clauses

We have not entered into such agreements in the last three fiscal years. In some instances, current and former Franchisees may sign provisions restricting their ability to speak openly about their experience with the System. You may wish to speak with current and former franchisees, but be aware that not all of these franchisees will be able to communicate with you.

Franchisor Sponsored and Independent Trademark Specific Franchisee Organizations

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission. We have included our audited financial statements for the fiscal years ending December 31, 2020 and December 31, 2021 as Exhibit C to this Disclosure Document. Our fiscal year end is December 31. This exhibit also contains the unaudited financial statements of Freecoat Franchising, LLC for the fiscal period ending June 30, 2022 (Q2-2022). THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRNACHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

ITEM 22
CONTRACTS

The following exhibits contain proposed agreements regarding the Franchise:

Exhibit A Franchise Agreement (which includes a Personal Guaranty, and the Multi-Unit Agreement in Attachment N).

Exhibit E State Addenda and Agreement Riders.

ITEM 23
RECEIPTS

The last pages of this Franchise Disclosure Document, titled Receipt, which are attached as Exhibit H, are a detachable document, in duplicate. Make sure that you indicate the franchise seller(s) with whom you had substantive discussions about this franchise. Please keep the second copy for your record.

EXHIBIT A
TO FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

between

FREECOAT FRANCHISING, LLC

and

_____

Franchised Location:

_____

FREECOAT FRANCHISING, LLC
FRANCHISE AGREEMENT

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FRANCHISE AGREEMENT[1]

This Franchise Agreement (this "Agreement") is made and entered into by and between Freecoat Franchising, LLC, a North Carolina limited liability company ("we", "us", "our" or "Franchisor"), and the "Franchise Owner" identified in the signature block of this Franchise Agreement ("you", "your" or "Franchisee") effective as of the "Effective Date" identified in Attachment A of this Franchise Agreement.

RECITALS

A. We have developed and own a unique and distinctive business that offers full-service nail and beauty services and other related services and products ("Franchised Business" or "Freecoat Stores"). Our Freecoat Stores operate under distinctive business formats, systems, methods, procedures designs, layouts, standards, and specifications, all of which we have the right to improve, further develop or modify in the future.

B. We, and our affiliates use, promote, and license certain trademarks, service marks, and other commercial symbols for the operation of the Franchised Business, and we may create, use, and license other trademarks, service marks, and commercial symbols for the same use (collectively, the "Marks").

C. The Franchised Business operates using the business formats, methods, procedures, fixtures, assets, software, signs, equipment designs, standards, specifications, business tools, and Marks we designate (the "System").

D. We permit certain individuals and/or entities to establish business centers for the purpose of implementing the Franchised Business under the System.

E. As a franchise owner of a Freecoat Store, you must comply with this Franchise Agreement in order to maintain the high and consistent quality that is critical to attracting and keeping clients of a Freecoat Store and preserving the goodwill of the Marks.

NOW, THEREFORE, the parties agree as follows:

1. DEFINITIONS

1.1 "Affiliate," as used in relation to us, means any person or entity that directly or indirectly owns or controls us, is directly or indirectly owned or controlled by us or is under common control with us, now or in the future; and as used in relation to you, means any person or entity that directly or indirectly owns or controls you, is directly or indirectly owned or controlled by you or is under common control with you, now or in the future.

1.2 "Freecoat System" means our business formats, signs, equipment, methods, procedures, designs, layouts, standards and specifications, including the use of the Marks and the Trade Dress, which we have the right to modify in the future.

1.3 "Competitive Business" means any business operating or granting franchises or licenses to others to operate a business that offers nail services and/or other beauty services, except for an existing nail and/or

[1] NTD: Sync. Transfer provisions here with CJ when ready.

beauty business owned and operated by you, which has been disclosed to us in writing prior to execution of this Agreement.

1.4 "Confidential Information" means any information relating to the Freecoat Products or the development or operation of Freecoat Stores, including site selection criteria; methods, techniques, formats, standards, specifications, systems, procedures, sales and marketing techniques and knowledge of and experience in the development and operation of Freecoat Stores; marketing programs for Freecoat Stores; knowledge of specifications for and suppliers of certain Freecoat Products, materials, supplies, equipment, furnishings and fixtures; and knowledge of the operating results and financial performance of Freecoat Stores other than the Franchised Business.

1.5 "Controlling Interest" means an interest, the ownership of which empowers the holder to exercise a material influence over the management, policies or personnel of an Entity. Ownership of 5% or more of the equity or voting securities of a corporation, limited liability company or limited liability partnership or ownership of any general partnership interest in a general or limited partnership will be deemed conclusively to constitute a Controlling Interest in the corporation, limited liability company, or partnership, as the case may be.

1.6 "Entity" means a corporation, general partnership, joint venture, limited partnership, limited liability partnership, limited liability company, trust, estate or other business entity.

1.7 "Entity Owner" means, with respect to an Entity, any shareholder owning directly or beneficially 5% or more of any class of securities of the Entity; any general partner or co-venturer in the Entity; any partner in a limited liability partnership or member in a limited liability company owning directly or beneficially 5% or more of the ownership interests in the limited liability partnership or limited liability company; the trustees or administrators of any trust or estate; and any beneficiary of a trust or estate owning, directly or beneficially, 5% or more of the interests in the trust or estate. If any Entity Owner within the scope of this definition is itself an Entity (including an Entity Owner that is an Entity Owner because of this sentence), the term "Entity Owner" also includes Entity Owners (as defined in the preceding sentence) in the Entity. It is the intent of this definition to "trace back" and include within the definition of Entity Owner all natural persons owning the requisite interests to qualify as Entity Owners.

1.8 "Gross Sales" means the aggregate amount of all sales of Freecoat Products, other items, and services made and rendered in connection with the operation of the Franchised Business, including sales made at or away from the Premises of your Store, whether for cash or credit, but excluding all federal, state or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority.

1.9 "Manual" means Freecoat's confidential operations and management training manual, as amended from time to time, which may be in written and digital format.

1.10 "Marks" means the trademarks, trade names, service marks, logos and other commercial symbols which we authorize franchisees to use to identify the Freecoat products and/or services offered by Freecoat Outlets, including the trademarks and service marks Freecoat and the Trade Dress and the goodwill associated therewith; provided that we have the right to modify and/or discontinue the use of such trademarks, trade names, service marks, logos and other commercial symbols and the Trade Dress, and establish, in the future, additional or substitute trademarks, trade names, service marks, logos, commercial symbols or Trade Dress.

1.11 "System Standards" means the operating procedures, standards, requirements and specifications, whether contained in the Manual or elsewhere, which we have the right to improve, further develop or

modify from time to time and which are mandatory in nature so as to comprise the requirements to be followed with respect to Freecoat Stores and the use of the Marks in connection therewith.

1.12 "Transfer" means the voluntary or involuntary, direct or indirect transfer, assignment, sale, gift, pledge, mortgage, hypothecation or other disposition (including those occurring by operation of law and a series of transfers that in the aggregate constitute a Transfer) of any of your interest in this Agreement, your Freecoat Store or a substantial portion of its assets, the lease for your Freecoat Store or a Controlling Interest in you.

2. GRANT

2.1. Subject to the terms and conditions in this Agreement, we grant you a non-exclusive right, privilege and license (the "Franchise"), and you accept the obligation, to own and operate a Freecoat Store (the "Franchised Business" or "Store") in accordance with this Franchise Agreement and the System.

2.2. Your Franchised Business will be located at the approved location ("Approved Location") identified in Attachment A. If you have not secured the Approved Location for your Store and obtained approval at the time this Franchise Agreement is signed, Attachment A will describe the Approved Location in general terms. In that case, after you have an Approved Location, we will unilaterally modify Attachment A and the Approved Location will replace the general description as if originally set forth in Attachment A. The Approved Location does not extend beyond your Store and does not encompass any neighboring buildings, common areas, public spaces or parking lots. You must not relocate your Store without our prior written approval. You have no right to construct or operate any additional, expanded or modified facilities at your Approved Location, nor any right to construct or operate a Freecoat Store at any location other than the Approved Location. In addition, you have no right to sublicense pursuant to this Agreement. For purposes of this Agreement, "secured the Approved Location" for your Store means that you have either
(i) signed a lease or sublease we have approved (including any required addenda thereto) for the Approved Location, as further described in Section 6.2 of this Agreement, if you are leasing or subleasing the Approved Location, or (ii) taken possession of the Approved Location, if you own the Approved Location.

2.3. You expressly acknowledge and agree that, except as provided in Section 2.2, the franchise is non-exclusive. We retain the right, for ourselves, and/or through any affiliate, in any manner and on any terms and conditions we deem advisable, and without granting you any rights therein:

2.3.1 To own, acquire, establish, and/or operate, and license others to establish and operate, Freecoat Stores outside the Trade Area regardless of their proximity to the Approved Location or their impact on your Franchised Business;

2.3.2 To use the Marks and the System to sell any products, similar to those which you will sell and which bear the Marks, through any channels of distribution within or outside of the Trade Area, regardless of their proximity to the Approved Location or their impact on your existing or potential customers. This includes, but is not limited to, retail locations such as grocery stores, regional malls, airports, college campuses, special events, and military bases, and other channels of distribution such as television, direct mail, mail order, catalog sales, telemarketing, or over the internet. There are no implied covenants or obligations regarding territorial rights arising from this Agreement or any other Agreement or arrangement between you and us. You have no right to participate in or benefit from any such other business activity;

2.3.3 To use and license the use of other proprietary and non-Marks not confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a retail store, at any

location, including within the Trade Area, related to the operation of a business which may be the same as, similar to, or different from the business operated at your Franchised Business;

2.3.4 To purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your Franchised Business, wherever located; and

2.3.5 To implement multi-area marketing programs which allow us, or others, to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

2.4. You have the option to sign additional franchise agreements during the term of this Franchise Agreement under the following terms and conditions:

2.4.1 You must not be in default of any provision of this Franchise Agreement, or any other agreement between you and us (including any agreement between you and our affiliates), or of any standards in the Manual, and you must have complied with all such agreements and the Manual since the Effective Date;

2.4.2 You must be current with respect to your obligations to your lessor, suppliers, and any others with whom you do business;

2.4.3 You must execute our then-current form of franchise agreement, the terms of which may materially differ from the terms of this Franchise Agreement, except that (i) the initial franchise fee payable for any additional franchise agreement will be twenty percent (20%) less than the initial franchise fee required under the then-current form of franchise agreement, and (ii) the initial training program we provide under each additional franchise agreement will comprise a minimum of one (1) and a maximum of three (3) calendar days, at our discretion;

2.4.4 We must approve the location for your Store and our approval may depend upon whether the location will infringe upon the rights of another franchisee, a developer, or any other party with whom we have an agreement; and

2.4.5 If you open any Freecoat Store under this Section 2.4 and transfer that Freecoat Store (as described in Section 15.2) within one (1) year following its opening, then, in such event, you must pay us at the time of the transfer, in addition to any other transfer fees required under Section 15, the difference between the reduced initial franchise fee you paid for the Freecoat Store and the initial franchise fee required under our then-current form of franchise agreement.

2.5. Designation of Owner-Operator. Unless you operate as a sole proprietorship, you will designate one person from among the list of Owners with at least five percent (5%) of your outstanding equity on Attachment D who will be your "Owner-Operator." In such capacity, the Owner-Operator shall devote his or her full time and attention to the management, supervision and operation of the Freecoat Store. We may rely upon communications and decision of the Owner-Operator as fully authorized by all necessary corporate action and legally binding on you. You may designate another Owner to serve as Owner-Operator by written notice to us as long as such designee owns at least the required percentage of your equity as listed on Attachment D at the time of designation.

3. TRADE AREA

3.1. During the term of this Franchise Agreement, except as permitted by Section 3.2, we (including our affiliates) will not establish, or franchise any entity to establish, a Freecoat Store within the geographic area described in Attachment A (the "Trade Area").

3.2. You expressly acknowledge and agree that, except as provided in this Section 3.2, the franchise is non-exclusive. We retain the right, for ourselves, and/or through any affiliate, in any manner and on any terms and conditions we deem advisable, and without granting you any rights therein:

3.2.1 To own, acquire, establish, and/or operate, and license others to establish and operate, Freecoat Stores outside the Trade Area regardless of their proximity to the Approved Location or their impact on your Franchised Business;

3.2.2 To restrict your solicitation, acceptance and fulfillment of orders for off-premises catering or delivery to your Trade Area, or to an area that does not encompass the Trade Area of another Franchised Business;

3.2.3 To use the Marks and the System to sell any products, similar to those which you will sell and which bear the Marks, through any channels of distribution within or outside of the Trade Area, regardless of their proximity to the Approved Location or their impact on your existing or potential customers. This includes, but is not limited to, retail locations such as grocery stores, regional malls, airports, college campuses, special events, and military bases, and other channels of distribution such as television, direct mail, mail order, catalog sales, telemarketing, or over the internet. There are no implied covenants or obligations regarding territorial rights arising from this Agreement or any other Agreement or arrangement between you and us. You have no right to participate in or benefit from any such other business activity;

3.2.4 To use and license the use of other proprietary and non-Marks not confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a retail store, at any location, including within the Trade Area, related to the operation of a business which may be the same as, similar to, or different from the business operated at your Franchised Business;

3.2.5 To purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your Franchised Business, wherever located; and

3.2.6 To implement multi-area marketing programs which allow us, or others, to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

4. TERM AND RENEWAL

4.1. Initial Term. The term of this Franchise Agreement begins on the Effective Date and expires ten (10) years after the Effective Date, unless sooner terminated as provided in this Franchise Agreement.

4.2. Renewal Term, Notice & Eligibility. Upon the expiration of this Franchise Agreement, and unless you are signing this Franchise Agreement under a successor franchise agreement for an existing Franchised Business, (in which case your renewal term will be governed by the term of your original franchise agreement), you will have the option to acquire up to two (2) successive five (5) year terms ("Successor"

or "Renewal Term") subject to the following terms and conditions. THERE ARE NO OTHER RENEWAL RIGHTS OR OBLIGATIONS UNDER THIS AGREEMENT.

4.2.1 You must give us written notice of your election to operate your Franchised Business for a Successor Term no fewer than six (6) months, and not more than twelve (12) months, prior to the end of the Initial Term;

4.2.2 You must make such reasonable repairs or renovations to your Franchised Business, including remodeling your Franchised Business, if we deem necessary, to reflect our then-current standards and image of the System. At the end of the first renewal term, you must remodel and redecorate the customer facing areas of the Franchised Business according to the Manuals;

4.2.3 You must not be in default of any provision of this Franchise Agreement, or any other agreement between you and us (including any agreement between you and our affiliates), or of any standards set forth in the Manual and you must have complied with all such agreements and the Manual since the Effective Date;

4.2.4 You must be current with respect to your obligations to your lessor, suppliers, and any others with whom you do business;

4.2.5 You must execute the then-current form of franchise agreement, renewal addendum (a sample of which is attached to this Agreement as Attachment J) and all other agreements, legal instruments and documents then customarily used by us in the execution of Successor Franchise Agreements. The Successor Franchise Agreement and these other agreements, legal instruments and documents may vary materially from those agreements, legal instruments and documents currently in use by us, including the payment of higher fees, except you are not obligated to pay our then-current initial franchise fee;

4.2.6 Subject to state law, you and us will execute a general release, in a form prescribed by us, of any and all claims which each may have against the other and their affiliates (except as to amounts then due to us for royalties, advertising contributions, materials, and the like), and their respective shareholders, directors, employees, and agents in their corporate and individual capacities. Unless otherwise prevented by state law, we will consider your failure to sign the release and to deliver it to us for acceptance and execution within thirty (30) days after it is delivered to you to be an election not to acquire a successor franchise;

4.2.7 You and your affiliates have satisfied all monetary obligations then due and owing to us and our Affiliates; and

4.2.8 You will pay us a renewal fee of two thousand five hundred dollars ($2,500).

4.3 We will notify you within thirty (30) days after we receive your renewal notice if you are not eligible to renew. We may waive, in our sole discretion, any disqualifications for any Franchised Business or franchisee to renew its Franchise. No such waiver will provide or confer any right or benefit on any Person except the affected Franchisee.

5. FEES & SECURITY INTEREST

5.1. Initial Franchisee Fee. Upon execution of the Franchise Agreement, you will pay us an Initial Franchise Fee as set forth in Attachment A. This payment is fully earned and non-refundable when paid to us, in

consideration of our administrative and other expenses incurred in entering into this Franchise Agreement with you, and for our lost or deferred opportunity to enter into this Franchise Agreement with others.

5.2. Royalty Fee. During the term of this Franchise Agreement, you will pay us a continuing weekly royalty fee, payable no later than close of business on Wednesday for the immediately preceding week, in an amount equal to six percent (6%) of the Gross Sales for your Franchised Business. We reserve the right to require these payments on a monthly, instead of weekly, basis as specified in the Manual. "Gross Sales" means revenue from the sale of all products and/or services, revenue generated by your use of your Franchised Business's products or services for businesses unrelated to your Franchised Business, and all other income or consideration of every kind and nature, received by your Franchised Business, whether for cash, barter, or credit, and regardless of collection in the case of credit. Gross Sales also includes (1) at least seventy percent (70%) of the full retail value of any product and/or service used by Franchisee, or its officers or owners, for personal use, (2) at least seventy percent (70%) of the full retail value of any product and/or service provided by Franchisee to another individual and/or entity, which has been discounted over thirty percent (30%) off of the full retail price, (3) at least seventy percent (70%) of the full retail value of any gift certificate or coupon sold for use at your Franchised Business discounted over thirty percent (30%) off of the retail prices (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from this calculation), and (4) at least seventy percent (70%) of the full retail value of any product and/or service provided by Franchisee to another individual and/or entity in exchange for barter services such as advertising or marketing benefits to Franchisee. Gross Sales does not include any sales taxes or other taxes collected by you from your customers and thereafter paid directly to the appropriate taxing authority.

5.3.1. Reporting. You must report to us your Profit and Loss Statement for each month, including Gross Sales, by the fifteenth (15^{th}) day of the following month. If you fail to report your Profit and Loss Statement, including Gross Sales, for the preceding month by the fifteenth (15^{th}) day of the current month, we may, in our sole discretion, require you to enroll in our in-house financial reporting service for the remainder of the Term and any renewal Terms. You agree that you will be responsible for any fees associated with our in-house financial reporting service.

5.3. Brand Marketing Fee. You will make weekly contributions of one percent (1%) of Gross Weekly Sales (minus franchisor approved discounts), and up to three percent (3%) as determined by us, towards the contribution of national brand advertising and promotion of the Franchised Business (the "Fund"). We reserve the right to require this contribution on a monthly, instead of weekly, basis as specified in the Manual. You will pay the Brand Marketing Fee to us in addition to any amounts you must spend on local advertising as required under this Agreement (See Section 12).

5.4. EFT Payment. Unless we specify otherwise, you must make all payments to us under Sections 5.2, 5.3, 5.7, and 5.8 weekly and drafted via ACH every Monday. Any payment under Sections 5.2, 5.3, 5.7, and 5.8 not made by the due date will be deemed overdue. In the event of any overdue amounts, you will pay us, besides the overdue amounts, interest on such amounts from the date such amounts were due until paid, at eighteen percent (18%) per annum or the maximum rate permitted by law, whichever is less, calculated daily. Such interest will be in addition to any other remedies we may have under law or equity. Unless we permit otherwise in writing, all payments required or amounts owed under this Franchise Agreement will be made by electronic fund transfer to an account specified by us. You will furnish us, and/or our payee, with such information and authorizations as may be necessary to permit such persons to make withdrawals by electronic fund transfer, a form of which is attached to this Agreement as Attachment B, or under any substitute form of authorization that we may require during the Term. You agree to bear all expenses associated with such authorizations and payments. We have the right to periodically specify (in the Manuals or otherwise in writing) different payees and/or payment methods, such as, but not limited to, weekly payment, payment by auto-draft, credit card and payment by check. If you make any payment to us by credit card for any fee required, we may charge a service charge of up to four percent (4%) of the total charge.

5.5. Offset of Payment. Despite any designation you make, we may apply your payments to your past due indebtedness to us. We may set off any amounts you and/or your guarantors, if applicable, owe us against any amounts we owe you and, at our option, we may pay your trade creditors out of any sum otherwise due to you. You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any obligations under this Franchise Agreement. No endorsement or statement on any check or payment of any sum less than the full sum due to us will be construed as acknowledging payment in full or an accord and satisfaction, and we may accept and cash, such check or payment without prejudice to our right to recover the balance due or pursue any other remedy provided to us by this Franchise Agreement or by law or in equity.

5.6. You agree to pay us, within fifteen (15) days of any written request we make to you that is accompanied by reasonable substantiating material, any monies which we have paid, or have paid on your behalf, for goods, services, fees, permits, taxes, or any other monies you owe to us for the development or operation of your Franchised Business and as required under this Franchise Agreement.

5.7. Default Fee. If applicable, you will pay us a Default Fee (as described in Section 16.6) and pay to the Fund (as defined in Section 12.1) any fee for unauthorized local advertising (as described in Section 12.4).

5.8. Technology Fee. You must utilize our proprietary technologies, at our discretion, and other necessary, non-proprietary technologies in the operation of your Freecoat Business. You will be required to pay our then-current monthly per-location technology fee as stated in the Manual, due beginning in the month this Franchise Agreement is signed. This fee covers the use of the proprietary and non-proprietary technologies (defined by us in our sole discretion from time to time), monthly point of sale system fee, music provider fee, website listing and email addresses, resources, training portal, gift card liability processing, and other fees and is in addition to the point-of-sale software fee that you may be required to pay to vendors or our approved supplier as described in Section 14.1. We reserve the right to increase this fee in the event we offer updated or additional software or technology for use in the Freecoat Business.

5.9. Insufficient Funds Fee. If any payment from you to us does not successfully convey funds due to insufficient funds, stop payment instructions, or any similar event, you shall pay, upon demand, an insufficient funds fee of one hundred dollars ($100) per incidence.

5.10. Security Agreement and Interest. As security for the payment of the foregoing amounts and performance of your obligations under this Agreement, you grant to us, our successors and assigns a security interest in this Agreement, all signs, signage, décor items, goods, supplies, equipment and inventory containing any of the Marks located at the Franchised Business. You grant us the authority and power to file a copy of the signature page of this Agreement as part of any financing statement necessary to perfect and maintain our security interest during the Term, in any and all appropriate offices and public records. We may notify your other creditors and lenders about the security interest and have no obligation to subordinate our interest to that of any other lender or secured creditor.

5.11. Relocation Fee. If you wish to relocate your Franchised Business, and we approve of such relocation, you must pay us a Relocation Fee equal to thirty percent (30%) of the then-current Initial Franchise Fee.

6. BUSINESS DEVELOPMENT AND ONGOING SUPPORT

6.1. Development & Site Selection. Except as specified in this Agreement and the Manual, we are not obligated to provide any assistance in negotiating your lease agreement. However, to the extent possible, we will advise you on the business terms of your lease agreement. We are not obligated in providing you

with assistance in conforming the premises to local codes and ordinances, obtaining permits, constructing, remodeling or decorating, hiring and training employees (except for the training we provide described in training below), or providing for necessary equipment, signs, fixtures, opening inventory and supplies. We will assist you in selecting a site for the Approved Location. We will review the information you submit for each proposed site for the Location, conduct any investigation of the proposed site we deem appropriate to evaluate the site and accept or reject the site within thirty (30) days after your submission of all initial and supplemental information we request regarding a proposed site. Effective upon our acceptance, you acknowledge that you have selected, and we have accepted the Location and that our acceptance of your selection must not be construed as a guarantee or assurance that your Franchised Business will be profitable or successful. Our advice will be regarding the business terms of your lease only and not to any legal terms. You must open your Franchised Business for business within six (6) months after acceptance of your site by us unless extended by us in our sole, subjective discretion.

6.2. Lease. You must own or lease the Approved Location at all times during the Term and provide us with a copy of the letter of intent (LOI), deed or lease of the Approved Location before commencing development of the Franchised Business. We must approve the form and content of the LOI, any Approved Location lease and any modifications or amendments thereto before you sign the lease. We will review the LOI, lease and, if applicable, any modifications and amendments to the lease, and the proposed lease. You must obtain as part of the lease documentation a signed Lease Rider with the landlord in substantially the form attached as Attachment G when you provide us with a copy of the signed Location lease (the "Lease"). We do not require you to locate an Approved Location at the time of signing the Franchise Agreement, but you must deliver a signed Lease or purchase contract for an approved site within one hundred twenty (120) days after the Effective Date or your Agreement may be terminated in our sole discretion. You have the option to secure a single thirty (30)-day extension of the ninety (90)-day period by written notice to us that you are exercising your extension option. The grant of any further extension of time to complete this phase of pre-opening is at our sole, subjective discretion.

6.3. Manual. Subject to Section 11.8 below, we will loan you, or otherwise make available to you, one copy of our confidential Manual, which may exist in various parts, locations, and formats and may, in our sole discretion, include a combination of audio, video, written material, electronic media, website content, and/or software components.

6.4. Architect Plans & Review. We require you to utilize and engage our approved architect who will assist you with the layouts and specifications for the interior build-out, mechanical and electrical systems, equipment, décor, signs and layout of your Franchised Business. We will review the site plan and final plans and specifications for conformity to our System Standards. We will not unreasonably withhold or delay our approval, which is intended only to test compliance with System Standards, and not to detect errors or omissions in the work of your architects, engineers, contractors or the like. Our review does not cover technical, architectural or engineering factors or compliance with federal, state or local laws, regulations or code requirements. We will not be liable to your lenders, contractors, employees, customers, others or you on account of our review or approval of your plans, drawings or specifications, or our inspection of the Franchised Business before, during or after renovation or construction. You shall secure for our agents and us the right to inspect the construction site and related materials stored off site at any reasonable time. You shall correct, upon our request and at your expense, any deviation from the approved site plans and specifications. You shall furnish to us a copy of the certificate of occupancy.

6.5. Construction and/or Remodeling. You will complete the construction or remodeling of the Franchised Business within nine (9) months of the Effective Date. You will construct or remodel the Franchised Business in strict conformity with the site layout, plans and specifications we approve. If we determine (before the opening date) that you have not constructed or remodeled in strict conformity with the site layout, plans and specifications we approved we may terminate this Agreement for cause, or obtain an injunction from a court of competent jurisdiction against the opening of the Franchised Business

and to compel you to specifically perform your obligation to construct or remodel the Franchised Business in strict conformity with the site layout, plans and specifications, in addition to any other remedies available to use at law or in equity, without any obligation to furnish any bond or security. You will bear all expenses related to the engineering and architectural services incurred in your final construction plans and for obtaining approvals by the appropriate governmental agencies required under applicable law to construct, remodel and occupy the Franchised Business.

6.6. Equipment, Fixtures and other Personal Property. You will install in and about the Franchised Business equipment, fixtures, furnishings and other personal property that strictly conform to the System Standards, and specifications we specify in the Manual or otherwise. You will not display any other sign or advertising at the Franchised Business without our consent other than as permitted under the Manual.

6.7. Opening. Your Franchised Business shall be open to the public at the Approved Location on the Opening Date only after you receive our authorization to do so, which must be requested in writing on or after the date you receive the certificate of occupancy. In addition to, and not in lieu of your other advertising obligations, you will conduct local advertising and promotion for the Franchised Business's grand opening (the "Grand Opening Advertising") that we specify in the Manuals or otherwise in writing. You must spend at least ten thousand dollars ($10,000.00) on Grand Opening Advertising. You will not open your Franchised Business without our prior written authorization. Once we provide such written authorization, you must open your Franchised Business within three (3) days. We have the right to withhold that authorization until:

6.7.1 You complete, to our satisfaction, the construction or remodeling of the Franchised Business and furnish copies of all governmental approvals required by us before opening under applicable law;

6.7.2 You complete preparation of the Franchised Business for commencement of operations per the Manual; and

6.7.3 Your management and store personnel, to be employed on the Opening Date, complete Freecoat University as required under Section 7.1 of this Agreement.

6.8 You will notify us when you open for business. We will confirm the Opening Date in writing for the purpose of amending the expiration date of the Initial Term.

7. OUR OBLIGATIONS

7.1. Management Training Program ("Freecoat University" or "FCU"). You (or if you are an entity, your Owner-Operator) and your Designated Manager must attend a mandatory training program at the times and places we designate, at no cost to you (up to 4 individuals). You may send additional attendees, but you will be responsible for five hundred dollars ($500) per additional attendee. Freecoat University will be up to two (2) weeks long and will cover the Franchise System and methods of operating a Franchised Business. You and, if applicable, the Designated Manager (as defined in Section 8.18), must attend and complete Freecoat University to our satisfaction prior to your Franchised Business opening for business ("Freecoat University Deadline"), unless you purchase an existing Freecoat Store under this Franchise Agreement, in which case the Freecoat University Deadline will be the two (2) days immediately following the Effective Date unless otherwise agreed to by Freecoat. Upon the final week of the Program, our Training Director and/or Vice President of Operations will conduct a thorough evaluation of the trainees as outlined in the Manual, if any. Each manager must score ninety percent (90%) or higher on the evaluation to be "certified." We may modify an Opening Date you propose based on the projected date of successful

competition of Freecoat University by the General Manager or Owner-Operator. Any new Designated Manager must also complete, within thirty (30) days of his or her approval by us, Freecoat University to our satisfaction. You will pay us tuition of five hundred dollars ($500) in advance which will not be refunded if the replacement manager does not attend the training session. We do not currently charge for training materials, but we may do so in the future. You agree to pay for any and all of the travel, living, or other expenses you and your attendees incur. If your attendees cannot, or do not, complete Freecoat University to our satisfaction, we may, in addition to any other remedies available to us, terminate this Franchise Agreement with no refund due to you of any amounts.

7.2. Onsite Training. You, and if applicable, your Designated Manager, are required, at your expense, to complete an initial onsite training program at your Franchised Business and at the times we designate ("Initial Onsite Training"). Initial Onsite Training will include business operations and comprise approximately three (3) calendar days and usually take place around the time of opening (see Section 7.5). We will provide the instructor and any necessary training materials. Initial Onsite Training will take place immediately prior to, and subsequent to, the commencement of business at your Franchised Business unless you purchase an existing Freecoat Store under this Franchise Agreement, in which case Initial Onsite Training will take place within ninety (90) calendar days following the Effective Date. You are responsible for training your employees on day-to-day operations.

7.3. Follow-Up Training. Unless you purchase an existing Freecoat Store under this Franchise Agreement, you, and if applicable, your Designated Manager, are required, at your expense, to complete a follow-up training program at your Franchised Business and at the times we may designate ("Follow- Up Training"). We will provide the instructor and training materials, if any. Follow-Up Training will comprise a minimum of one (1) and a maximum of three (3) calendar days, at our discretion.

7.4. Merchandising & Marketing Assistance. We may furnish to you, at our discretion, prior to the opening of your Franchised Business, marketing materials and Freecoat merchandising that we develop and deem helpful in opening and operating your Franchised Business.

7.5. Opening & Ongoing Assistance. We will provide you with the services of five (5) of our representatives for up to fourteen (14) days to assist you with the opening of the Franchised Business. You must pay our current per diem rate for trainers, plus reimburse their expenses such as travel, lodging and incidentals.

7.6. Additional Training. We may periodically require that you (including, if applicable, your Designated Manager, staff, and employees) attend additional training programs we offer and designate in the Manual, or otherwise in writing, and at the times and places we designate ("Additional Training"). Attendance at Additional Training will be at your sole expense, which we estimate to be Three Hundred Dollars ($300) per day plus expenses to cover travel, living expenses, and wages with attending Additional Training.

7.7. Approved Products, Services & Suppliers. We will publish a list of approved suppliers and their respective approved products and services in the Manual and/or in other written or electronic communications to you. As new suppliers, products and services become available we will amend that list. We may also publish in the Manual the procedures and fees for obtaining approval of any supplier you wish to nominate to become an approved supplier. We may deny approval of any nominee in our sole discretion. We, or an Affiliate, may be the sole approved suppliers for proprietary goods or services or for good and services we deem to be integral parts of the Franchised System that must be supplied on a consistent, uniform basis to all franchisees. We or our Affiliates, if any, may earn a profit from providing purchasing and procurement services, including receipt of fees from third party suppliers.

7.8. Evaluations. We may conduct periodic field evaluations and standards inspections of your Franchised Business to test and promote its compliance with our System Standards and quality control. We may publish the results of our tests and evaluations. We may also implement customer feedback programs and independent inspection programs in the future.

7.9. Advice & Communications. We will provide you with any other materials in any medium that we may develop to communicate new techniques, improvements and developments in our Franchised System. We will also provide you with periodic consultation and assistance by telephone, electronic communication or by newsletters that we may make available to our franchisees from time-to-time.

7.10. Other assistance. We will provide you with other resources and assistance that we may develop and make available to all our other franchisees.

7.11. Designation. You acknowledge and agree that we have the right to delegate to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted (1) the performance of any portion or all of our obligations under this Franchise Agreement, and
(2) any right that we have under this Agreement.

7.12. Site Selection Visits. We, in our sole discretion, may perform an on-site visit during the selection of a site for the Approved Location. We will not charge you any fees or expenses for this first on-site visit, if needed. If, however; your first site is rejected and additional visits are required (in our sole discretion), you must pay us a non-refundable location assistance fee of five hundred dollars ($500) per day plus reimburse our expenses related to this assistance, such as travel, lodging and meals. If during the construction process, more than two (2) on-site visits from our construction team are required, you must pay us five hundred dollars ($500) per day, plus reimburse our expenses for travel, lodging and meals.

8. YOUR RESPONSIBILITIES

8.1 You understand and acknowledge that every detail of the System and the operation of your Franchised Business is essential to you, us, and other Freecoat franchisees in order to (i) develop and maintain quality operating standards, (ii) increase the demand for the products and services sold by all franchisees operating under the System, and (iii) protect our reputation and goodwill. You will maintain our high standards with respect to facilities, services, products, and operations.

8.2 You will use and occupy your business premises solely for the operation of the Franchised Business and, unless we otherwise approve in writing, you will refrain from using or permitting the use of the premises for any other purpose or activity. You will keep your Franchised Business open and in normal operation for at least such minimum hours and days, or closed in recognition of holidays, as we specify in the Manual or otherwise in writing, and as may be required by the lease for your Franchised Business premises.

8.3 To ensure the highest degree of quality and service is maintained, you will operate your Franchised Business in strict conformity with such methods, standards, and specifications as we may from time to time prescribe in the Manual or otherwise in writing. You will refrain from (a) deviating from such standards, specifications, and procedures without our prior written consent, and (b) otherwise operating in any manner, which adversely reflects on the Marks and/or the System. You will maintain and operate the Franchised Business in clean, safe and sanitary condition, consistent with sound health and sanitation practices. You also will maintain and operate the Franchised Business in compliance with all applicable governmental laws, rules, regulations and ordinances. Any conflict between System Standards and any applicable governmental requirement will be resolved in favor of the more stringent standard. You will use the site of the Franchised Business exclusively for the purpose of operating a Freecoat Store. You will

not engage in any business, or offer any products or services at the Franchised Business, that are not a part of the Franchise System without our consent. You will obtain as and when needed all governmental permits, licenses and consents as required by law to construct, acquire, renovate, operate and maintain the Franchised Business and to offer all products and services you advertise and promote. You will pay when due or properly contest all federal, state and local payroll, withholding unemployment, beverage, permit, license and property, ad valorem, and other taxes, assessments, fees, charges, penalties and interest and will file when due all governmental returns and order applicable to you and/or the Franchised Business, including those combating terrorism such as the USA Patriot Act and Executive Order 13224.

8.3.1 You will purchase and install, at your expense, (except for those items described in this paragraph which are presently installed or in use at the premises if you who convert an existing business to a Freecoat Business) and will maintain in sufficient supply and use at all times, only such fixtures, furnishings, equipment, signs, and supplies which conform to our standards and specifications as set forth in the Manual or otherwise by us in writing, and will refrain from using non-conforming items.

8.3.2 You will sell, or offer for sale, those products and services we have expressly approved for sale in the Manual or otherwise in writing, and will discontinue selling any products or services which we, in our sole discretion, determine may adversely affect the System or are no longer appropriately part of the System, and will refrain from offering any unapproved products or services. We will have the right to require you to obtain any product or service used in the operation of the Franchised Business from us, our Affiliates, or suppliers we approve. We will have the right to require you to participate in national or regional approved purchasing cooperative for the area in which the Franchised Business operates. You must enter into and perform the agreements and with the vendors that we require for technology and accounting services, respectively. You acknowledge that these agreements allow the System to maintain uniformity and consistency in Franchised Business technology, support, accounting, reporting and management information systems. We may discontinue or terminate the System requirement to use these vendors and allow such agreements to expire without renewal or be terminated consistent with their respective terms at our discretion.

8.3.3 You acknowledge and agree that we may periodically, in our sole discretion, revise the Manual to incorporate System changes. You will implement any System changes upon receiving notice from us of such changes and will complete their implementation within such time as we may reasonably specify.

8.3.4 You will purchase all products, equipment, supplies, and materials used or sold by your Franchised Business solely from us or our approved suppliers, if any (including manufacturers, wholesalers and distributors) who demonstrate, to our continuing reasonable satisfaction, the ability to meet our reasonable standards and specifications for such items, who possess adequate quality controls and capacity to supply your needs promptly and reliably, whose approval would enable the System, in our sole opinion, to take advantage of marketplace efficiencies, and who have been approved by us in the Manual or otherwise in writing and not thereafter disapproved. If you want to make purchases from a supplier who has not been approved, you will submit a written request to us to approve the proposed supplier with evidence of conformity to our specifications as we may reasonably require. We may revoke approval of any supplier at any time if we determine, in our sole discretion, that the supplier no longer meets our standards. Upon receipt of written notice of such revocation, you will cease purchasing from any disapproved supplier and cease selling such supplier’s disapproved products and/or services.

8.4 You will maintain your Franchised Business (including adjacent public areas) in a clean, orderly condition and in excellent repair, and, at your expense and in a timely manner, perform any required maintenance or repairs, as we may reasonably direct by written notice to you. No alcohol, drugs, or pets (other than animals required for the health of your customers or employees or as otherwise required by

law, i.e. seeing-eye dogs) are permitted at your Franchised Business, and the Approved Location will not be used for childcare, babysitting, or similar activities. We may require you to upgrade your Franchised Business to conform to changes in our System Standards, which may include new signage, image, décor equipment, and technology and image standards for the Franchised Business. We will not require any such upgrade within two (2) years before the expiration date of the Initial Term or any Renewal Term. At the end of the initial term and at the end of the second renewal term you must also upgrade your Franchised Business to our current entry standards and design elements, complete any retraining we require and install our current point-of-sale system and other equipment. Your voluntary agreement to perform a suggested upgrade will not constitute a required upgrade under this paragraph.

8.5 We may conduct, when and as frequently as we deem advisable, inspections of your business premises and evaluations of your Franchised Business's management and operations, to assist you and to maintain the System's standards of quality, appearance, and service. We are not required to provide you any notice prior to conducting such inspections or evaluations. You will cooperate with our representatives in such inspections by rendering such assistance, as they may reasonably request; and, upon written notice from us and/or our agents, and without limiting our other rights under this Franchise Agreement, will promptly correct any deficiencies discovered during any such inspection.

8.6 You and, if applicable, the Designated Manager, and other employees or owners of you that we designate, may be required to attend our annual national convention of franchisees ("Convention"), once established. You will pay a convention fee for each individual required to attend Convention, regardless of whether the individual attends or not. The convention fee is subject to change at any time in our sole discretion. For each individual required to attend the Convention, who does not attend without our prior written approval, you will pay either (i) the maximum convention fee if you provide us with prior written notice of the individual's failure to attend (for purposes of this Section 8.7, failure to register constitutes prior written notice) or (ii) the maximum convention fee plus an absentee fee (designated by us from time to time) if you do not provide us with prior written notice of the individual's failure to attend. You are responsible for all travel, living expenses, and other costs in connection with attendance at Convention. You must also attend, at your sole expense, such additional meetings, seminars, workshops and regional conventions as we may reasonably periodically require at any time.

8.7 You will maintain a competent, conscientious, and trained staff and will take such steps as are necessary to ensure your employees preserve good customer relations, render competent, prompt, courteous, and knowledgeable service, and meet such minimum standards as we may periodically establish in the Manual or otherwise in writing. We will not have the power to hire or fire your employees and/or independent contractors. You expressly agree, and will never contend otherwise, that our authority under this Franchise Agreement to certify certain of your employees or independent contractors for qualification to perform certain functions or operations under the Freecoat standards for the Freecoat Store does not directly or indirectly vest in us the power to hire, fire, or control any such employee or independent contractor. You alone are responsible for all employment decisions and functions of your Freecoat Business, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether you have received advice from us on these subjects or not. All employees or independent contractors hired by or working for you will be your employees or independent contractors alone and will not, for any purpose, be deemed our employees or subject to our control, including with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will have no liability for any action or settlement related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees and you agree to indemnify us for any such liabilities we incur. You agree that any direction you receive from us regarding employment policies should be considered as examples, that you alone are responsible for establishing and implementing your own

policies, and that you understand that you should do so in consultation with local legal counsel well-versed in employment law.

8.8 You must require all your employees to work in clean professional attire approved by us, but furnished at your cost or the employees' cost, as you may determine. You understand and acknowledge that it is your responsibility to hire and supervise a satisfactory number of employees in order to efficiently operate the Freecoat Store and meet your obligations under this Franchise Agreement. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever.

8.9 You will execute a lease or sublease for your Franchised Business premises and, at all times during the term of this Franchise Agreement, remain in a lease or sublease for your Franchised Business premises. We have the right to approve the terms of any lease for your Franchised Business premises pursuant to Section 6.2 of this Agreement. You will timely comply with all terms of any lease for your Franchised Business premises and will refrain from any activity, which may jeopardize your right to remain in possession of the premises and/or your Franchised Business. Our approval of any lease for your Franchised Business premises may be conditioned upon the inclusion of any one or more of the following terms and conditions:

8.9.1 That the initial term of the lease, or the initial term together with renewal terms, will be for at least five (5) to ten (10) years;

8.9.2 That the lessor consents to your use of such Marks and signage as we may now or hereinafter prescribe for the Franchised Business;

8.9.3 That the use of the leased premises be restricted solely to the operation of the Franchised Business;

8.9.4 Except as otherwise approved by us in writing, that you be prohibited from subleasing or assigning all or any part of your occupancy rights or extending the term of or renewing the lease without our prior written consent;

8.9.5 That the lessor provide to us copies of any and all letters or notices of default given to you under the lease concurrently with providing them to you, and with at least thirty (30) days within which to cure such default;

8.9.6 That we have the right to enter the Franchised Business premises to make reasonable modifications necessary to protect the Marks and/or the System or to cure any default under this Franchise Agreement and/or under the lease;

8.9.7 That, if a default occurs, expiration, or termination of this Franchise Agreement or the lease, we (or our designee) will have the option, upon notice to the lessor, to assume all of your rights under the lease terms, including the right to assign or sublease; and

8.9.8 That any proprietary information, Freecoat trade dress, and proprietary fixtures inside or outside the location (e g, Freecoat sign on building facade, interior signage, and information on Point-of-Sale computer) shall remain, notwithstanding anything to the contrary, subject to removal or destruction by us, and under no circumstance will lessor sell such items to a competing or similar business.

8.9.9 That no amendment will be made to the lease without our prior written consent, which consent will not be unreasonably withheld.

8.10 You will furnish us with a copy of any executed lease within ten (10) days after execution and within one hundred twenty (120) days after the Effective Date.

8.11 You will furnish to us, within three days after receipt thereof, a copy of any notice alleging your default or failure to pay, on any loan, note, lease, or other instrument related to the operation of your Franchised Business or a copy of any notice alleging your failure to comply with any law, ordinance, or regulation. You also will notify us in writing within five days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of your Franchised Business.

8.12 You will, throughout the term of this Franchise Agreement, actively and regularly engage in local promotional activities designed to enhance your Franchised Business's reputation and goodwill, and to increase Gross Sales. You will collect, store, share with us, and use customer data in the form and manner we prescribe. We have the right to specify, in the Manual or otherwise in writing, the types and amounts of required promotional activities. We retain ownership of all customer data related to your Franchised Business.

8.13 We have the right to set the minimum retail price you may charge for your goods and services. In your sole discretion, you may set higher prices than our prescribed minimum prices for your goods and services.

8.14 You will obtain all zoning classifications and clearances, permits, licenses, and certifications required for the lawful construction, occupancy, and operation of your Franchised Business, and will certify in writing to us that all such items have been obtained.

8.15 You will comply with all federal, state, and local laws, rules, and regulations, and will timely obtain any and all permits, certificates, or licenses necessary for the full and proper operation of your Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, and fire clearances.

8.16 You will, at our request, accept debit cards, credit cards, stored value gift cards, or other non-cash systems specified by us to enable customers to purchase the products and/or services offered by your Franchised Business and the System. You will comply with any compliance program or security standards implemented by the banking industry, credit card companies or other similar regulations as directed by us and you will bear all expenses associated with such programs and any liabilities that result from your failure to implement any such security standards or requirements. You will acquire, at your expense, all necessary hardware and/or software used with these non-cash systems.

8.17 Either you (if you are an individual), one of your principal owners, officers, or directors (if you are a legal entity), or an employee that meets our approval, will manage your Franchised Business on a full-time basis and will be responsible for its efficient operation ("Designated Manager"). The Designated Manager must (i) work an average of at least forty hours per week excluding holidays, sick days and up to two weeks for vacation, to supervise the day-to-day operations of your Franchised Business and continuously exert their best efforts to promote and enhance your Franchised Business, (ii) possess the ability to operate your Franchised Business professionally and in compliance with the System, (iii) interface as needed and be available to communicate during normal business hours, and (iv) be authorized by you and possess the ability to cure any default of this Franchise Agreement on your behalf, including the payment of overdue amounts. The Designated Manager, if not you or an owner of the Franchisee, must sign a written System Protection & Non-Compete Agreement, in the form prescribed in the Manual (the current form which is also attached to the Franchise Disclosure Document, is attached to this

Agreements as Attachment E), to agree to the covenants not to compete and to maintain confidential our confidential information, proprietary information, and trade secrets. You will not hire or replace any Designated Manager without our prior written approval of the potential replacement's qualifications.

8.18 You acknowledge and agree that exchanging information with us by e-mail is efficient and desirable for day-to-day communications and that you and we may utilize e-mail for such communications. To facilitate the use of e-mail to exchange information between you and us, you will maintain e-mail capabilities as specified in the Manual. You authorize the transmission of e-mail by us and our employees, vendors, and affiliates to you and any and all of your owners, officers, directors and employees on matters pertaining to the business contemplated under this Agreement. You (or, if you are a legal entity, any and all of your officers, directors, and owners) will contact us by telephone or e- mail as soon as possible following any request by us for such communication. You will make reasonable efforts to be available by phone, email or otherwise as communication with us is requested or required. You will provide us with the current e-mail address and shall immediately notify us of any change of e- mail address and any technical problems with the e-mail account of you and your Owners that would make communications delayed or impossible. If any such e-mail account becomes disabled for any reason, you shall immediately provide us with an alternative e-mail address. You will cause your officers, directors members and employees (as a condition of their association or position with you) to give their consent (in an e-mail, electronically, or in a pen-and-paper writing, as we may reasonably require) to transmission of our e-mails to them, and such persons shall not opt-out, or otherwise ask to no longer receive e-mails from us during the time that such person works for or is affiliated with you. You acknowledge that if you opt-out, or otherwise ask to no longer receive e-mails from us during the Term, you will be in material breach of this Agreement.

8.19 Because complete and detailed uniformity under many varying conditions may not be possible or practical, you acknowledge we specifically reserve the right and privilege, as we consider best, in our sole discretion, to modify the System for any particular franchise owner based upon circumstances we consider important to promote that franchise owner's successful operation. We may choose not to authorize similar variations or accommodations to you or other franchisees.

8.20 You acknowledge and authorize us to use your likeness in a photograph in any and all of our publications, including printed and digital publications and on websites. You agree and understand that any photograph using your likeness will become our property and will not be returned. You agree and irrevocably authorize us to edit, alter, copy, exhibit, publish or distribute any photograph of you for any lawful purpose. You agree and waive any rights to royalties or any other compensation related to our use of any photograph of you. You agree to hold harmless and forever discharge us from all claims, demands, and causes of action, which you may have in connection with this authorization.

8.21 Retaining customers for your Franchised Business will require you to have a high level of customer service and adhere strictly to and maintain the System. We may contact any customer of a Freecoat Store at any time, for any purpose. Also, if a client or other patron of a Freecoat Store who wishes to lodge a complaint contacts us, we reserve the right to address the complaint in order to preserve goodwill and prevent damage to the brand. Our right to address complaints may include refunding money to the complaining person, in which case you agree to reimburse us for these amounts.

8.22 You will establish and maintain a published telephone listing for the Franchised Business in all telephone books that we designate. You will not register, acquire or maintain control over any domain name or web page that describes or advertises the Franchised Business or otherwise contains uses or displays our Marks or Intellectual Property, or links to our websites, without our prior consent.

8.23 You must operate and maintain the Franchise Business to meet the health and life safety standards and ratings applicable to the operation. You must furnish to us, within five (5) days after receipt thereof, a copy of all inspection reports, warnings, citations, certificates and/or ratings resulting from inspections

conducted by any federal, state or municipal agency with jurisdiction over the Franchised Business. The Franchised Business's failure of any health, sanitation or life safety inspection is a material breach of this Agreement and must be remedied within the time frame specified in the applicable regulations or code.

8.24 If your Franchised Business suffers physical damage, you will restore the Franchised Business to reflect the then current image, design and specifications of Freecoat Store. If a casualty substantially destroys the Franchised Business you may elect to terminate this Agreement in lieu of restoring the Franchised Business unless your financing obligates you to restore and operate the Franchised Business.

9. TAXES

9.1 We will not be liable for, and you will promptly pay to us an amount equal to, any and all taxes levied or assessed, including, but not limited to, unemployment taxes, sales taxes, use taxes, withholding taxes, excise taxes, personal property taxes, intangible property taxes, gross receipt taxes, taxes on royalties paid out of state, or any similar taxes or levies, imposed upon or required to be collected or paid by us by reason of:

9.1.1 Us furnishing products, services, and/or intangible property (including trademarks and trade names) to you;

9.1.2 Us purchasing, licensing, or leasing property or property rights provided by this Franchise Agreement for you; or

9.1.3 The operation of your Franchised Business.

9.2 You and we will file our own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation payments with respect to our respective employees and operations, and we will save and indemnify one another from any and all liability of any nature, whatsoever, by virtue thereof. In the event of any bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness under the procedures of the taxing authority or applicable law. However, you will not permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against your Approved Location, or any improvements thereon.

10. MARKS

10.1 We represent, with respect to the Marks, that we:

10.1.1 Are owner or licensee of all rights, title and interests in and to the Marks;

10.1.2 Will take action reasonably necessary to preserve and protect the validity of the Marks; and

10.1.3 Will permit you to use the Marks only in accordance with the System and the standards and specifications attached thereto, which underlie the goodwill associated with and symbolized by the Marks.

10.2 With respect to your use of the Marks, you agree that:

10.2.1 You will use only the Marks we designate, and will use them only in the manner we authorize and permit;

10.2.2 You will use the Marks only for the operation of your Franchised Business, and only at the Approved Location authorized in this Agreement or in advertising for your Franchised Business we approve;

10.2.3 Unless otherwise authorized or required by us, you will operate and advertise your Franchised Business only under the name "Freecoat," without prefix or suffix;

10.2.4 You will identify yourself as an independent franchisee-owner of your Franchised Business in conjunction with any use of the Marks or the operation of your Franchised Business, and will place a written notice to such effect in a form we approve and in a conspicuous location on your Franchised Business premises;

10.2.5 Your right to use the Marks is limited to such uses as authorized under this Franchise Agreement and the Manual, and any unauthorized use will constitute an infringement of the rights of the owner of the Marks;

10.2.6 You will not use the Marks to incur any obligation or indebtedness on behalf of us;

10.2.7 You will execute any documents deemed necessary by us or our affiliates to obtain protection for the Marks or to maintain their continued validity and enforceability;

10.2.8 You will promptly notify us of any suspected unauthorized use of, or any challenge to the validity or use of, or your right to use, the Marks we license to you. You acknowledge we (or the owner of the Marks) will have the sole right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement thereof. We will have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. We (or the owner of the Marks) will defend you against any third-party claim, suit, or demand arising out of your use of the Marks under this Franchise Agreement. If we, in our sole discretion, determine you have used the Marks as authorized under this Franchise Agreement, we will pay for such defense, including the cost of any judgment or settlement. If we, in our sole discretion, determine you have not used the Marks as authorized under this Franchise Agreement, you will pay for such defense, including the cost of such litigation, including without limitation, our attorney's fees and the cost of any judgment or settlement. If any litigation occurs relating to your use of the Marks, you will execute any and all documents and do such acts as may, in our opinion, be necessary to carry out such defense or prosecution including, but not limited to, becoming a nominal party to any legal action. Except if such litigation results from your use of the Marks in a manner inconsistent with this Franchise Agreement, we agree to reimburse you for your out-of-pocket litigation costs in cooperating with us with respect to the litigation, excluding the compensation costs of your employees; and

10.2.9 You will not use the Marks as part of your corporate or other legal name or as part of any Uniform Resource Locator (URL) or website.

10.3 You expressly understand and acknowledge that:

10.3.1 The Marks are valid and identify the System and those who operate under the System;

10.3.2 During the term of this Franchise Agreement and after its expiration or termination, you will not directly or indirectly contest the validity or ownership of the Marks, nor take any other action which may jeopardize our interest therein, or our right to use and to license others to use, the Marks;

10.3.3 Your use of the Marks does not give you any ownership interest or other interest in or to the Marks, other than the license granted by this Franchise Agreement;

10.3.4 Any and all goodwill arising from your use of the Marks will inure solely and exclusively to the benefit of us and our affiliates and, upon expiration or termination of this Franchise Agreement, no monetary amount will be assigned as attributable to any goodwill associated with your use of the System or the Marks;

10.3.5 We and our affiliates, if any, will have and retain the rights, among others to (i) use the Marks ourselves for selling products and services, (ii) to grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees, and (iii) to develop and establish, or to become affiliated with, other systems using the Marks, similar Marks, or any other Marks, and to grant licenses or franchises thereto without providing any rights therein to you; and

10.3.6 We reserve the right to substitute different Marks for identifying the System and the Franchised Business if the Marks no longer can be used or if we, in our sole discretion, determine that substitution of different Marks will be beneficial to the System. In such circumstances, the use of the substituted Marks will be governed by this Franchise Agreement, and we will not compensate you for such substitution, except that if we must discontinue use of a Proprietary Mark based upon a court ruling the Proprietary Mark infringes on another trademark, then we will bear only the costs of modifying your signs and advertising materials to conform to our new Marks. You will implement any such substitution promptly.

10.3.7 We will control and establish requirements for all aspects of the System. We may, in our discretion, change, delete from or add to the Franchised System, including any of the Marks or Standards, in response to changing market conditions. We may, in our sole discretion, permit deviations from the System Standards, based on local conditions and our assessment of the circumstances.

10.3.8 All present and future distinguishing characteristics, improvements and additions to or associated with the Franchised System by us, you or others, including, without limitation, all present and future service marks, trademarks, copyrights, and service mark and trademark registrations used and to be used as part of the Franchised System, and the associated goodwill, shall be our property and will inure to our benefit. You acknowledge that Standards include non-functional trade dress that is an integral part of the System, and you covenant that you will not, directly or indirectly through an affiliate, use the trade dress in any structure that is not the Franchised Business. You also acknowledge that such Intellectual Property includes any ideas, inventions, concepts, instructions, display or service, or other know-how developed, marketed, or licensed as part of the Franchised System, whether created by us, an Affiliate, a predecessor, licensor or by you with our approval as outlined in the Manual. You grant to us a non-exclusive, perpetual, royalty- free worldwide license of all concepts, instructions, ideas, inventions, display or service, or other know-how, advertising materials and trade secrets created by or for you for use in, by or for the Franchised Business, and you acknowledge that we and our Affiliates may incorporate, modify, supplement, sublicense or otherwise commercialize such information as part of the Franchised System or in any other manner. At our request and expense, we may require you to execute and deliver an assignment of the ownership rights to any such Intellectual Property or such other writing as we may request to transfer ownership to us, or pursue registration or other legal protection for such Intellectual Property.

11. CONFIDENTIAL MANUALS AND INFORMATION

11.1 During the term of this Agreement, we will provide you with access to the Manual, a copy of which you acknowledge having received on loan from us, in a format we choose, including without limitation,

paper, CD/DVD or online. In order to protect Freecoat's reputation and goodwill and to maintain high standards of operation under the Marks and the System, you will operate the Franchised Business under the Manual and the System. You will treat the System, any information, written or verbal relating to the System, the Manual, Improvements (defined in Section 11.7), any communications between you and us or you and other Freecoat franchisees, and customer information including details and lists of customers and their contact details (collectively, the "Confidential Information") as confidential, and will use all reasonable efforts to maintain such information as secret and confidential. Except for those portions of the manual that we designate in writing as appropriate for copying and use at the Franchised Business, you shall not copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person. The Manual will, at all times, remain our sole property regardless of format and shall at all times be kept, in a secure place on the Franchised Business premises. You acknowledge you have no interest whatsoever in the Franchised System except the license in this Agreement. You acknowledge that the Franchised System constitutes our Proprietary and Confidential Information and that the use or duplication of the Franchised System other than as permitted under this Agreement will constitute an unfair method of competition.

11.2 We may from time-to-time revise the contents of the Manual. You will regularly and continuously review the Manual for updates to the System, standards, policy, and procedures. In the event of any dispute as to the contents of the Manual, the content of Manual maintained by us in our home office will be controlling.

11.3 You will not, during or after the term hereof, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, or business entity, any Confidential Information, knowledge, or know-how concerning the methods of operation of your Franchised Business or the System which may be communicated to you or of which you may be apprised by your operation of the Franchised Business. You will divulge such confidential information only to those employees or individuals who must have access to it to perform their employment responsibilities. Any and all information, knowledge, know-how, and techniques, which we designate as confidential, will be deemed confidential for purposes hereof unless and until you demonstrate that the information has become public knowledge. You will not permit copying of Confidential Information (including, as to computer software, any translation, decompiling, decoding, modification or other alteration of the source code of such software). You will use Confidential Information only for your Franchised Business and to perform under this Agreement. Upon termination (or earlier, as we may request) you shall return to us all originals and copies of the System Standards Manual, policy statements and Confidential Information "fixed in any tangible medium of expression," within the meaning of the U.S. Copyright Act, as amended. Your obligations under this section 11.3 commence when you sign this Agreement and continue for trade secrets (including computer software we may license you) as long as they remain secret and for other Confidential Information, for as long as we continue to use the information in confidence, even if edited, or revised, plus five years. We will respond promptly and in good faith to your inquiry about continued protection of any Confidential Information.

11.4 You acknowledge that any failure to comply with the requirements of this Section 11 will cause us irreparable injury for which no adequate remedy at law may be available, and you agree we may seek, and you agree to pay, all court costs and reasonable attorney fees incurred by us in obtaining, without posting a bond, an *ex parte* order for injunctive or other legal or equitable relief with respect to the requirements of this Section 11.

11.5 You will require anyone who has access to or to whom you have divulged Confidential Information to execute covenants (the current form which is also attached to the Franchise Disclosure Document is attached to this Agreement as Attachment F) that they will maintain the confidentiality of information they receive in connection with their association with you.

11.6 All present and future distinguishing characteristics, improvements and additions to or associated with the Franchised System by us, you or others, including, without limitation, all present and future service marks, trademarks, copyrights, and service mark and trademark registrations used and to be used as part of the Franchised System, and the associated goodwill, shall be our property and will inure to our benefit. You acknowledge that System Standards include non-functional trade dress that is an integral part of the system, and you covenant that you will not, directly or indirectly through an affiliate, use the trade dress in any structure that is not the Franchised Business. You also acknowledge that such Intellectual Property includes any ideas, inventions, concepts, instructions, display or service, or other know-how developed, marketed or licensed as part of the Franchised System, whether created by use, an Affiliate, a predecessor, licensor or by you with our approval as outlined in the Manual.

11.7 If you, during the term of this Franchise Agreement, or any Successor Term, conceive or develop any improvements, concepts, instructions, ideas, inventions, techniques for display, service or additions to the System, a website or any other documents or information pertaining to or relating to the System or your Franchised Business, or any new trade names, trade and service marks, logos, or commercial symbols related to your Franchised Business or any advertising and promotional ideas or inventions related to your Franchised Business (collectively, the "Improvements"), you will fully disclose the Improvements to us, and obtain our written approval prior to using such Improvements without disclosure of the Improvements to others, and grant to us a non-exclusive, perpetual, royalty- free world-wide license in those improvements without any obligation to you for royalties or other fees. You will assign, and do hereby assign to us, all right, title and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement, regardless of whether you notify us of such Improvements. We, at our discretion, may apply for and own copyrights, patents, trade names, trademarks and service marks relating to any such Improvement and you will cooperate with us in securing such rights. We may also consider such Improvements as our property and trade secrets. In return, we will authorize you to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees. All Improvements created by you or any other person or entity retained or employed by you are our property, and we shall be entitled to use and license others to use such Improvements unencumbered by moral rights. If any of the Improvements are copyrightable materials, they shall be works made for hire within the meaning of the United States Copyright Act and, to the extent the copyrighted materials are not works made for hire or rights in the copyrighted materials do not automatically accrue to us, you irrevocably assign and agree to assign to us, our successors and assigns, the entire right, title, and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such copyrighted materials, which you and the author of such copyrighted materials warrant and represent as being created by and wholly original with the author. Where applicable, you agree to obtain any other assignments of rights in the Improvements from another person or entity necessary to ensure our right in the Improvements as required in this Section.

12. ADVERTISING

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotional programs to the furtherance of the goodwill and public image of the System, you agree that:

12.1 You will contribute each month, at the same time the Royalty Fee is paid, unless otherwise specified by us, an amount equal to one percent (1%), but no more than three percent (3%), of your Gross Sales to the system- wide fund described in Section 12.3 of this Franchise Agreement (the "Fund");

12.2 Each Freecoat Store owned by us, or an affiliate of us, may contribute, each week, unless otherwise specified by us, an amount equal to one percent (1%), but no more than three percent (3%), of its Gross Sales to the Fund;

12.3 We have the right to maintain and administer the Fund, in our sole discretion. The following provisions apply to the Fund:

12.3.1 The Fund, all contributions thereto, and any earnings thereon, will be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, and developing the preparation of advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we believe will benefit the System, including, among other things, the costs of preparing and conducting advertising campaigns in various media, salaries and benefits for those persons in charge of administering and overseeing the Fund, preparation of direct mail advertising, market research, employing advertising and/or public relations agencies to assist therein, purchasing promotional items, conducting and administering in-store promotions, providing promotional and other marketing materials and services to the businesses operating under the System, various technologies related to customer retention and acquisition, web based local and national search and mapping, websites and social networking or media, point-of-purchase materials, research and development of new products and services, development and implementation of quality control programs, supporting authorized marketing cooperatives formed by franchisees in the same market area. We will not use the Fund contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement indicating "Franchises Available" or similar phrasing, which advertisement may be displayed at the Franchised Business location at our discretion. The Fund is not a trust fund, and we owe no fiduciary duty to you with regard to the Fund's administration, activities, or expenditures;

12.3.2 We will direct all advertising and promotional programs, with sole discretion over the creative concepts, materials, and media used in such programs, and the placement and allocation thereof. You agree and acknowledge that among the Fund's objectives is to maximize general public recognition and acceptance of the Marks for the benefit of the System, and that we are not obligated, in administering the Fund, to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that any particular franchisee or geographic region benefits directly or *pro rata* from the advertising or promotion conducted under the Fund;

12.3.3 All sums paid to the Fund will be maintained in an account separate from the other monies of ours and will not be used to defray our expenses, except for such reasonable costs and overhead, if any, as may be incurred in activities reasonably related to the administration or direction of the advertising programs and Fund, including, among other things, costs of personnel for planning and managing Fund activities, creating and implementing local, regional and national advertising, promotional, and marketing programs. The Fund and any earnings thereon will not otherwise inure to the benefit of us. We will maintain separate bookkeeping accounts for the Fund; and

12.3.4 A statement of the operations of the Fund as shown on the books of the Fund will be prepared annually by us and furnished to each franchisee upon written request.

12.4 You must promote your Franchised Business via Facebook, Instagram and Google, at our discretion. We will provide you with Facebook, Instagram and Google pages created, owned and audited by us. In addition to required contributions to the Fund, if any, you must spend three percent (3%) of your monthly Gross Sales, but no less than one thousand dollars ($1,000), per month on local advertising ("Individual Advertising Expense") beginning during the first month of operation of your Franchised Business. Local advertising and marketing expenses include the cost of social media marketing, digital display advertising, search engine marketing, direct mail, print advertisements and other distributed print materials. Local marketing and advertising expenses do not include amounts spent on sign rental, paper products or items which may contain one or more of the Marks. You must incur the Individual Advertising Expense to advertise and promote your Franchised Business. If you fail to spend your required Individual Advertising Expense on local advertising, you must pay us the difference between the amount you spent and the required advertising expenditure, which will be

contributed to the Fund. We have the right to charge the difference by automatic withdrawal in the same manner as we collect the Royalty Fee. The Individual Advertising Expense will be prorated accordingly for your first year of operation. We may require that, instead of per calendar year, you spend one-fourth of your total Individual Advertising Expense by the last day in March, June, September, and December. Any quarterly expenditure that exceeds one-fourth of your Individual Advertising Expense will carry over to meet the requirement for the remaining quarters within that calendar year. You will not be refunded any amount if you fail to spend the required one-fourth amount during a quarter, and we collect that amount and contribute it to the Fund. Any advertising and promotion by you must be conducted in a dignified manner, conform to the System as specified in the Manual or otherwise in writing, and may not be used without our prior written approval. You will submit, for our approval, to us samples of all advertising and promotional plans and materials prior to their use. You may commence use of such plans or materials ten (10) days after our receipt unless prior to that time we furnish written notice to you prohibiting such use. This includes any advertisements on the Internet or social media websites. We also have the right, at any time after you commence use of such material, to prohibit further use, effective immediately upon receipt of our written notice by you. If you violate any provision of this Section, we reserve the right to enter the Franchised Business and remove any unapproved materials and hold the materials for proper disposition according to your instructions. You must purchase sales and marketing material from our preferred vendor or designated supplier as provided in the Manual.

12.5 You must, at your expense and in accordance with any standards established in the Manual, in addition to the requirement of Sections 12.1 and 12.4, obtain any advertisements and listings, whether online or in print, serving the market in which your Franchised Business is located, that we may periodically require.

12.6 We may establish one or more advertising cooperatives from time to time and, further, may modify, terminate and reform any existing advertising cooperative at any time in our sole discretion. If the Franchised Business operates within a designated marketing area for which an approved advertising cooperative exists, you will contribute to the advertising cooperative the amounts required by the cooperative up to two percent (2%) of the Gross Sales of the Franchised Business during each Reporting Period. Any such payments made to any cooperative will count towards satisfaction of your minimum local advertising spending under Section 12.4. All Freecoat Stores that we or our Affiliates operate will participate in any advertising cooperative that we establish for the designated marketing area in which they are located on the same basis as the Franchised Business in the designated marketing area. We will administer the cooperative unless we designate another administrator.

13. INSURANCE

13.1 You will procure, prior to constructing any leasehold improvements to, or the opening of your Franchised Business, and will maintain in full force and effect at all times during the term of this Franchise Agreement, at your expense, an insurance policy or policies protecting you, us and our affiliates, and our respective shareholders, directors, employees, and agents against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense arising or occurring at or in connection with the construction and/or operation of your Franchised Business. Such policy or policies will (i) be written by insurer(s) having an A M Best rating of at least A-VI and that we find acceptable to us, (ii) name us and our shareholders, directors, employees, and agents, as additional insureds with primary non-contributory coverage, (iii) comply with the requirements prescribed by us when such policies are obtained, (iv) provide at least the types and minimum amounts of coverage specified in the Manual and this section 13.2, and (v) contain a waiver by you and your insurers of their subrogation rights against us and our affiliates, and our respective shareholders, directors, employees and agents.

13.2 Minimum coverage amounts:

13.2.1 Commercial General Liability coverage ($1 million single limit per occurrence, $2 million general aggregate limit, for both general liability and products /completed operations liability) for personal injury and property damage, including premises, independent contractors, products and completed operations, contractual, personal and advertising liability, on an occurrence basis, with coverage on a 1986 or later ISO commercial general liability for policy,

13.2.2 All risk property coverage including a property damage limit for the full cost of replacement of the Franchised Business and business interruption coverage for up to twelve months of projected earnings,

13.2.3 Business automobile liability covering liability arising out of any auto (including owned, hired and non-owned autos), with a minimum of $1 million combined single limit each accident,

13.2.4 Workers' compensation or a legally appropriate alternative covering all employees and contractors working at the Franchised Business for statutory limits and employer's liability with minimum limits of $500,000 bodily injury for each accident, $500,0000 bodily injury by disease for each employee and $500,000 bodily injury disease aggregate,

13.2.5 A two million ($2,000,000) Umbrella Policy on an occurrence basis excess of covering excess of the underlying insurance described in 13.2.1, 13.2.3 and 13.2.4 above which is at least as broad as each and every underlying policy, provided that you may purchase more underlying coverage and less umbrella coverage under such policies as long as you maintain the total amount of the limits specified for each coverage area, and

13.2.6 Other insurance as many be required by the state or locality of the Franchised Business.

13.3 All public liability and property damage policies will contain a provision that we, although named as an additional insured, will nevertheless be entitled to recover under such policies on any loss occasioned to us or our shareholders, directors, employees, and agents by your negligence. The additional insured insurance coverage will not be reduced by the existence of such other insurance.

13.4 Your policies must constitute primary policies of insurance with regard to other insurance and must contain a waiver of subrogation provision in favor of us as it relates to the operation of the Franchised Business.

13.5 At least ten (10) days before the commencement of any renovation or construction of the Franchised Business, and thereafter at least thirty (30) days prior to the expiration of any existing policy, you will deliver to us Certificates of Insurance evidencing continuation of the required insurance policies. All Certificates will expressly provide that no less than thirty days' prior written notice will be given to us in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such Certificate. Certificates evidencing the insurance required by this Section will name us and our affiliates, and our respective shareholders, directors, employees, and agents, as additional insureds, and will expressly provide that any interest of each will not be affected by any breach by you of any policy provisions for which such Certificates evidence coverage. We have the right to increase or otherwise modify the minimum insurance requirements upon thirty (30) days' prior written notice to you, or sooner if required by law, and you shall comply with any such modification within the time specified in said notice. If you fail to acquire and maintain the required insurance coverage, we will have the right (but not the obligation), at your expense, to acquire and administer the required minimum insurance coverage on

your behalf. You shall pay the same to us immediately upon notice. We may end all of our duties with respect to the administration of any required insurance policies by giving you ten (10) days' notice.

14. TECHNOLOGY, RECORDS, INSPECTIONS, AUDITS AND REPORTING

14.1 Computer System and Software. You are required, at your expense, to purchase or lease, and thereafter maintain and use, only such computers, hardware, software, including, without limitation, (i) point-of- sale systems, back office accounting, inventory and management systems, (ii) storage, retrieval and transmission systems for data, audio, video and voice files, (iii) physical electronic and other security systems and procedures, archival back-up systems, (iv) internet access capability and connectivity, (v) customer-facing marketing ordering, entertainment, audio, video, internet access points and service systems, and other related accessories or peripheral equipment, and methods of operation, as we specify in the Manual or otherwise in writing (collectively the "Computer System"). You will keep your Computer System in good maintenance and repair and, at your expense, promptly shall install, learn, use and integrate any and all additions, changes, modifications, updates, substitutions, and/or replacements to your Computer System as we direct. We may specify in the Manual or otherwise the tangible media upon which you shall record data, the database file structure of the Computer System and the requirements to ensure your compliance with legal and payment card industry security standards. You shall implement and periodically make upgrades and other changes to the Computer System as we request in writing (together, "Computer System Upgrades") for all Franchised System Businesses. We may be the sole supplier of proprietary Computer System or Computer System Upgrades that we develop or acquire for use at all Franchised Businesses.

14.2 You will pay any and all, annual, monthly or otherwise, software fees, or other fees, as required by our approved suppliers in order to maintain your Computer System, if any. You acknowledge and agree that our approved suppliers have the right to increase or decrease the software fees at any time, in their sole discretion, upon written notice to you. You further acknowledge and agree that we reserve the right to change our approved suppliers, including any software suppliers, at any time and in our sole discretion. You may not alter your Computer System, or use alternative software or suppliers of technology, without our prior written approval. If you are in default of any obligations under this Franchise Agreement, we may, in addition to any other remedy we may have under this Franchise Agreement, temporarily inhibit your access to all or part of the Computer System, including point-of-sale software, until you have cured such default completely. Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date related problems and attacks by hackers and other unauthorized intruders ("E-Problems"). We have taken reasonable steps so E-Problems will not materially affect our business. We do not guarantee that information or communication systems we or others supply will not be vulnerable to E -Problems. It is your responsibility to protect yourself from E -Problems. You should also take reasonable steps to verify your suppliers, lenders, landlords, customers, and governmental agencies on which you rely, have reasonable protection from E-problems. This may include trying to secure your Computer Systems (including firewalls, password protection, and anti-virus systems), and to provide backup systems.

14.3 You shall not use the Marks or any abbreviation or other name associated with the Franchised System or us as part of any e-mail address, domain name and/or identification of you or your Owners in any electronic medium. You will not transmit or cause any other party to transmit on your behalf advertisements or solicitations by e-mail or other electronic media without first obtaining our written consent as to (a) the content of such e-mail advertisements or solicitations, and (b) your plan for transmitting such advertisements. You shall be solely responsible for compliance with any laws pertaining to sending e-mails including but not limited to the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003"). Under no circumstances shall you send any e-mail to a person or address outside the United States. You further

agree and acknowledge that we may prohibit use of the Marks on any Website and may prohibit you from engaging in social media related to your Franchised Business.

14.4 You are prohibited from using the Marks, including "Freecoat" to (i) incur any obligation or indebtedness on behalf of yourself or us, and (ii) be all or part of your entity name or other legal name, or as part of any e-mail or other electronic media address, domain name, URL, social media identifier, user name or other identification of you or your Owners in any electronic medium, or as a metatag paid search term, or in any search engine optimization program, except as we expressly authorize in writing, in the Manual or in any policy we issue regarding Internet advertising, marketing, social media, email and other on-line activity. Unless otherwise authorized by us, you will only use an e -mail address, related to or associated with the operation of your Franchised Business, which is a part of the "Freecoat.com" Internet domain name or other domain as authorized by the Manual. All email communication must comply with standards specified in the Manual or otherwise by us in writing.

14.5 You will prepare, during the term of this Franchise Agreement, and will preserve for at least five (5) years following the expiration or termination of this Franchise Agreement, complete and accurate books, records, and accounts related to your Franchised Business that are (i) in accordance with generally accepted accounting principles and (ii) in the form and manner prescribed by us in the Manual or otherwise in writing, which form and manner may be electronic or online. You will also, at your expense and upon our request, provide us with a copy of your financial statements showing the results of operations of your Franchised Business for each fiscal year during the term of this Franchise Agreement. Your financial statements will include a statement of income, balance sheet, and a statement of cash flows, accompanied by a review report, prepared by an independent accountant using generally accepted accounting principles. If you fail to maintain accurate and up-to-date books and records under this Section 14.5, we have the right to require you to, at your expense, hire a certified public accountant to generate the books and records in the manner we, in our sole discretion, prescribe. You will use and maintain, at your expense, a specific system and/or process of accounting ("Accounting System"). The Accounting System may involve, at our discretion, third party subscription fees, the purchase of software and updates, storing and/or transferring information electronically, and your active and continual participation in entering data and information needed to ensure the accuracy of the Accounting System. We, at all times, have the right to access the information and data related to the Accounting System. We will also, at all times, have the right to modify, change, or replace the Accounting System, at which time you will be required to, at your expense, comply with such modification, change, or replacement.

14.6 You will, at all times, provide us with electronic access to all information stored in the Computer System. We have the right to retrieve and store any and all data, including the financial information of your Franchised Business, and information from the Computer System and use it for any purpose both during and after the term of this Franchise Agreement. We also have the right, at all reasonable times, to access the Computer System by way of virtual network computing, or any similar method, to obtain data and make any necessary modifications to the Computer System including, without limitation, installing new or updated software. You also will, at your expense and upon written request from us, provide us, in the manner prescribed by us, any other information regarding the operation of your Franchised Business as we may reasonably request, including information concerning local promotional activities required by Section 8.13. All data you provide to us, transfer to us from your Computer Systems and download from us to your Computer System will be owned exclusively by us or a data source identified by us. We will have the right to use such data in any manner that we deem appropriate without compensation to you. All other data you capture, create or collect in the operation of the Franchised Business or from your affiliation with us (including, without limitation, consumer and transaction data), is and will be owned exclusively by us during the Term of, and following termination or expiration of, this Agreement. You must provide to us in the format we require copies or original files of such data at our request. We license the use of such data back to you, at no additional cost, solely for the Term and solely for your lawful use

in the business franchised under this Agreement or in any other business you own. You may not lease, sell or rent such data to others.

14.7 We and/or our designated agents have the right at all reasonable times to examine and copy, at our expense, the books, records, accounts, and business tax returns related to the operation of your Franchised Business without notice to you. We also have the right, at any time, to have an independent audit made of the books and records of your Franchised Business and/or to require you to participate in a mail-in audit or any other form of audit in accordance with the Manual. If an inspection or audit reveals that any payments due to us has been understated in any report to us, then you will immediately pay us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent per annum calculated monthly, or the maximum rate permitted by law, whichever is less. If an inspection or audit discloses an understatement in any report of one and a half percent (1.5%) or more, you will, in addition to repayment of monies owed with interest, reimburse us for any and all costs and expenses connected with the inspection (including, without limitation, travel, lodging and wage expenses, and reasonable accounting and legal costs, estimated between $600 -$15,000). The foregoing remedies will be in addition to any other remedies we may have because of such underreporting.

14.8 We will have the right to inspect your Franchised Business at any time during or immediately before or after regular hours during the Term, with or without notice to you as part of our evaluation and quality assurance programs. You will also permit us or our agents, at any reasonable time, to remove samples of items from your inventory, or from the Franchised Business, without payment for such items, in amounts reasonably necessary for testing by us or an independent laboratory to determine whether said samples meet our then current Standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if the supplier of the item has not previously been approved by us or if the sample fails to conform to our specifications.

14.9 We have established a website to advertise, market, and promote Freecoat and the services and products that Freecoat offers and sells (the "System Website"). We may, but are not required to, establish a store management portal that provides you and other Freecoat franchisees with electronic access to certain amenities including, without limitation, the Manual, marketing materials, financial dashboards, forums, and System data ("Freecoat Portal"). If we establish a Freecoat Portal, then you shall comply with our requirements set forth in the Manuals or otherwise in writing for connecting to the Portal and utilizing the Portal in the operation of the Franchised Business. We have the right, but not the obligation, to reference your Franchised Business on the System Website and to provide you with access to the Freecoat Portal if, and when, established. If you are in default of any obligations under this Franchise Agreement, we may, in addition to our other remedies, temporarily remove reference to your Franchised Business from the System Website, and/or discontinue your access to the Freecoat Portal, until such defaults are cured to our satisfaction. We may, at our option, discontinue, replace, and/or modify the System Website and/or Freecoat Portal at any time and in our sole discretion. Nothing in this Section shall limit our right to maintain websites other than the System Website or to maintain other store management portals other than Freecoat Portal. Unless otherwise approved in writing, you shall not establish a separate Website (as defined to mean a group of related documents that can be accessed through a common internet address), but shall only have one or more references or webpage(s), as we designate and approve in advance, within our Website.

14.10 We may mandate that you offer free wireless internet access or other accepted means of communication for customers of the Franchised Business. We may also mandate customer facing technology to accept and process payments, entertainment options and other means of providing service and an attractive environment to customers.

14.11 We reserve the right to establish, modify and terminate policies and procedures about Internet marketing, publicity, social media, blogging and other activity as part of System Standards included in the Manual. You shall not register, purchase or obtain the right to control the content offered under any domain

name or website that includes any Proprietary Mark except with the prior written consent of or as part of the marketing program controlled or approved by us. We reserve the right to establish policies and to control your access to social media for accounts related to the Franchised Business, including without limitation the right to hold administrative privileges and rights for password and access control and to post and remove all photographs on such accounts. We may deny, suspend or revoke your access to such accounts if you are in default under this Agreement or you violate our policies regarding social media content and use. Under no circumstances shall you use social media accounts associated with the Franchised Business to defame or disparage us, any of our Affiliates, any other franchisee or their Affiliates, any supplier or any customer or patron of your Franchised Business, or to engage in any publication or activity that is detrimental to the goodwill of the Marks, the Freecoat brand or the Franchised System.

14.12 You shall abide by all applicable laws and payment card industry standards pertaining to the privacy and security of consumer, employee and transactional information ("Privacy Laws"). You shall comply with our System Standards and policies pertaining to Privacy Laws. If there is a conflict between our Standards and policies pertaining to Privacy Laws and applicable law, you shall (a) comply with the requirements of applicable law, (b) immediately give us written notice of said conflict and (c) promptly and fully cooperate with us and our counsel to determine the most effective way, if any to meet our System Standards and policies pertaining to Privacy Laws within the bounds of applicable law. You shall not publish, disseminate, implement, revise or rescind a data privacy policy without our written consent. You shall encrypt personally identifiable information about customers and employees as required by Privacy Laws or the Manual and follow notification requirements, with a copy of all of your outbound notices to us, if any data breach, hack or unauthorized access event occurs.

14.13 The parties acknowledge that technology used in the Franchised Business is dynamic and not subject to predictable patterns of development and change. To keep pace with the technological needs and opportunities and to support the competitiveness of the Franchised System Standards, you acknowledge that we shall have the right to establish, in writing, new and revised System Standards for the implementation of technology as part of the System. You shall abide by those new or revised System Standards as implemented on a System-wide basis.

15. TRANSFER OF INTEREST

15.1 Our Assignments. We have the right to transfer or assign all or any part of our rights or obligations under this Franchise Agreement to any person or legal entity, including by operation of law, without notice and without your consent. With respect to any assignment which results in the subsequent performance by the assignee of all of our obligations under this Franchise Agreement, the assignee will expressly assume and agree to perform such obligations, and will become solely responsible for all of our obligations under this Franchise Agreement from the date of assignment. In addition, and without limitation to the foregoing, you expressly affirm and agree that we may sell our assets, the Marks, or the System, may sell our securities in a public offering or in a private placement, may permit and participate in any transfer or distribution of our securities in connection with a spin-off, may merge, acquire other corporations, or be acquired by another corporation, and may undertake a financing, recapitalization, leveraged buy-out, or other economic or financial reorganization or restructuring.

15.2 Your Assignments – Change of Controlling Interest / Sale of Assets. You understand and acknowledge your rights and duties are personal and that we have granted this franchise in reliance on your, or your owners', business skills, financial capacity, and personal character. Accordingly, you, any immediate or remote successor to any part of your interest in this Franchise Agreement, or any individual or legal entity, which directly or indirectly owns any interest in you, will not, without our prior written consent, which we may withhold or condition in our sole discretion, sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber (i) any direct or indirect interest in the rights granted in this Franchise Agreement, (ii) any

direct or indirect interest which would effect a change of control at the time of the intended transfer or in the future, if you are a legal entity, or (iii) all or substantially all of the assets of your Franchised Business (in a single transaction or series of related transactions). Any assignment or transfer, whether purported or actual, by operation of law or otherwise, not having our written consent, as required by this Section 15.2, will be null and void and will constitute a material breach of this Franchise Agreement, for which we may then terminate without an opportunity to cure pursuant to Section 16.2.3. Subject to Section to 15.4, we will not unreasonably withhold our consent to a transfer when required under this Section 15.2 provided, however, that we will have the right to require any or all of the following as conditions of our consent:

15.2.1 All of your accrued monetary obligations and all other outstanding obligations to us and our affiliates, and to all of your suppliers and vendors, must be satisfied;

15.2.2 You will execute a release, in a form prescribed by us, of any and all claims which you may have against us and our affiliates, and any respective shareholders, directors, employees, and agents in their corporate and individual capacities;

15.2.3 The transferee will attend an in-person evaluation at our corporate headquarters or another location we designate;

15.2.4 The transferee will execute our standard form franchise agreement (and individual guarantees) then being offered to new franchisees, which agreement will supersede this Franchise Agreement in all respects and the terms of which agreement may differ materially from this Franchise Agreement and may be less favorable to the transferee, provided, however, that the transferee will not be required to pay an initial franchise fee. And, if the transferee is other than an individual, all principals and their spouses of the transferee shall execute a personal guaranty in the form of Owner's Guaranty and Restriction Agreement attached to this Agreement as Attachment C or a supplement to the original such Agreement acceptable to us in form and substance adding such person as guarantor. You must deliver to us the documents demonstrating compliance with this Section 15.2.4 when we so request;

15.2.5 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as we may request) will demonstrate to our satisfaction that the transferee meets our educational, managerial, and business standards, possesses (or, if applicable, its principals possess) a good moral character, business reputation, and credit rating, has the aptitude and ability to operate the Franchised Business, as may be evidenced by prior related business experience or otherwise, and has adequate financial resources and capital to operate the Franchised Business;

15.2.6 You or the transferee, at your or its expense, will, within the time we specify, upgrade, modify, renovate, and/or remodel the Franchised Business premises to conform to the then-current standards and specifications of the System;

15.2.7 The transferee and its Designated Manager will attend Classroom Training;

15.2.8 You will reimburse us for our reasonable legal, accounting, management, training, and incidental expenses (equal to (seventy-five percent (75%) of the then-current Initial Franchise Fee for new franchisee or fifty percent (50%) of the then-current Franchise Fee if the Franchised Business is an existing franchisee approved for expansion) incurred in reviewing and approving the transfer, facilitating the transfer process, and providing such training to the transferee as we deem necessary ("CCI Transfer Fee"). If we assist with finding a transferee for the Franchised Business, you agree to pay any and all commissions due for such assistance, in addition to our Transfer Fee. You will not be required to pay us a Transfer Fee for transfers to a legal entity formed for the convenience of ownership, where the ownership of such legal entity is in the same proportion as your ownership before such transfer;

15.2.9 You will not be in default of any provision of this Franchise Agreement or any other agreement between you and us or our affiliates. If you are in default of this Franchise Agreement or any other agreement between you and use or our affiliates, you must cure all existing defaults under this Agreement;

15.2.10 You will, at our request, prepare and furnish to the transferee and/or us such financial reports and other data relating to your Franchised Business and its operations, as we deem reasonably necessary or appropriate for the transferee and/or us to evaluate your Franchised Business and the proposed transfer. You authorize us to confer with a proposed transferee and furnish the proposed transferee with information concerning your Franchised Business and the terms and conditions of the proposed transfer, and we may do so without any liability, except for intentional misstatements made to a transferee; and

15.2.11 You will not grant a security interest in the assets of your Franchised Business unless the secured party agrees that if any default occurs by you under any documents related to the security interest, we will have the right and option to be substituted as obligor to the secured party and to cure any default of you, except any acceleration of indebtedness due to your default will be void.

15.3 Your Assignments – Non-Change of Controlling Interest. You understand and acknowledge your rights and duties are personal and that we have granted this franchise in reliance on your, or your owners', business skills, financial capacity, and personal character. Accordingly, you, any immediate or remote successor to any part of your interest in this Franchise Agreement, or any individual or legal entity, which directly or indirectly owns any interest in you, which is not subject to Section 15.2 above (per 15.2(i), (ii) or (iii)), will not, without our prior written consent, which we may withhold or condition in our sole discretion, sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any direct or indirect interest. We will not unreasonably withhold our consent to a transfer when required under this Section 15.3 provided, however, that we will have the right to require any or all of the following as conditions of our consent:

15.3.1 All of your accrued monetary obligations and all other outstanding obligations to us and our affiliates, and to all of your suppliers and vendors, must be satisfied;

15.3.2 You will execute a release, in a form prescribed by us, of any and all claims which you may have against us and our affiliates, and any respective shareholders, directors, employees, and agents in their corporate and individual capacities;

15.3.3 The transferee will attend an in-person evaluation at our corporate headquarters or another location we designate;

15.3.4 The transferee will execute (and if the transferee is other than an individual, all principals and their spouses of the transferee shall execute) a personal guaranty in the form of Owner's Guaranty and Restriction Agreement attached to this Agreement as Attachment C or a supplement to the original such Agreement acceptable to us in form and substance adding such person as guarantor. You must deliver to us the documents demonstrating compliance with this Section 15.3.4 when we so request;

15.3.5 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as we may request) will demonstrate to our satisfaction that the transferee meets our educational, managerial, and business standards, possesses (or, if applicable, its principals possess) a good moral character, business reputation, and credit rating, has the aptitude and ability to operate the Franchised Business, as may be evidenced by prior related business experience or otherwise, and has adequate financial resources and capital to operate the Franchised Business;

15.3.6 The transferee may be required to attend Classroom Training;

15.3.7 You will reimburse us for our reasonable legal, accounting, management, training, and incidental expenses in an amount we determine, but less than the CCI Fee (the "Non-CCI Fee, and collectively with the CCI Fee, the "Transfer Fee"); and

15.3.8 You will not be in default of any provision of this Franchise Agreement or any other agreement between you and us or our affiliates. If you are in default of this Franchise Agreement or any other agreement between you and use or our affiliates, you must cure all existing defaults under this Agreement.

15.4 Prior to the sale or transfer of any interest that constitutes a Change of Control (the "Offered Interest") of the Franchised Business or of you, you must notify us of the proposed sale or transfer and deliver to us the name and address of the proposed purchaser or transferee, the proposed purchase price, and all other terms and conditions of the proposed sale or transfer of the Offered Interest. In addition, you must deliver to us one photocopy of all proposed purchase agreements, of any and all other agreements and instruments signed and to be signed in the transaction, and copies or electronic access to all diligence, offering and other materials furnished to the proposed purchaser as part of the selling process. Within thirty (30) days after we receive the foregoing notice and materials, we will have the right and option to send notice to you that we intend to acquire the Offered Interest on the same terms and conditions as contemplated by the third party. If we do not send notice of our intent to acquire the Offered Interest within the thirty (30)-day period, you may proceed with the sale or transfer as disclosed to us, subject to our rights as set forth in this Section 15 of the Agreement, as long as the terms and conditions of the sale or transfer stay identical to those as originally disclosed to us. Our failure to exercise our right of first refusal will not constitute a waiver of any other provision of this Agreement, or our right of first refusal as to any subsequent proposed sale or transfer. Any material change in the terms of the proposed sale or transfer prior to closing will constitute a new sale or transfer, subject to the same right of first refusal by us as for the initial sale or transfer. Any sale or transfer attempted without first giving us the right of first refusal specified in this Section 15.4 will render the attempted sale or transfer null and void. We may utilize the remedy of specific performance to enforce this right.

15.5 Upon your death or mental incapacity (or, if you are an entity, upon the death or mental incapacity of one of your owners with a Controlling Interest in you and this Franchise Agreement), the trustee, conservator, executor or administrator of the estate of such person, or the personal representative of such person, will transfer, within ninety (90) days after such death or mental incapacity, such interest to a third party we approved under the procedures set forth in this Section 15. Such transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same conditions for transfer as provided in Sections 15.2 and 15.4, as the case may be, including the payment of the Transfer Fee. However, with a transfer by devise or inheritance governed by Section 15.2, if the heirs or beneficiaries cannot meet the conditions in Section 15.2, the executor or administrator of the deceased will have a reasonable time to dispose of the deceased's interest in the Franchised Business, which disposition will be subject to all the terms and conditions for transfers contained in this Franchise Agreement. Any failure to commence administration of the decedent's estate within 90 days after death or any distribution of the decedent's equity interest in the franchisee entity and without our consent if such distribution operates as an assignment is a material breach and we may immediately terminate this Franchise Agreement under Section 16.2.5. If a physician, court or administrative agency determines that an Owner-Operator or an Owner owning a Controlling Interest in you has become temporarily disabled and incompetent to manage his or her own affairs, we have the right to require that a different Owner-Operator be appointed until the Owner's permanent status is determined. We may require that the Owner's equity interest be transferred to a third party acceptable to us following the assignment conditions and procedures in this Agreement if the temporary disability does not resolve within six (6) months after the temporary disability is determined.

15.6 Our consent to a transfer, which is the subject of this Section 15, will not constitute a waiver of any claims we may have against you, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms hereof by the transferee.

15.7 If, for any reason, this Franchise Agreement is not terminated under Section 16.1 and this Franchise Agreement is assumed or assignment of the same to any person or entity who has made a bona fide offer to accept an assignment of this Franchise Agreement is contemplated under the United States Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth (a) the name and address of the proposed assignee, and (b) all of the terms and conditions of the proposed assignment and assumption, will be given to us within twenty (20) days after receipt of such proposed assignee's offer to accept assignment of this Franchise Agreement; and, in any event, within ten days prior to the date the application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption. We will have the prior right and option, to be exercised by notice given at any time prior to 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.

15.8 Transfer to a Corporation or Other Entity ("Approved Entity"). We will consent to the assignment of this Agreement to a corporation, partnership or limited liability corporation that you form for the convenience of ownership, provided that: (a) the Approved Entity conducts or will not conduct no other business besides operating a Franchised Business (b) you satisfy the conditions in Sections 15.2 above; (c) the person designated as the Controlling Person owns and controls not less than fifty-one percent (51%) of the general partnership interest of such partnership, the equity and voting power of all classes of issued and outstanding capital stock of such corporation, the membership interest in the limited liability company or the voting and ownership interests of such entity; and (d) all Owners meet our requirements as established from time to time by us and agree to guarantee the obligations of the Approved Entity under this Agreement and to be bound by the terms of this Agreement in the manner prescribed by us. The organizational documents of any Approved Entity owning the franchise, including all stock/unit certificates, shall recite that they are subject to all restrictions contained in this Agreement. We shall also have the right to require, as a condition of any assignment of this Agreement to an Approved Entity or the operation of the franchise by an Approved Entity, that the owners enter into a buy/sell agreement among themselves in a form and containing such terms as we prescribe for transfers of ownership interests in such Approved Entity. You shall provide us with all documents to be executed in connection with any such assignment and we shall use our reasonable efforts to approve or disapprove these within thirty (30) days after receipt. There is no Transfer Fee for a Transfer to a corporation for convenience of ownership. Notwithstanding the foregoing, the Franchisee and any Guarantors of the obligations of the Franchisee and any guarantors of the Proposed Franchisee shall remain personally liable following the effective date of the transfer of all obligations of Franchisee to Franchisor under this Agreement which arose in connection with the Franchised Business prior to the effective date of the transfer (including any obligation to indemnify the Franchisor) and shall execute any and all documents reasonably requested by Franchisor to further evidence such liability and Franchisor has the absolute right to require any Owners or other parties having an interest in Franchisee, the Proposed Franchisee, the Premises or the Franchised Business to executed an Owner's Guaranty Agreement.

16. DEFAULT AND TERMINATION

16.1 You will be deemed in default of this Franchise Agreement, and all rights granted herein will automatically terminate without notice to you, if you (i) commit a breach which, by its nature, you cannot cure or with regard to which you notify us that you do not intend to cure (ii) become insolvent or make a general assignment for the benefit of creditors, (iii) if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you, or, if you are adjudicated as bankrupt or insolvent, (iv) if a bill in equity or other proceeding to appoint a receiver of you or other custodian for your business or assets is filed and consented to by you, (v) if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction, (vi) if proceedings for a composition with

creditors under any state or federal law should be instituted by or against you, (vii) if a final judgment remains unsatisfied or of record for thirty days or longer (unless a supersedes bond is filed), or (viii) if you are dissolved, or, if execution is levied against your business or property, or, if the real or personal property of your Franchised Business will be sold after levy thereupon by any sheriff, marshal, or constable.

16.2 Upon the occurrence of any of the following events, you will be deemed in default of this Franchise Agreement and we may, at our option, automatically terminate this Franchise Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon the provision of notice to you (in the manner set forth under Section 21 hereof):

16.2.1 If you at any time cease to operate, or abandon, your Franchised Business for a period of seven (7) consecutive days without receiving our prior express written consent, or otherwise forfeit the right to do or transact business in the jurisdiction where your Franchised Business is located, provided, however, that if through no fault of your own, the premises are damaged or destroyed, then you will have thirty (30) days to request our approval to relocate or reconstruct the premises, which approval will not be unreasonably withheld;

16.2.2 If you, or any officer, director, or partner of you, is convicted of a felony, a crime or offense involving moral turpitude, or engage in conduct that, in our reasonable judgment, is morally offensive to community standards and is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interest therein;

16.2.3 If you or any partner or shareholder in you purports to transfer any rights or obligations under this Franchise Agreement, or any interest in you or the assets of your Franchised Business to any third party without our prior written consent or notice, contrary to the terms of Section 15.2 or 15.3;

16.2.4 If you fail to comply with the covenants in Section 18.2 or fail to deliver to us executed covenants required under Section 18.10;

16.2.5 If an approved transfer is not effected following death or mental incapacity as described in Section 15.5;

16.2.6 If you knowingly maintain false books or records, or knowingly submit any false reports to us;

16.2.7 If, without our prior express written consent, you enter into a new or amended lease (see Section 8.10), the lease for your Approved Location expires without being renewed, the lease for your Approved Location is terminated for any reason, or you otherwise fail to maintain a lease or fail to remain the principal beneficiary of a lease for your Approved Location;

16.2.8 If you, within one (1)-year after curing a default under Section 16.3, commit a similar or different default, whether or not cured after notice;

16.2.9 If you do not pay any monies owing to your suppliers, when payment is required;

16.2.10 If you, or any principal of you, has made any material misrepresentation in connection with your application to us for the franchise granted under this Franchise Agreement;

16.2.11 If you understate any payment to us by five percent or more; or understate any payment to us in any amount twice in any two (2)-year period;

16.2.12 If you fail to obtain or maintain required insurance coverage;

16.2.13 If you permit alcohol, drugs, or pets (other than pets required for the health of your customers or employees or as otherwise required by law, e.g. "seeing eye dogs") on your Franchised Business premises in violation of state or local law, or your Franchised Business premises is used for any activities prohibited in Section 8;

16.2.14 If you, without receiving our prior express written consent, fail to attend and successfully complete any required training as specified in Section 7 or fail to attend our annual convention for franchisees as specified in Section 8.7;

16.2.15 If you, or any affiliate, commit any act of default under any agreement with us for which such agreement is terminated, including under any development agreement;

16.2.16 If your assets, property, or interests are "blocked" under any Anti-Terrorism Law or if you are otherwise in violation of any such law;

16.2.17 If you establish, or use, a Website, as defined in Section 14.9, without our prior written approval;

16.2.18 If, contrary to the terms of Section 11 you or any principal of you discloses or divulges any contents of the Manual or any Confidential Information;

16.2.19 If you fail to open your Franchised Business within twelve (12) months after the Effective Date; or

16.3 Except as provided in Sections 16.1 and 16.2, you will have five (5) days to cure any monetary default and thirty (30) days for any non-monetary defaults after we provide written notice of default (in the manner specified in Section 21) to remedy such defaults and to provide us with evidence of such remedy. A monetary default means your failure to make any payments as and when due to us or to our Affiliates, or to maintain the insurance required under this Agreement. A non-monetary default means (a) any default in the performance of any of your other obligations under this Agreement or any other Agreement with us or our Affiliates, other than the failure to make payments as and when due to us or our Affiliates, or (b) any condition which makes the continued operation of the Franchised Business more likely than not a danger to public health or safety. If any such default is not cured within such time, or such longer period as applicable law may require, we may terminate this agreement effective immediately upon our notice to you. You will be in default of this Franchise Agreement for any failure substantially to comply with any of the requirements imposed by this Franchise Agreement, including requirements set forth in the Manual, as they may from time to time be supplemented in writing, or to carry out the terms of this Franchise Agreement in good faith. If you fail to meet the required secret shopper scores set forth in the Manual, you will be in default and will have thirty (30) days to cure such default. If you are in default of any provisions of this Franchise Agreement, in addition to the rights listed in Section 16, we may, at our option, suspend any and all of our obligations under this Franchise Agreement until such defaults have been cured or until the Franchise Agreement has been terminated.

16.4 Subject to the terms of this Franchise Agreement, you will open your Franchised Business within nine (9) months from the Effective Date unless you obtain our express written permission otherwise, which permission may be granted or denied in our sole discretion. Any failure to meet this deadline will be a default under Section 16.2.19 of this Franchise Agreement.

16.5 No endorsement or statement on any form of payment of any sum less than the full sum due to us will be construed as an acknowledgment of payment in full or an accord and satisfaction, and we may accept and cash such check or payment without prejudice to our right to recover the balance due or pursue

any other remedy in this Franchise Agreement or by law. We may apply any payments made by you against any past due indebtedness of you as we may see fit. We may set off any amounts owed by you to us against any payment due to you under this Franchise Agreement and may, at our option, pay your trade creditors out of any sum otherwise due to you.

16.6 Upon the occurrence of each and any of the events of default by you listed in this Section 16, or upon your default of any provision in this Franchise Agreement, in addition to all other rights granted to us under Section 16, we will have the right, at our discretion, upon written notice to you, to impose a separate default fee equal to three percent (3%) (per occurrence), up to a cumulative twelve percent (12%), of Gross Sales of your Franchised Business for any month in which you are in default ("Default Fee"). For instance, if you are in default in Month 1, we may impose a 3% Default Fee that month. If you are then still in default in Month two (2), we may increase the percentage for that month accordingly. Each Default Fee is in addition to any other rights and/or remedies we may have including, without limitation, any termination rights. Each Default Fee will be paid in addition to, in the same manner, and at the same time as the monthly royalty fee in Section 5.2. Each Default Fee will continue until you cure the default that triggered the particular Default Fee or until the Franchise Agreement is terminated. We and you agree and acknowledge that such Default Fee shall not be construed as a penalty, as such fee is a reasonable, good faith representation of the actual damages sustained by us upon the occurrence of any of the defaults listed in this Section:

16.6.1 You fail to submit all materials and/or information required by us, or our designated agents, to complete any audit pursuant to Section 14.7 within thirty (30) calendar days after receiving notice of the audit;

16.6.2 You fail to follow or comply with the Accounting System pursuant to Section 14.5;

16.6.3 You establish or use a Website, as defined in Section 14.9, without our prior written approval;

16.6.4 You fail to complete FCU Training by the FCU Training Deadline; or

16.6.5 You fail to remodel your Franchised Business within sixty (60) days of any such requirement to do so.

16.7 You may terminate the Franchise Agreement if you are in compliance with the Agreement and if we substantially fail to perform any of our material obligations to you under this Agreement. You must give us written notice of non-performance and at least sixty (60) days to cure the failure. If the failure continues at the end of such sixty (60)-day cure period, you may terminate this Agreement on written notice to us delivered at any time before we cure the failure; provided however, you shall have complied with all of your obligations under this Agreement and satisfied all monetary obligations pursuant to the terms of this Agreement. You may not withhold the payment of any fees due under this Agreement during the pendency of cure period, and any payment by you of fees after the expiration of the cure period will be deemed a waiver of our default by you.

16.8 We have the right (but not the obligation), under the circumstances described below, to enter your Franchised Business and assume management of your Franchised Business (or to appoint a third party to assume its management). If we (or a third party) assume your Franchised Business's management under subparagraph (2) of Section 16.8.2 below, you agree to pay us (in addition to the Royalty Fee, Brand Marketing Fee, and other amounts due under this Agreement) six hundred dollars ($600) per person per day, plus our (or our third party's) direct out-of-pocket costs and expenses, for up to ninety (90) days after we assume management.

16.8.1 If we (or a third party) assume management of your Franchised Business, you acknowledge that we (or the third party) will have a duty to utilize only reasonable efforts and, provided we are not grossly negligent and do not commit an act of willful misconduct, will not be liable to you or your owners for any debts, losses, lost or reduced profits, or obligations the Franchised Business incurs, or to any of your creditors for any supplies, products, or other assets or services the Franchised Business purchases, while we (or the third party) manage it. If we (or a third party) assume management of the Franchised Business under subparagraphs (1) or (3) of Section 16.8.2 below, we (or the third party) may retain all, and need not pay you or otherwise account to you for any, Gross Sales generated while we (or the third party) manage the Franchised Business.

16.8.2 We (or a third party) may assume management of the Franchised Business under the following circumstances: (1) if you abandon or fail actively to operate the Franchised Business, (2) if you fail to comply with any provisions of this Agreement, including any System Standard, and do not cure the failure within the time period we specify in our notice to you, but only for as long as it takes us, using reasonable commercial efforts, to correct the failure that you failed to cure, or (3) if this Agreement expires or is terminated and we are deciding whether to exercise our option to purchase the Franchised Business under Section 15.4 above. If we exercise our rights under subparagraphs (1) or (2) herein, that will not affect our right to terminate this Agreement under Section 16.

16.8.3 If we assume management of the Franchised Business (or appoint a third party to assume its management), we will operate the Franchised Business for up to ninety (90) days. In the event of an assumption of management under subparagraph (2) of Section 16.8.2 above, we will periodically evaluate whether or not you or an alternative approved manager is capable of resuming operation of the Franchised Business and will periodically discuss the status of the Franchised Business with you.

16.9 If your Freecoat Business is not open within nine (9) months of the Effective Date of your Franchise Agreement, except for circumstances beyond your control, you must pay us a non-refundable delayed opening fee as follows: one thousand dollars ($1,000) for the first month's delay, five thousand dollars ($5,000) for the second month's delay, and ten thousand dollars ($10,000) for the third month's delay. If your Freecoat Business is not opened and operating within twelve (12) months of the Effective Date of your Franchise Agreement, we have the right to immediately terminate your Franchise Agreement

17. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Franchise Agreement, all rights granted to you under this Franchise Agreement will immediately terminate and,

17.1 You will immediately cease to operate your Franchised Business, and will not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former Freecoat franchisee;

17.2 You will immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System, the Marks, and all other Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. You also will, at your expense, immediately remove all signs, slogans, symbols, distinctive forms, devices, and trade dress associated with the System, which are located at your Franchised Business. If you fail to remove all signs, slogans, symbols, distinctive forms, devices, and trade dress associated with the System within a reasonable amount of time following termination, and we are forced to remove these items, you will reimburse us for the cost of removal. You agree not to sell, assign, transfer, convey, or give away any

signs, slogans, symbols, distinctive forms, devices, trade dress, or other fixtures associated with the System without our prior written consent;

17.3 You will take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Marks and you will furnish us with evidence satisfactory to us of compliance with this obligation within thirty (30) days after termination or expiration of this Franchise Agreement;

17.4 You will, at our option, immediately assign to us any interest, which you have in the then-current lease for your business premises. If we do not elect to exercise our option to acquire the lease for your business premises, then, to the extent, if any, that you are permitted to conduct any business at the Approved Location under Section 18.3, and acknowledging the distinctiveness of our interior design and decor, you will make such modifications or alterations to the premises (including, at our option, the assignment of any of your business's telephone numbers, facsimile numbers, social media websites and Internet addresses to us in accordance with Section 17.5) immediately upon termination or expiration of this Franchise Agreement to distinguish the appearance of such premises from that of other Freecoat Store operating under the System and Marks, and will make such specific additional changes thereto as we may reasonably request for that purpose. If you fail or refuse to comply with the requirements of this Section 17.4, we will have the right to enter the Franchised Business premises without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at your expense, which expense you agree to pay us upon demand;

17.5 You acknowledge that all telephone numbers, facsimile numbers, social media websites, Internet addresses and e-mail addresses (collectively "Identifiers") used in the operation of your Franchised Business constitute our assets, and upon termination or expiration of this Franchise Agreement, you will take such action within five days to cancel or assign to us or our designee as determined by us, all of your right, title and interest in and to such Identifiers and will notify the telephone company and all listing agencies of the termination or expiration of your right to use any Identifiers, and any regular, classified or other telephone directory listing associated with the Identifiers and to authorize a transfer of the same to, or at our direction. You agree to take all action required to cancel all assumed name or equivalent registrations related to your use of the Marks. You acknowledge that, we have the sole rights to, and interest in, all Identifiers used by you to promote your Franchised Business and/or associated with the Marks. You further appoint us to direct the telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party to transfer such Identifiers to us or our designee. The telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party may accept such direction by us pursuant to this Franchise Agreement as conclusive evidence of Franchisor's rights to the Identifiers and our authority to direct their transfer. You will complete all modifications within thirty (30) days after the termination or expiration of this Agreement. If you fail to complete such modifications or fail to transfer or return such property within thirty (30) days as contemplated in this Section, or should you indicate at such time earlier than thirty (30) days that you do not intend or are unable to comply with this Section, you hereby irrevocably appoint us, with full power of substitution, as your true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. You will reimburse us for all of our costs and expenses, including without limitation administrative overhead and employee salaries, that we may incur in acting as your attorney-in-fact to perform such acts.

17.6 You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit copy, or colorable imitation of the Marks or our trade dress, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Proprietary Marks, and further agree not to use any designation of origin, description, representation, trademark, or trade name which suggest or represent a past or present association or connection with us, the System, or the Marks. You will promptly pay all sums owed to us and our affiliates in the event of termination for any default by

you, such sums will include all damages, costs, and expenses, including reasonable attorney fees, incurred by us as a result of your default, which obligation will give rise to and remain, until paid in full, a lien in favor of us against any and all of your personal property, furnishings, equipment, signs, and fixtures at your Approved Location at the time of default.

17.7 You will pay us any and all damages, costs, and expenses, including reasonable attorneys' fees, incurred by us subsequent to the termination or expiration of this Franchise Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 17;

17.8 You will abide by the non-competition and confidentiality provisions contained in this Agreement and you will immediately return to us or, if in electronic format, permanently delete and/or destroy, all Confidential Information and proprietary information you have in your possession, including the Manual and any copies that may have been made by you, within five business days of the termination or expiration of this Franchise Agreement. You will provide us proof of such deletion upon written request;

17.9 We will have the right and option, to be exercised within thirty (30) days before or after termination or expiration of this Franchise Agreement, to purchase from you any or all of the furnishings, equipment, signs, fixtures, assets, and supplies related to the operation of your Franchised Business, at their book value as represented by your last tax return and as adjusted for the depreciation up until the time of the exercise of our option. In response to our notice, you will provide us with copies of the lease for the Location, a complete schedule of the Franchised Business's tangible assets and their book value, a profit and loss statement for the twelve full months preceding the date of the notice and a copy of all federal and state sales and income tax returns and tax payment verification of the Franchised Business and your franchisee entity file during or for that period, a list of employees and their current compensation, and a list of all vendors and supplies for the Franchised Business. We will send you a written offer to purchase the assets at book value within thirty (30) days after we receive this information, together with accompanying conveyance documents. If you do not accept the offer within that time, you may make a counter offer within ten (10) days after you receive our offer. If we do not accept the offer and we elect to proceed with the transaction, then the purchase price for the tangible assets will be the greater of (i) the book value of the tangible assets shown on the schedule you send us, or (ii) five (5) times the earnings before interest, taxes, depreciation and amortization shown on the profit and loss statement you sent to us. We will hold back from the purchase price an amount equal to unpaid state sales taxes for the months you have not paid plus two months' until you provide a state sales tax clearance letter from your state. If we elect to exercise any option to purchase herein provided, the closing will take place within sixty (60) days after the purchase price will have been determined or agreed, subject to your first obtaining consent of the landlord of the location for the assignment of the lease. If that consent has not been obtained within twenty (20) days after the price has been determined, then we may abandon the transaction at any time before the consent is obtained. We will cooperate to obtain such consent, but will not agree to modification of the Location lease or providing a personal guaranty as a condition to such consent. We will have the right to set off all amounts due from you, if any, against the payment price of such items. We have the right to set off any payments you owe us against the purchase price. At the closing, you will transfer the assets comprising the Franchised Business to us by special warranty deed (or assignment of leasehold estate) and bill of sale in form and substance acceptable to us.

17.10 All of your covenants, obligations, and any provisions of this Agreement, which by their terms or by reasonable implication are to be performed, in whole or in part, after the termination or expiration of this Franchise Agreement, will survive such termination or expiration for any reason.

17.11 You will comply with the covenants contained in Section 18.3.

17.12 You acknowledge that the parties cannot determine the exact amount of damages resulting from termination prior to the expiration of a term. If this Agreement terminates for any reason other than our material breach and our failure to cure the breach within a reasonable time after you give us written notice of

the breach, but not less than sixty (60) days, then in addition to any and all other remedies and causes of action available to us, you will pay us liquidated damages in addition to amounts due to us accruing under this Agreement prior to termination. The amount of liquidated damages shall equal the average monthly Royalties payable to us for the twelve months preceding the date of termination, multiplied by the lesser of twenty-four (24) or the number of months remaining in the term at the time of termination. You and we agree that it is a reasonable estimate of the actual damages, which we will sustain as a result of the breach, and is not a penalty. The liquidated damages will constitute neither a waiver of your obligation to comply with the foregoing post-termination requirements nor a license to use the Franchised System.

18. COVENANTS

18.1 You covenant that during the term of this Franchise Agreement, except as otherwise approved in writing by us, you (or if you are a legal entity, a principal of you) or your Designated Manager will devote full time and best efforts to the management and operation of your Franchised Business.

18.2 You acknowledge you will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques from us. You covenant that during the term of this Franchise Agreement you will not, either directly or indirectly, except as otherwise approved in writing by us, for yourself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity, directly or indirectly (including through an act of omission), divert or attempt to divert any business or customer of your Franchised Business to any competitor by inducement or otherwise, or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

18.3 You covenant that you will not, without our prior written consent, for a continuous, uninterrupted two (2) year period commencing upon the date of (a) a transfer permitted under Section 15 of this Franchise Agreement, (b) expiration of this Franchise Agreement, (c) termination of this Franchise Agreement (regardless of the cause for termination), or (d) a final decision of an arbitrator or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 18.3, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, or legal entity (including legal entities which own, are owned by, or are under common ownership with you), own, maintain, advise, operate, engage in, lease to, be employed by, make loans to, or have any interest in or relationship or association with a business which offers the same or similar products or services as those offered by your Franchised Business or the System, and which is located (i) at the Approved Location, (ii) within ten miles of the Approved Location, or (iii) within ten miles of any Freecoat Store open or under construction on the Effective Date of this Franchise Agreement.

18.4 Sections 18.2 and 18.3 will not apply to the ownership of other Freecoat Stores or the beneficial ownership by you of less than a five percent (5%) of the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

18.5 You will not employ or seek to employ any individual who, at the time, currently works or worked during the preceding three months for any of our other licensees or franchisees or for us, except with the consent of the affected licensee or franchisee or without consent (as applicable). We will not employ or seek to employ any individual who, at the time, currently works or worked during the past three (3) months for you, except with your consent.

18.6 The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Franchise Agreement. If all or any portion of a covenant in this Section 18 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which we are a party. You expressly agree to be bound by any lesser covenant subsumed

within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 18.

18.7 You agree and acknowledge that we have the right, in our sole discretion, to reduce the scope of any covenant or any portion thereof set forth in Sections 18.2 and 18.3, without your consent, effective immediately upon receipt by you of written notice of such reduction, and you agree that you will comply immediately with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of Section 24.

18.8 You expressly agree that the existence of any claims you may have against us, whether or not arising under this Franchise Agreement, will not constitute a defense to the enforcement by us of the covenants in this Section 18.

18.9 You acknowledge that your violation of the terms of this Section 18 would result in irreparable injury to us for which no adequate remedy at law may be available, and agree to pay all court costs and reasonable attorney fees incurred by us in obtaining any injunctive or other equitable or legal relief with respect to such conduct or action.

18.10 You will obtain execution of covenants similar to those set forth in this Section 18 (including covenants applicable upon the termination of a person's relationship with you and covenants incorporating the terms of Section 11 & 18 of this Franchise Agreement, as modified to apply to an individual), from the following persons:

18.10.1 If you are one or more natural persons: (1) each and every employee of yours who has received training from us, and (2) each and every one of your spouses and each and every one of your children over the age of eighteen (18) who has involvement in the operation of your Franchised Business,

18.10.2 If you are a partnership: (1) each and every partner (including each and every shareholder, member, officer, and/or director of each and every business entity that owns an interest of five percent or more in one or more of your partners), (2) each and every one of your employees who has received training from us, and (3) each any every partner's spouse and each and every partner's child over the age of eighteen (18) who has involvement in the operation of your Franchised Business,

18.10.3 If you are a limited liability company: (1) each and every member (including the shareholders, members, officers, and/or directors of each and every business entity that holds an interest of five percent (5%) or more in you or a member), (2) each and every one of your employees who has received training from us, and (3) each and every member's spouse and each and every member's child over the age of eighteen (18) who has involvement in the operation of your Franchised Business, or

18.10.4 If you are a corporation: (1) each and every shareholder (including the shareholders, members, officers, and/or directors of each and every business entity that holds an interest of five percent or more in you or a member), (2) each and every one of your employees who has received training from us, and (3) each and every shareholder's spouse and each and every shareholder's child over the age of eighteen (18) who has involvement in the operation of your Franchised Business.

18.11 Every covenant required by this Section 18 and its subsections will be in a form approved by us, including, without limitation, specific identification of us as a third-party beneficiary of such covenants with the independent right to enforce them.

19. YOU AS A CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY

19.1 Except as otherwise approved in writing by us, if you are a corporation, you will (i) confine your activities and your governing documents will at all times provide your activities are confined, exclusively to operating your Franchised Business, (ii) maintain stop transfer instructions on your records (unless you are publicly held) against the transfer of any equity securities and will only issue securities upon the face of which a legend, in a form satisfactory to us, appears which references the transfer restrictions imposed by this Franchise Agreement, and (iii) maintain a current list of all owners of record, all beneficial owners of any class of voting stock of you, and all officers and directors, and furnish the list, and current contact information of each individual on the list, to us upon request.

19.2 If you are a partnership you will (i) furnish us with your partnership agreement as well as such other documents as we may reasonably request, and any amendments thereto, and prepare and furnish to us, upon request, a current list of all general and limited partners in you and each partner's personal contact information.

19.3 If you are a limited liability company or corporation, you will (i) confine your activities exclusively to operating your Franchised Business, (ii) furnish us with your articles of organization/articles of incorporation and operating agreement/bylaws/members agreement, and such other documents as we may reasonably request and any amendments thereto, (iii) prepare and furnish to us, upon request, a current list of all members and managers in you, along with each member's and manager's personal contact information or list of shareholders, officers and board of directors, and (iv) maintain stop transfer instructions on your records against the transfer of any equity securities and will only issue securities which bear a legend, in a form satisfactory to us, referencing the transfer restrictions imposed by this Franchise Agreement, and (v) maintain in your articles of organization, articles of incorporation, operating agreement, or bylaws, whichever creates legal enforceability, instructions preventing the addition of any new member, without our express written consent.

19.4 Your certificate of incorporation, shareholders' agreement partnership agreement trust agreement operating agreement, or other similar agreement (a "Core Agreement") must provide that your purpose will consist only in the development, ownership, operation and maintenance of Freecoat Store. The Core Agreement must prohibit the issuance of any additional equity ownership interests or the transfer, assignment or pledge of any issued equity ownership interests without our consent and must provide that each certificate or document issued to evidence any equity ownership interest will contain a legend disclosing the foregoing restriction. In giving our consent under Section 15 to any issuance or transfer of your equity interests, we may in our discretion impose one or more conditions, including (without limitation) the requirement that the individual beneficial owner of the equity ownership interest execute the form of Owner's Guaranty and Restriction Agreement attached to this Agreement as Attachment C, or a supplement to the original Agreement, acceptable to us in form and substance adding such person as a guarantor. You must deliver to us of the documents demonstrating compliance with this Section when we so request.

19.5 Each present and future shareholder, owner or member, and each present and future general and limited partner of you, owning a ten percent (10%) interest or greater in the franchisee entity, will jointly and severally guarantee your performance of each and every provision of this Franchise Agreement, by executing the Owner's Guaranty and Restriction Agreement in the form attached to this Agreement as Attachment C.

19.6 Attachment D to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date. You and your owners agree to sign and deliver to us, periodically or upon our request, revised versions of Attachment D to reflect any permitted changes to the information previously in Attachment D.

19.7 If you intend to engage in a public or private offering of your equity interests then you must submit, for our review, your offering materials or prospectus before you file the document or commence its use. No offering by you or any affiliate shall imply (by use of the Marks or otherwise) that we are participating in an underwriting, issuance or offering of your securities or those of affiliates. Our review of any offering material shall be limited solely to the relationship between you and us (and any of our affiliates, if applicable), an accurate description of our System, and the absence of any disclosure of confidential information about us or the System. We may, at our option, require that the offering materials make a written statement we prescribe about the limitations stated in the preceding sentence. Your indemnification obligations in Section 20 include claims relating to your securities offering, disclosure materials and compliance with applicable laws and regulations. For each proposed offering, you shall pay us a non-refundable fee of ten-thousand dollars ($10,000) or such greater amount as is necessary to reimburse us for our reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering materials. You must submit your offering materials for our review at least thirty (30) days in advance of the anticipated filing or release date. Any such offering shall be subject to our approval as to the structure and voting control of the offeror (and you, if you are not the offeror) after the financing is completed.

20. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

20.1 It is understood and agreed by the parties that this Franchise Agreement does not create a fiduciary relationship between them, that you will be an independent contractor, and, that nothing in this Franchise Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, employer, joint employer, enterprise, or servant of the other for any purpose whatsoever.

20.2 During the term of this Franchise Agreement, you will hold yourself out to the public as an independent contractor operating the business pursuant to a franchise from us. You agree to take such action as may be necessary to do so, including, as set forth in Section 7.2, exhibiting a notice of that fact in a conspicuous place at your Approved Location. You further agree to state in all your advertisements and promotional materials (including business cards, order forms, and letterhead) that your Freecoat Store is independently owned and operated, using language that we may specify from time to time. You will not hold yourself out as our agent, employee, or co-venturer.

20.3 You acknowledge and agree that you are not authorized to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name, and that we will in no event assume liability for, or be deemed liable hereunder as a result of, any such action, nor will we be liable by reason of any act or omission of you in your conduct of your Franchised Business or for any claim or judgment arising therefrom against you or us. Your hold harmless and indemnify obligations shall include losses and expenses that may arise out of any acts, errors or omissions of these third parties.

20.4 You and each of your owners listed on Attachment D agree that you will, at all times during the Term and any Successor Terms and after the termination or expiration of this Franchise Agreement, indemnify, defend, and hold harmless, to the fullest extent permitted by law, Franchisor, its affiliates, and their respective shareholders, directors, officers, employees, agents, representatives, independent contractors, servants, successors, and assignees (the "Indemnified Parties") against, and to reimburse any one or more Indemnified Parties for, all claims, demand, investigation or inquiry (formal or informal), obligations, settlement (whether or not a formal proceeding or action has been instituted), and damages directly or indirectly arising out of the Franchised Business operation, the business you conduct under this Franchise Agreement, or your breach of this Franchise Agreement, including, without limitation (i) those alleged to be found or to have been caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, un-appealable ruling issued by a court or arbitrator with competent jurisdiction, (ii) the infringement, alleged infringement or any other violation by you, your

owners or principals of any patent, mark, copyright, or other proprietary right owned or controlled by third parties due to your unauthorized use of all or any portion of the Marks and/or System, (iii) your, or your owners', violation, breach, or asserted violation of any federal, state, or local law, regulation, ruling or industry standard, (iv) your or your owners', libel, slander, or any other form of defamation, (v) your, or your owners' breach of any warranty, representation, agreement or obligation in this Agreement, (vi) acts, errors or omissions of you or any of your agents, servants, employees, contractors, Owners, partners affiliates or representatives, and (vii) your employment or other contractual relationship with your employees, workers, managers, or independent contractors, including but not limited to any allegation, claim, finding, or ruling that we are an employer or joint employer of your employees.

20.5 For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorney, and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it and agree to settlements or take any other remedial, corrective, or other actions and such actions will affect your obligation to indemnify pursuant to this Section.

20.6 This indemnity will continue in full force and effect subsequent to and notwithstanding this Franchise Agreement's expiration or early termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim for indemnity under this Section. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover under this Section.

20.7 You will give us notice of any such action suit, proceedings, claim, demand, inquiry or investigation. At your expense and risk, we may elect to assume (but under no circumstance is obligated to undertake), the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by us shall, in no manner or form, diminish your obligations under this Section.

20.8 Franchisee shall also pay all costs and expenses (including reasonable fees of attorneys and other engaged professionals) incurred by Franchisor in enforcing such actions, issuing notices of default, or obtaining any remedy arising from the breach of this Franchise Agreement. The existence of any claims, demands or actions which Franchisee may have against Franchisor, whether arising from this Franchise Agreement or otherwise, shall not constitute a defense to Franchisor's enforcement of Franchisee's or any of its owners' representations, warranties, covenants, agreements or obligations herein.

21. NOTICES AND PAYMENTS

21.1 All written notices, reports, and payments permitted or required to be delivered by this Franchise Agreement or the Manual will be deemed delivered:

21.1.1 At the time delivered by hand, at the time delivered via email transmission, provided that the recipient acknowledges receipt of such computer transmission;

21.1.2 In the case of your royalty payments and contributions of the Fund, at the time we actually receive payment;

21.1.3 One business day after transmission by facsimile or other electronic system if the sender has confirmation of successful transmission;

21.1.4 One business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or

21.1.5 Three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid.

21.2 Notwithstanding the forgoing, any notice to you or us must be sent to the address specified on the signature page of this Franchise Agreement, although notice to you may also be sent to your Approved Location. We may change our address for notice by giving you notice of our new address. Any written notice we send to you may be sent only to you or the Designated Manager for your Franchised Business. You may change the person designated to receive notice or your address for notice only by giving us thirty (30) days' prior written notice by any of the means specified in subparagraphs (a) through (f) of this Section 21.

21.3 Any required payment or report which Franchisor does not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two days before the date due) will be deemed delinquent.

22. APPROVALS AND WAIVERS

22.1 We make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you, by providing any waiver, approval, consent, or suggestion to you in connection with this Franchise Agreement, or by reason of any neglect, delay, or denial of any request related to this Franchise Agreement. No delay, waiver, omission, or forbearance on the part of us to exercise any right, option, duty, or power arising out of this Franchise Agreement against you, or any other franchisee, or any breach or default by you, or by any other franchisee or any breach or default by you, or by any other franchisee, of any of the terms, provisions, or covenants of this Franchise Agreement, and no custom or practice by the parties at variance with the terms hereof, will constitute a waiver by us to enforce any such right, option, or power as against you, or as to a subsequent breach or default by you. Subsequent acceptance by us of any payments due to us under this Franchise Agreement will not be deemed to be a waiver by us of any preceding or succeeding breach by, or obligations of, you of any terms, covenants, or conditions of this Franchise Agreement.

22.2 You must request any prior approval or consent required under this Agreement from us by means of a timely written request. Any such approval or consent must be obtained in writing.

23. ENTIRE AGREEMENT

This Franchise Agreement, together with the Manual, any written related agreements, any State Addenda attached to the Franchise Disclosure Document, and any attachments hereto, constitute the entire and complete agreement between you and us concerning the subject matter hereof, and supersede any and all prior written, electronic or oral agreements and statements of the parties relating to the subject matter of this Agreement. However, nothing in this Franchise Agreement or any related agreement is intended to disclaim our representations made in the Franchise Disclosure Document. Neither party is relying on any writing to enter into this Agreement or than as set forth in this Agreement and the Franchise Disclosure Document delivered to you. Except for those permitted by this Franchise Agreement to be made unilaterally by us, including our right to modify the Manual and System, no amendment, change, or variance from this Franchise Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing, or health and safety concerns compel us to provide a shorter notice period.

24. SEVERABILITY AND CONSTRUCTION

24.1 Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Franchise Agreement will be considered severable, and if, for any reason, any portion, section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions hereof as may remain otherwise intelligible, and the latter will continue to be given full force and effect and bind the parties hereto, and the invalid portions, sections, parts, terms, and/or provisions will be deemed not to be a part hereof.

24.2 You expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part hereof, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such court order.

24.3 Any provision or covenant of this Franchise Agreement, which expressly or by its nature imposes obligations beyond the expiration, or termination of this Franchise Agreement will survive such expiration or termination.

24.4 You acknowledge and agree that we have the right to enter into agreements with other franchisees that may contain provisions, conditions, and obligations that differ from those contained in this Franchise Agreement. The existence of different forms of agreements and the fact that existing or future franchisees may have different rights and obligations will not in any manner eliminate, modify, or affect the duties of the parties to this Franchise Agreement to comply with the terms of this Franchise Agreement.

25. DISPUTE RESOLUTION

25.1 Any claim or controversy arising out of or related to this Franchise Agreement, or the making, performance, breach, interpretation, or termination thereof, will be interpreted and construed exclusively under the laws of the State of North Carolina. In the event of any conflict of law, the laws of North Carolina will prevail, without regard to the application of North Carolina conflict of law rules. If, however, any provision of this Franchise Agreement would not be enforceable under the laws of North Carolina, and if your Franchised Business is located outside of North Carolina and such provision would be enforceable under the laws of the state in which your Franchised Business is located, then such provision will be interpreted and construed under the laws of that state. Nothing in this Section 25.1 is intended by the parties to subject this Franchise Agreement to any franchise or similar law, rule, or regulation of the State of North Carolina to which it would not otherwise be subject.

25.2 Except as otherwise provided in this Franchise Agreement, any claim or controversy arising out of, or related to, this Franchise Agreement, or the making, performance, breach, interpretation, or termination thereof, except for any actions brought with respect to (i) the Marks or (ii) securing injunctive relief or specific performance under this Franchise Agreement, will first be subject to non-binding mediation in Charlotte, North Carolina, or, if our principal place of business has changed when mediation is sought, in the city of our then principal place of business. Mediation will not defer or suspend our right to exercise any of our termination rights under Section 16.

25.3 No arbitration or litigation may be commenced on any claim, which is subject to mediation under this Section prior to the Mediation Termination Date (as defined in Section 25.3.3), whether or not the

mediation has commenced. Mediation under this Section 25 is not intended to alter or suspend the rights or obligations of the parties under this Franchise Agreement or to determine the validity or effect of any provision of this Franchise Agreement, but is intended to furnish the parties an opportunity to resolve disputes amicably, expeditiously and in a cost-effective manner on mutually acceptable terms.

25.3.1 The non-binding mediation provided for under this Franchise Agreement will be commenced by the party requesting mediation by giving written notice of the request for mediation to the party with whom mediation is sought. The request will specify with reasonable particularity the matters for which non-binding mediation is sought.

25.3.2 A mediator or mediation program located in Charlotte, North Carolina, will be designated by us in writing to conduct non-binding mediation. We will make the designation within a reasonable time after issuance of the request for mediation.

25.3.3 Non-binding mediation hereunder will be concluded within 60 days of the issuance of the request for mediation, or such longer period as may be agreed upon by the parties in writing ("Mediation Termination Date"). All aspects of the mediation process will be treated as confidential, will not be disclosed to others, and will not be offered or admissible in any other proceeding or legal action whatsoever. The parties will each bear their own costs of mediation and will share equally in the cost of the mediator or mediation service.

25.4 Except for any actions brought with respect to (i) the Marks or (ii) securing injunctive relief or specific performance under this Franchise Agreement, any claim or controversy arising out of or related to this Franchise Agreement, or the making, performance, breach, interpretation, or termination thereof, including any claim or controversy involving any and all of our shareholders, officers, and directors in their individual capacity, will be finally settled by arbitration with the American Arbitration Association according to its Commercial Arbitration Rules. You and Franchisor waive, to the fullest extent permitted by law, any right or claim to any punitive or exemplary damages against the other, and agree that any award will be limited to the recovery of any actual damages sustained by them. Each party will bear one-half of the arbitrator's and administration expenses incurred during the arbitration process, provided, however, that the prevailing party will be entitled to recover its expenses, including reasonable attorneys' fees, accounting fees and arbitrator and administrative expenses, in addition to any other relief to which it is found entitled. All arbitration proceedings must take place in Charlotte, North Carolina, or, if our principal place of business has changed at the time that arbitration is sought, in the city of our then principal place of business. The arbitration award will be binding upon the parties and may be entered and enforced in any court of competent jurisdiction. Any arbitration proceeding will be limited to controversies between you and Franchisor and will not be expanded to include any other franchisee as a party, or include the adjudication of class action claims.

25.5 If a judicial action is expressly permitted by Sections 25.2 and 25.4 of this Franchise Agreement, any such action brought by you against us will be brought exclusively, and any such action brought by us against you may be brought, in the federal district court in Mecklenburg County, North Carolina, provided, however, that if the federal court would not have subject matter jurisdiction had the action been commenced in such court, then, in such event, the action will (with respect to actions commenced by you), and must (with respect to actions commenced by us), be brought in Superior Court in Mecklenburg County, North Carolina. The parties waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

25.6 No right or remedy conferred upon or reserved to us or you hereby is intended to be, nor will be, deemed exclusive of any other right or remedy herein or by law or equity provided or permitted, but each will be cumulative of every other right or remedy.

25.7 Nothing in this Franchise Agreement will bar either party's right to seek injunctive relief without the posting of any bond or security to obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Franchise Agreement. Either party also will be able to seek injunctive relief to prohibit any act or omission by the other party or its employees that constitutes a violation of any applicable law, is dishonest or misleading to your customers or to the public, or which may impair the goodwill associated with the Marks. The prevailing party will be entitled to recover its costs and reasonable attorney fees incurred by it in obtaining such relief.

25.8 Any claim or controversy arising out of or related to this agreement, or the making, performance, breach, interpretation, or termination thereof, brought by any party hereto against the other, will be commenced within one year from the occurrence of the facts giving rise to such claim or action, or such claim or action will be barred. THE PARTIES TO THIS FRANCHISE AGREEMENT HEREBY WAIVE, IN ANY ARBITRATION OR JUDICIAL ACTION, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO A JURY TRIAL IN ANY ACTION RELATED TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE FRANCHISE, THE FRANCHISEE, ANY GUARANTOR, AND THEIR RESPETIVE SUCCESSORS AND ASSIGNS AND ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER PARTY IN ANY DISPUTE ARISING UNDER THIS AGREEMENT OR RELATING TO THE FRANCHISE RELATIONSHIP, WHETHER ASSERTED AS A RELATED OR INDEPENDENT TORT, AS A BREACH OF CONTRACT, OR AS ANY OTHER CLAIM OR CAUSE OF ACTION BASED ON CONSTITUTIONAL, STATUTORY OR COMMON LAW AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EACH WILL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT. THE PARTIES FURTHER AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/ OFFICERS/ EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

26. FORCE MAJEURE

If an act of nature prevents a party from performing any obligation under this Agreement, despite the party's exercise of reasonable diligence, the act of nature will toll the due date for the performance of that obligation for the duration of the act of nature and for a reasonable time thereafter. No force majeure shall excuse the timely payment of amounts due under this Agreement. Should the Franchised Business close for any reason relating to natural disaster, pandemic, accident or other unforeseeable events, you will vigorously pursue reopening at the same or a new location in the Trade Area that we first approve. If you have not resumed operations within one hundred eighty (180) days after closing, we may terminate this Agreement without penalty to you so long as you have paid us a royalty on your business interruption insurance proceeds and not breached the covenants in Section 18 (Covenants).

27. INTENTIONALLY OMITTED

28. ACKNOWLEDGMENTS & REPRESENTATIONS

28.1 You acknowledge you received a copy of the complete Freecoat Franchising, LLC Franchise Agreement, and the attachments relating thereto, if any, at least fourteen (14) calendar days prior to the Effective Date. You further acknowledge you received our uniform franchise disclosure document at least fourteen (14) calendar days prior to the Effective Date. You acknowledge you have read and understand this Franchise Agreement, the attachments hereto, if any, and that we have accorded you ample time and

opportunity to consult with advisors of your own choosing about the potential benefits and risks of entering into this Franchise Agreement.

28.2 You acknowledge you have conducted an independent investigation of the business contemplated by this Franchise Agreement, you recognize that the business venture contemplated herein involves business risks, and your success will be largely dependent upon your ability as an independent business person and/or your management skills and resources. We expressly disclaim the making of, and you acknowledge you have not received, any representation, express or implied from any of our agents or employees, as to the prior, current, or potential sales, income, profits, or success of the business venture contemplated by this Franchise Agreement or of any other Freecoat Business. You have had the opportunity to consult with independent advisors of your own selection such as a lawyer or accountant before making your decision to sign this Agreement and develop a Freecoat Business.

28.3 You and the persons signing this Agreement for you have full power and authority and have been duly authorized, to enter into and perform or cause performance of your obligations under this Agreement. You have obtained all necessary approvals of your Owners, Board of Directors and lenders. No executory franchise, license or affiliation agreement for the Location exists other than this Agreement. Attachment D accurately states your Owners. Your execution, delivery and performance of this Agreement will not violate, create a default under or breach of any charter, bylaws, agreement or other contract, license, permit, indebtedness, certificate, order, decree or security instrument to which you or any of your Owners is a party or is subject or to which the Location is subject. Neither you nor the Location is the subject of any current or pending merger, sale, dissolution, receivership, bankruptcy, foreclosure, reorganization, insolvency, or similar action or proceeding on the date you execute this Agreement and was not within the three years preceding such date, except as disclosed in your franchise application. To the best of your knowledge neither you, your Owners, your officers, directors, contractors, or employees or anyone else affiliated or associated with you, whether by common ownership, by contract, or otherwise, has been designated as, or are, a terrorist, a "Specially Designated National" or a "Blocked Person" under U S Executive Order 13224, in lists published by the U.S. Department of Treasury's Office of Foreign Assets Control, or otherwise.

28.4 All written information you submit to us about the Location, you, your Owners, any guarantor, or the finances of any such person or entity, was or will be at the time delivered and when you sign this Agreement, true, accurate and complete, and such information contains no misrepresentation of a material fact, and does not omit any material fact necessary to make the information disclosed not misleading under the circumstances. There are no express or implied covenants or warranties, oral or written, between you and Franchisor except as expressly stated in this Agreement.

28.5 We and our representatives have made or communicated to you no claims of assured or guaranteed success of the business contemplated by this Agreement prior to signing this Agreement. You voluntarily enter into this Agreement and undertake all the terms and conditions thereof without any such inducements, promises, or representations. Without limiting the foregoing, we expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any representations, warranties or guarantees, express or implied, as to the potential volume profits or success of the business venture contemplated by this Agreement, or as to the suitability of any selected or proposed Location as a successful location for the Franchised Business.

(signatures on following page)

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Franchise Agreement, intending to be legally bound, as of the Effective Date.

FRANCHISOR:	**FRANCHISEE:**
FREECOAT FRANCHISING, LLC	_____
By: _____	By: _____
Printed: _____	Printed: _____
Title: _____	Title: _____
Date: _____	

ATTACHMENT A

EFFECTIVE DATE, TRADE AREA, AND APPROVED LOCATION

1. The "Effective Date" of this Franchise Agreement is: _____

2. The "Initial Franchise Fee" is: _____

3. Approved Location/Trade Area. The address of the Approved Location set forth in Section 2.2 of the Franchise Agreement will be _____
_____.
This shall be the "Trade Area."

[For Transfers of Existing Stores Only]

4. Upgrades Required:
_____
_____
_____
_____
_____

The parties hereby agree that the information contained in Attachment A to the Franchise Agreement is accurate and complete.

FRANCHISOR:	**FRANCHISEE:**
FREECOAT FRANCHISING, LLC	_____
By: _____	By: _____
Printed: _____	Printed: _____
Title: _____	Title: _____
Date: _____	

ATTACHMENT B

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION

****This form MUST be accompanied by a Printed Voided Check or Bank Letter****

Franchisee Information

Franchisee Name:	
Franchisee Mailing Address (street):	
(city, state, zip)	
Franchisee Phone No.:	
Contact Name:	
Address **(if different from above):**	
(street, city, zip)	
Phone Number:	
Franchisee Email Address:	

Funds Settlement Information

Bank Name:	
Account:	
Owner:	
Bank Mailing Address:	
(street, city, zip)	
Bank Routing No.	
Bank Account No.	

Authorization

_____(hereinafter, "User" or "Franchisee") hereby authorizes Freecoat Franchising, LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective. Undersigned represents and warrants to Franchisor that the person executing this form is an authorized signatory on the Account referenced above and all information regarding the Account and Account Owner is true and correct.

Account Owner Signature _____ Date: _____

Printed Name & Title _____

Federal Tax ID Number _____

NOTE FRANCHISEE MUST ATTACH A VOIDED CHECK OR BANK LETTER

ATTACHMENT C

OWNER'S GUARANTY AND RESTRICTION AGREEMENT

As a condition to the execution by Freecoat Franchising, LLC ("we" or "us") of a Franchise Agreement with ("Franchisee"), each of the undersigned individuals ("Owners" or "Guarantors"), who constitute all of the owners of a beneficial interest of ten percent (10%) or more in Franchisee, as well as their respective spouses, irrevocably and unconditionally covenant and agree to be bound by this Owner's Agreement ("Owner's Agreement").

1. Acknowledgments

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

1.2. Owners' Role. Owners are the only beneficial owners, or spouses of the only beneficial owners, that own, individually, ten percent (10%) or greater interest, membership interest, or other entity Controlling Interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives, and assigns. Franchisee's obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee's owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owner's Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owner's Agreement.

1.3. Other Provisions. The Guarantors, as owners of the Franchisee, acknowledge that this Agreement and the Franchise Agreement inure to the benefit of the Franchisee and to the undersigned. The Guarantors expressly adopt, ratify, incorporate into this Agreement as if they were parties to such Franchise Agreement, Sections 18 (Covenants), 11 (Confidential Information), 15 (Transfers/Assignment), 15 (Right of First Refusal), 19 (Business Entity), 22 (Certain Waivers), 25 (Resolution of Disputes), 11 (Our Option to Purchase), 25 (Governing Law), 25 (Venue), and 25 (Legal Fees).

2. Non-Disclosure and Protection of Confidential Information

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

3. Covenant Not To Compete

3.1. Non-Competition During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques that we have developed. The provisions

of the Franchise Agreement governing Franchisee's restrictions on competition both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owner's Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owner's Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owner's Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2. Construction of Covenants. The parties agree that each such covenant related to non-competition will be construed as independent of any other covenant or provision of this Owner's Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

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

4. Guarantee.

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

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

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

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

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

4.6 Effect of Owner's Death. Upon the death of an individual Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the

time of death, and the obligations of any other Owners will continue in full force and effect.

5. Transfers Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Owner's Agreement and the Franchise Agreement.

6. Notices

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

6.2 Notice Addresses. Our current address for all communications under this Owner's Agreement is: Freecoat Franchising, LLC

Attn: President
10000 Twin Lakes Parkway
Suite B Charlotte, NC 28269

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

7. Enforcement of This Owner's Agreement

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

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

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

8. Miscellaneous

8.1 No Other Agreements. This Owner's Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings, or agreements. There are no representations, inducements, promises, agreements,

arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owner's Agreement, other than those in this Owner's Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owner's Agreement may be implied into this Owner's Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owner's Agreement), no amendment, change, or variance from this Owner's Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

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

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

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

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

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

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

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

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

(Signatures on following page)

IN WITNESS WHEREOF, the parties have entered into this Owner's Guaranty and Restriction Agreement as of the effective date of the Franchise Agreement.

OWNER

_____
Signature

_____
Print Name

ADDRESS

_____
Street

_____
City, State, Zip

_____
Signature of Spouse

_____
Print Name of Spouse

OWNER

_____
Signature

_____
Print Name

ADDRESS

_____
Street

_____
City, State, Zip

_____
Signature of Spouse

_____
Print Name of Spouse

OWNER

_____
Signature

_____
Print Name

_____
Signature of Spouse

_____
Print Name of Spouse

ADDRESS

_____
Street

_____
City, State, Zip

OWNER

_____
Signature

_____
Print Name

_____
Signature of Spouse

_____
Print Name of Spouse

ADDRESS

_____
Street

_____
City, State, Zip

ATTACHMENT D

STATEMENT OF OWNERSHIP

Franchisee: _____

Trade Name (if different from above): _____

Form of Ownership (Check One):

_____Individual _____Partnership _____Corporation _____LLC

- *If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.*
- *If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.*
- *If a Limited Liability Company, give the state and date of formation, the name of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.*

State and Date of Formation: _____

Management (managers, officers, board of directors, etc.)

Name:	**Title:**

Members, Stockholders, Partners:

Name:	**Address:**	**Percentage Owned:**

Franchise Owner acknowledges that this Statement of Ownership applies to your Business authorized under the Franchise Agreement. Use additional sheets if necessary. Any and all changes to the above information must be reported to us in writing.

(*Signatures on following page*)

FRANCHISE OWNER

If to Individual:

_____
Signature

_____, *Individually*
Printed Name

_____
Signature

_____, *Individually*
Printed Name

or

If to a corporation, partnership or limited liability company:

_____
COMPANY NAME

By: _____

Title: _____

Date: _____

ATTACHMENT E

SYSTEM PROTECTION & NON-COMPETE AGREEMENT

This System Protection & Non-Compete Agreement (this "Agreement") is entered into by and between _____ ("you" or "Individual") and _____ ("Business Owner" or "Franchisee"), in favor of Freecoat Franchising, LLC, a North Carolina limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

1. Definitions For purposes of this Agreement, the following terms have the meanings given to them below.

"Competitive Business" means any business providing full-service nail and beauty services and other related products. A Competitive Business does not include a Freecoat Store operating pursuant to a franchise agreement with us.

"Copyrights" means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Freecoat business, whether now in existence or created in the future.

"Franchisee" means the Freecoat franchisee for which you are an officer, director, employee or independent contractor.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how and System.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Freecoat business, including, but not limited to, information, knowledge, materials equipment, systems, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies and information comprising the System and contained in the Manual.

"Manual" means our confidential Manual for the operation of a Freecoat business.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Freecoat business, including "Freecoat," and any other trademarks, service marks or trade names that we designate for use by a Freecoat franchisee. The term "Marks" also includes any distinctive trade dress used to identify a Freecoat business, whether now in existence or hereafter created.

"Prohibited Activities" means any or all of the following: owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business).

"Restricted Period" means the two (2) year period after you cease to be a manager or officer of Franchisee's Freecoat business, provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the one (1) year period after you cease to be a manager or officer of Franchisee's Freecoat business.

"*Restricted Trade Area*" means the geographic area within (i) a ten (10) mile radius from Franchisee's Freecoat Store (and including the premises of the Business), and (ii) a ten (10) mile radius from all other Freecoat Store that are operating or under construction as of the beginning of the Restricted Period, provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Trade Area is too broad to be enforceable, then the "Restricted Trade Area" means the geographic area within a ten (10) mile radius from Franchisee's Freecoat Store (and including the premises of the Business).

"*System*" means our system for the establishment, development, operation and management of a Freecoat business, including Know-how, proprietary programs and products, confidential Manuals and operating system.

2. Background. You are an officer, director, or manager of Franchisee. As a result of this relationship, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Intellectual Property. You agree (i) you will not use the Know-how in any business or capacity other than the Freecoat Store operated by Franchisee, (ii) you will maintain the confidentiality of the Know-how at all times, (iii) you will not make unauthorized copies of documents containing any Know-how, (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how, and (v) you will stop using the Know-how immediately if you are no longer a manager of Franchisee's Freecoat business. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. Unfair Competition during Relationship. You agree not to unfairly compete with us at any time while you are a manager of Franchisee's Freecoat Store by engaging in any Prohibited Activities.

5. Unfair Competition after Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities, provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Trade Area. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know- how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities, or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. Covenants Reasonable. You acknowledge and agree that (i) the terms of this Agreement are reasonable both in time and in scope of geographic area, and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement.

YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.

8. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Freecoat franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed one thousand dollars ($1,000). None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. Miscellaneous.

(a) If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

(b) This Agreement will be governed by, construed and enforced under the laws of North Carolina and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion, and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(d) You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Trade Area and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

(Signatures on following page)

IN WITNESS WHEREOF, the parties hereto have executed this System Protection & Non-Compete Agreement as of the day and year written below.

BUSINESS OWNER OR MANAGER

_____
Name: _____
Date: _____
Personal Address for Notice:

_____
_____
_____

FRANCHISED BUSINESS

_____
By: _____
Title: _____

ATTACHMENT F

EMPLOYEE NON-DISCLOSURE AGREEMENT

This Confidentiality & Non-Compete Agreement (this "Agreement") is entered into by and between _____ ("you" or "Individual") and _____ ("Business Owner" or "Franchisee"), in favor of Freecoat Franchising, LLC, a North Carolina corporation, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Freecoat Business" means a business that sells full-service nail and beauty services and other related services and products using our Intellectual Property.

"*Copyrights*" means all works and materials for whom we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Freecoat Business, whether now in existence or created in the future.

"Franchisee" means the Freecoat franchisee for whom you are an officer, director, employee, or independent contractor.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how and System.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Freecoat Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies and information comprising the System and the Manual.

"Manual" means our confidential Manual for the operation of a Freecoat Business.

"*Marks*" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Freecoat Business, including "Freecoat" and any other trademarks, service marks or trade names that we designate for use by a Freecoat Business. The term "Marks" also includes any distinctive trade dress used to identify a Freecoat Business, whether now in existence or hereafter created.

"*Prohibited Activities*" means any or all of the following (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business), (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees), and/or (iii) inducing (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

"*Restricted Period*" means the two (2) year period after you cease to be an employee, manager or officer of Franchisee's Freecoat business, provided, however, that if a court of competent jurisdiction determines

that this period of time is too long to be enforceable, then the "Restricted Period" means the two (2) year period after you cease to be a manager or officer of Franchisee's Freecoat business.

"*Restricted Trade Area*" means the geographic area within (i) a twenty-five (25) minimum mile radius from Franchisee's Freecoat business (and including the premises of the Business), and (ii) a ten (10) mile radius from all other Freecoat businesses that are operating or under construction as of the beginning of the Restricted Period, provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Trade Area is too broad to be enforceable, then the "Restricted Trade Area" means the geographic area within a ten (10) mile radius from Franchisee's Freecoat business (and including the premises of the Business).

"System" means our system for the establishment, development, operation and management of a Freecoat Business, including Know-how, proprietary programs and products, confidential Manuals and operating system contractor of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

2. Background. You are an employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Know-How and Intellectual Property. You agree (i) you will not use the Know-how in any business or capacity other than the Freecoat Store operated by Franchisee, (ii) you will maintain the confidentiality of the Know-how at all times, (ii) you will not make unauthorized copies of documents containing any Know-how, (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how, and (v) you will stop using the Know-how immediately if you are no longer an officer, director, employee or independent contractor of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

5. Unfair Competition during Relationship. You agree not to unfairly compete with us at any time while you are an employee of Franchisee's Freecoat business by engaging in any Prohibited Activities.

6. Unfair Competition after Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities, provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Trade Area. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

7. Covenants. Reasonableness. You acknowledge and agree that (i) the terms of this Agreement are reasonable both in time and in scope of geographic area, and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

8. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Freecoat franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. Miscellaneous.

a. If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

b. This Agreement will be governed by, construed and enforced under the laws of North Carolina and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion, and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement, as it deems in its discretion necessary to make such terms enforceable.

(signatures on following page)

IN WITNESS WHEREOF, the parties hereto have executed this Confidentiality & Non-Compete Agreement as of the day and year written below.

INDIVIDUAL

_____

Name: _____

Date: _____

Personal Address for Notice:

_____

_____

_____

FRANCHISED BUSINESS

_____

By: _____

Title: _____

ATTACHMENT G

LEASE RIDER

[Update defined terms and references, as needed]

1. **Incorporation and Precedence**. This lease rider ("Lease Rider") is incorporated into that certain Lease (as amended or modified, the "Lease") dated _____ by and between _____ ("Landlord"), and _____ ("Tenant"), and supersedes any conflicting provisions in the Lease. Capitalized terms not otherwise defined in this Lease Rider shall have the meanings ascribed to them in the Lease. Tenant will operate a Freecoat franchise at the Premises under that certain franchise agreement (the "Franchise Agreement") dated _____ with Freecoat Franchising, LLC, a North Carolina limited liability company (together with its successors and assigns, "Franchisor").

2. **Marks and Merchandise**. Landlord consents to: (i) Tenant's use and display of such Marks (the "Marks") and signs, decor items, color schemes, plans, specifications and related components as Franchisor may prescribe from time to time; and (ii) Tenant's sale and display of such merchandise and other items as Franchisor may prescribe from time to time.

3. **Store Hours.** Landlord acknowledges that Freecoat typically operates for business in retail locations between the hours of 7am-8pm Monday through Friday, 8am-8pm Saturday, and from 9am-6pm on Sunday. Tenant shall have the right, but not the obligation to operate during at least the hours stated above, and during any additional hours permitted under the Lease.

4. **Notice to Franchisor.** Landlord will give written notice to Franchisor (concurrently with the giving of such notice to Tenant) of any defaults by Tenant under the Lease by certified mail, return receipt requested, or by nationally recognized overnight courier service, at the following address or to such other address as Franchisor may provide to Landlord from time to time:

Freecoat Franchising, LLC
10000 Twin Lakes Parkway Suite B
Charlotte, NC 28269

5. **Access to Premises**. During the term of the Lease, Franchisor shall have the right to enter the Premises for the purpose of: (i) making any modification or alteration necessary to protect the Marks; (ii) curing any default by Tenant under the Franchise Agreement or the Lease, and (iii) inspecting the Premises and Tenant's business operations in accordance with the Franchise Agreement. Further, for a period of fifteen (15) days following the expiration or termination of either the Lease or the Franchise Agreement, Landlord shall provide Franchisor full access to the Premises to de-identify and remove from the Premises the Marks and any other trademarked property, proprietary software or equipment. The foregoing rights are conditioned on Franchisor (a) promptly repairing any damage to the Premises caused by Franchisor, and (b) indemnifying and holding Landlord harmless from and against any and all cost, liability, damage or expenses incurred by Landlord in connection with such entry by Franchisor. Neither Franchisor nor Landlord will be responsible to Tenant for any damages that Tenant might sustain as a result of any action taken by Franchisor in accordance with this provision.

6. **Tenant Default; Franchisor's Assumption of Lease**. In the event of a default by Tenant under the Lease, Franchisor has the right, but has no obligation to (i) cure the default within the same cure period

afforded to Tenant under the Lease (or if the default cannot reasonably be cured within such time period, then Franchisor shall commence and proceed to act diligently to cure the default within such time as is reasonably necessary to do so), and (ii) provide written notice to Landlord that it has exercised its option under the Franchise Agreement to acquire the Premises from Tenant and assume the Lease. If Franchisor elects to take the action described in subsection (ii), then: (a) Landlord agrees to recognize Franchisor as the tenant under the Lease, provided Franchisor agrees in writing to assume all obligations of tenant under the Lease; (b) all rights granted to Tenant under the Lease (including, without limitation, renewal options, purchase options, assignment/sublease rights) shall transfer to Franchisor upon its assumption of the Lease; and (c) Franchisor shall thereafter have the right, without Landlord's consent but otherwise subject to the terms set forth in the Lease, to assign or sublease the Premises to an affiliate or designee, provided such affiliate or designee meets all Franchisor's franchisee requirements. Landlord and Tenant stipulate and agree that Franchisor is not currently a party to the Lease and shall have no liability under the Lease unless and until the Lease is assumed by Franchisor.

7. **Landlord's Representations and Covenants**. Landlord hereby represents and covenants as follows: (i) Landlord has no notice of any existing, pending or threatened condemnation actions, violations of any applicable laws, rules and/or regulations, pending or threatened governmental or administrative actions or proceedings, or causes of action, proceedings, suits or judgments with respect to the Premises or Shopping Center, and (ii) Tenant's use of the Premises, as permitted by the terms of this Lease, does not violation any existing exclusive of any other tenant in the Shopping Center.

8. **Assignment by Franchisee**. In addition to any consents that are required from Landlord, Tenant may not assign the Lease or sublet the Premises without Franchisor's prior written consent, and Landlord will not consent to an assignment or subletting by Tenant without first verifying that Franchisor has given its written consent to Tenant's proposed assignment or subletting.

9. **Tenant's floor plans**. Tenant shall supply Landlord with an electronic copy of Tenant's plans upon Landlord's request. Tenant shall not be required to submit hard copies of plans to Landlord. Landlord shall accept plans or propose revisions within five (5) days of receipt of Tenant's plans. Tenant shall submit any revisions to Landlord within fourteen (14) days of receipt.

10. **Tenant's Contractors**. Tenant's contractors and/or subcontractors shall have the right to access the Premises and perform work and/or repairs according to the timeline during normal business hours. Any subcontractor performing work amounting to less than ten thousand dollars ($10,000) shall not be required to receive approval from Landlord.

11. **Miscellaneous Equipment and Structure.** Tenant shall be permitted to place its equipment, including without limitation the Cold Press juicing machine, anywhere within the Premises, in accordance with Tenant's plans and local governmental requirements.

12. **Conflicting Provisions**. The provisions of this Lease Rider will supersede and control any conflicting provisions of the Lease.

13. **Amendments to Lease**. Landlord and Tenant will not amend or modify the Lease in any manner that could materially affect any of the provisions or requirements of this Lease Rider without Franchisor's prior written consent.

(Signatures on following page)

LANDLORD

By:_____

Name:_____

Its:_____

TENANT

By:_____

Name:_____

Its:_____

FRANCHISOR

By:_____

Name:_____

Its:_____

ATTACHMENT H

FRANCHISE AGREEMENT ADDENDA REQUIRED BY CERTAIN STATES

(To be included when franchisee is to be located in one of the applicable states. For a list of the applicable State Specific Addenda please see Exhibit E to the Franchise Disclosure Document)

Illinois Addendum to the Disclosure Document, Franchise Agreement and Multi-Unit (Development) Agreement

Illinois law governs the franchise agreements.

A Surety Bond has been obtained by Franchisor to assure its financial capability. The Bond is on file with the Office of the Illinois Attorney General. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

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

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

Item 17 is amended by the addition of the following:

The conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, and we will comply with that law in Illinois.

The other conditions under which your franchise can be terminated and your rights of nonrenewal may be affected by Illinois law, 815 Illinois Compiled Statutes 705/19 and 705/20.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

Dated _____

Company: **FREECOAT FRANCHISING, LLC**	**Franchisee:** _____
By: _____	By: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____

ATTACHMENT I

RENEWAL ADDENDUM TO FRANCHISE AGREEMENT

This is an addendum (the "**Renewal Addendum**") to the FREECOAT FRANCHISE AGREEMENT between _____ ("**you**" or the "**Franchisee**") and FREECOAT FRANCHISING, LLC ("**us**", "**we**" or "**Freecoat**"), dated _____ (the "**Agreement**") and is considered to be part of that Agreement. All capitalized terms used in this addendum but not defined herein shall have the same meanings ascribed to them in the Agreement.

1. Preambles. You have owned and operated a Freecoat Franchise under and by virtue of a franchise agreement dated _____ made and entered into between you and Freecoat Franchising, LLC (the "**Original Franchise Agreement**"). The initial term of the Original Franchise Agreement has expired or will soon expire, and the parties wish to renew the franchise relationship by entering into the Agreement, as modified by this Renewal Addendum. The Renewal Addendum is necessary to modify the terms of the standard form of Franchise Agreement to remove the right to renew for an additional term thereunder, and to provide for a general mutual release of claims, a condition to renewal set forth in the Original Franchise Agreement.

2. Term. Section 4 of the Agreement is hereby deleted in its entirety and the following is substituted in its place:

> 4. TERM AND RENEWAL
>
> 4.1 Initial Term. The term of this Agreement will be ten (10) years, commencing on the date of this Agreement. This Agreement is granted in connection with the renewal of a predecessor franchise agreement entered into between you and us. *See the Renewal Addendum attached to this Agreement*. References to the term of this Agreement mean the five (5) year renewal term granted hereunder, and notwithstanding anything to the contrary contained in this Agreement or any related exhibit or addenda, no additional right to renew is granted by virtue of this Agreement.

3. Mutual Release. The following provision is hereby added to the Agreement as a new Section 27A:

> Mutual Release of Claims. You (and your Entity Owners, if you are an Entity), on behalf of you, your Entity Owners, your affiliates, wholly-owned or controlled corporations, subsidiaries, parents, employees, agents, representatives consultants, predecessors, successors, assigns, heirs, executors, and administrators (collectively the "**Franchisee Parties**"), hereby remise, release, and forever discharge generally Freecoat and any affiliate, wholly-owned or controlled corporation, subsidiary, predecessor, successor, or assign thereof and any shareholder, officer, director, employee, or agent of any of them (collectively the "**Freecoat Parties**"), and Freecoat does hereby remise, release, and forever discharge generally the Franchisee Parties from any and all claims, demands, damages, and injuries, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which any of the Franchisee Parties or the Freecoat Parties may now have, or may hereafter claim to have had or to have acquired against the other, of whatever source of origin, which in any way arise out of or are connected with the Store, or any franchise agreements or rights under which you currently operate the Store, arising from any periods prior to and including the date hereof, including

generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and antitrust statutes, rules or regulations (the "**Released Claims**"). Further, each of the Franchisee Parties and the Freecoat Parties agree never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action against the other, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction in connection with or related to the Released Claims.

NOT RELEASED BY THE FRANCHISEE PARTIES ARE (1) CURRENT OR PAST DUE DEBTS ON ACCOUNT OR UNDER ANY AGREEMENT, PAYABLE EITHER TO FREECOAT OR ANY OF OUR AFFILIATES, (2) THE COLLECTION OF ANY CURRENT OR DELINQUENT REPORTS OR RECORDS REQUIRED TO BE FILED BY YOU UNDER ANY AGREEMENT BETWEEN YOU AND FREECOAT OR ANY OF OUR AFFILIATES, AND (3) ANY CLAIMS ARISING FROM OR RELATED TO FREECOAT'S AUDIT RIGHTS UNDER THE FRANCHISE AGREEMENT.

THIS IS A RELEASE. A RELEASE HAS LEGAL CONSEQUENCES. ANY PARTY HERETO SHOULD CONSULT WITH AN ATTORNEY IF SUCH PARTY DOES NOT FULLY UNDERSTAND WHAT A RELEASE IS OR THE EFFECT OF THIS RELEASE.

THIS RELEASE MAY BE SUBJECT TO OR LIMITED BY LOCAL LAW IN YOUR STATE. PLEASE REFER TO ANY STATE-SPECIFIC ADDENDA OR RIDERS ATTACHED TO THE AGREEMENT.

(Signatures on following page)

IN WITNESS WHEREOF, the parties have executed and delivered this Renewal Addendum to Freecoat Franchise Agreement on the day and year first written above.

FRANCHISOR:	**FRANCHISEE:**
FREECOAT FRANCHISING, LLC	_____
By: _____	By: _____
Printed: _____	Printed: _____
Title: _____	Title: _____
Date: _____	

ATTACHMENT J

GENERAL RELEASE AGREEMENT, WAIVER AND RELEASE OF CLAIMS FOR TRANSFER OR RENEWAL

This Waiver and Release of Claims (the "Release") is made as of _____, by _____, [corporation][limited liability company] ("Franchisee"'), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, the "Releasor'") in favor of Freecoat Franchising, LLC, a North Carolina limited liability company. Franchisor and Releasor, are each sometimes referred to herein as a "Party" and collectively as the "Parties."

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (the " Agreement") [Multi Unit Agreement] pursuant to which Franchisee was granted the right to own and operate a Freecoat Business;

WHEREAS, Franchisee has notified Franchisor of its desire to transfer or sell and assign an ownership interest in the Franchised Business (as defined in the Franchise Agreement) at the Approved Location (as defined in the Franchise Agreement) and all rights related thereto, to a third party in accordance with the transfer provisions of the Franchise Agreement, and Franchisor has consented to such transfer and agreed to enter into a successor franchise agreement; *[or WHEREAS, Franchisee has notified Franchisor of its desire to renew]* and

WHEREAS, as a condition to Franchisor's consent to the transfer under the Franchise Agreement *[or renewal of Franchisee's ability to enter into a successor franchise agreement]*, Releasor and transferee has agreed to execute this Release upon the terms and conditions stated below;

NOW, THEREFORE, in consideration of Franchisor's consent to the transfer [Franchisor entering into a successor franchise agreement], and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release. Releasor further represents and warrants to Franchisor that (a) Releasor has reported the gross sales of the Franchised Business accurately and correctly calculated the fees due during the Term of the Franchise Agreement, (b) Releasor and Releasor's employees, contractors and agents have not used, disclosed or made unauthorized copies of any Confidential Materials, or shared any access codes to electronic information and secure web sites of Releasor in violation of the Franchise Agreement, (c) no consent of any third party is required for Releasor to enter into or perform this Release, (d) Releasor has not filed a lawsuit or arbitration demand against Franchisor, its parent companies or affiliates and have not filed a proceeding, complaint or notice regarding this franchise or franchisor with any federal, state or local regulatory or law enforcement agency, including without limitation the Federal Trade Commission regarding the Franchise Agreement, (e) Releasor is not the subject of any pending bankruptcy, receivership, composition, assignment or similar proceeding,

2. Release of Franchisor. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries or related companies, divisions and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such

individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions or causes of action directly or indirectly arising out of or relating to the execution, performance, default, assignment and termination of the Agreement and the offer and sale of the franchise related thereto. Franchisor and Franchisee mutually intend that this Release shall include, without limitation, claims, demands and causes of action arising out of alleged misrepresentations of any kind or nature whatsoever, alleged breaches of contract (based upon implied, express, estoppel, waiver or alternative theories of contractual obligation), or breach of any alleged special, trust, agency or fiduciary relationship, whether asserted or proposed to be asserted by way of claim, setoff, affirmative defense, counterclaim, cross-claim or third-party claim.

3. Non-disparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business or their reputation.

4. No Release of Franchisee. Franchisee is not released from any duty or obligation imposed upon Franchisee by the Franchise Agreement, provided that upon assignment and assumption of the Franchise Agreement by the authorized transferee and delivery of all of the documents and fees required by franchisor as a condition to the assignment or transfer of the Franchised Business, Franchisee shall have no liability or obligation with respect to any breach of the Franchise Agreement by the transferee arising after the date of transfer or assignment.

5. Survival of Obligations. Releasor each acknowledge that its obligations under the Franchise Agreement with respect to indemnification, audits (as to accounting periods prior to the Termination Date) and confidentiality of materials disclosed while the Franchise Agreement was in effect, and any other provision that specifies it survives termination of the Franchise Agreement all remain in full force and effect. Releasor shall contact Franchisor regarding any questions on such surviving obligations. For purposes of this Release, "Confidential Materials" means all materials in all forms, including electronically stored information that was disclosed to Releasor in confidence, contains confidential information as described in the Franchise Agreement, including without limitation all customer information subject to any privacy requirements, or by the facts and circumstances attending disclosure, should be considered confidential and proprietary.

6. Non-Competition Covenants. Notwithstanding the foregoing, the post-termination termination covenants again competition set forth in Section 17 of the Franchise Agreement shall be in full force and effect from the Effective Date until their stated expiration date.

7. No Violation of Applicable Law. Notwithstanding the foregoing, this Release does not apply to any claim or cause of action arising under laws governing the offer and sale of franchises to Franchisee or the relationship between Franchisee and Franchisor if the release would violate or is prohibited by such applicable law.

8. Confidentiality. Each party hereto and their respective counsel, representatives and agents agrees that they will not disclose any of the terms of this Release. The parties and their respective counsel, representatives and agents are not, however, precluded from disclosing the terms of the Release to their attorneys, accountants, tax preparers paid financial advisors or any governmental, regulatory or judicial authority which might compel the disclosure of this Release. Notwithstanding the foregoing, if any of the parties is served with a subpoena or other governmental or judicial process seeking to compel the disclosure of this Release, it shall be the responsibility of the party that receives the subpoena or other governmental or judicial process to notify all other parties to this Release within seventy-two (72) hours of receipt, thus affording the other parties to this Release an opportunity to move to quash the subpoena or oppose the entry of any order seeking to compel the disclosure of this Release Additionally, in the event it becomes necessary to file this Release with a court in any future enforcement action between the parties, the parties hereby agree to apply jointly for leave to file this Release under seal.

9. Future Conduct. Releasor, on behalf of itself and its owners, agents, contractors, officers, managers, and directors, (collectively, "Releasor's Representatives") expressly covenant and agree that each of them shall not, at any time either orally or in writing or through any other medium (including without limitation through any social media outlet, posting, blog or comment), or any other form of communication, (i) disparage, defame, impugn, assail or criticize the reputation, integrity, professionalism or conduct of the Franchisor or its officers, directors, managers owners, agents, contractors and employees (collectively, "Franchisor's Representatives,") the franchisees of Franchisor, or any of their representatives, (ii) pursue or promote any action to encourage any of Franchisor's franchisees to (1) abandon or terminate their franchise,
(2) not pay amounts due to Franchisor, (3) not perform under any franchise agreement, or (4) not support the Franchisor or any of its programs in any way, or (iii) voluntarily testify or appear as a witness, consultant or expert, or participate as an adverse party to Franchisor, in any civil litigation, arbitration or dispute resolution proceeding against Franchisor or any of Franchisors Representatives related to the Franchise, the business of Franchisor or the System. Releasor's Representatives may answer truthfully to any inquiry received from a governmental authority or in response to any lawful discovery or subpoena issued in any civil or criminal proceeding. The Releasor's Representatives and the Franchisor's Representatives will treat each other with mutual respect. Franchisor and the Franchisor's Representatives covenant and agree not to disparage, defame, impugn, assail or criticize the reputation, integrity, professionalism or conduct of Franchisee and the Guarantors in connection with this Franchise. The parties acknowledge that monetary damages may not be sufficient to provide redress to an aggrieved party if the other party breaches this Section, so the parties consent to the entry of injunctive relief to prevent any breach or continuing breach of this Section.

10. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred. Releasor understands how this Release will affect your legal rights and voluntarily enter into this Release with such knowledge and understanding.

b. This Release shall be construed and governed by the laws of the State of North Carolina. The parties hereby consent and waive all objections to the non-exclusive personal jurisdiction of, and venue, in the United States District Court for the Western District of North Carolina and North Carolina state courts situated in Mecklenburg County, North Carolina for the purposes of all cases and controversies involving this Release and its enforcement, and the Franchise Agreement.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorney fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties.

g. To facilitate execution of this Release by geographically separated parties, this Release and all other agreements and documents to be executed in connection herewith may be executed in multiple counterparts, as may be required, and it shall not be necessary that the signatures on behalf of each party appear on one or more of the counterparts. All counterparts shall be deemed an original and all of which together shall constitute but one and the same document. It shall not be necessary in making proof of this Release to produce or account for more than a number of counterparts containing the respective signatures on behalf of all the parties hereto. All facsimile executions shall be treated as originals for all purposes.

h. If one or more of the provisions of this Release shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

i. The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

IN WITNESS WHEREOF, the Parties hereto have executed this Release as of the date and year first written above.

FRANCHISOR:	**FRANCHISEE:**
FREECOAT FRANCHISING, LLC	_____
By: _____	By: _____
Printed: _____	Printed: _____
Title: _____	Title: _____
Date: _____	

FRANCHISEE RELEASORS:

_____	_____
Name: _____	Name: _____
_____	_____
Name: _____	Name: _____

ATTACHMENT K

TERMINATION AND RELEASE AGREEMENT

This Acknowledgment of Termination and Release Agreement ("Agreement") is entered into on _____ by and between Freecoat Franchising, LLC ("Franchisor") and _____ ("Franchisee"). The Franchisee and the Franchisor will be referred to herein as the "Parties."

RECITALS

WHEREAS, Franchisor and Franchisee entered into that certain franchise agreement ("Franchise Agreement") dated _____, in which Franchisor granted Franchisee the right to operate a Freecoat Franchise in the Trade Area ("Trade Area") described in Attachment A to the Franchise Agreement;

WHEREAS, on _____, ("Termination Date") Franchisee's rights under the terms of the Franchise Agreement were terminated ("Termination") as a result of _____; and

WHEREAS, the Parties desire to enter into this Agreement for the purpose of acknowledging the Termination, acknowledging Franchisor's retention of all rights and remedies under the Franchise Agreement including, but not limited to, Franchisor's right to retain all franchise fees and any other sums paid to Franchisor or its affiliates by Franchisee or its affiliates, and any audit rights, and fully and finally resolving all legal and equitable claims, known or unknown, of Franchisee existing against Franchisor that were or could have been asserted by Franchisee in any action.

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements herein contained, and for other good and valuable consideration the receipt and sufficient of which are hereby acknowledged, the parties hereto hereby covenant, promise and agree as follows:

AGREEMENT

1. Acknowledgment of Termination. Franchisee acknowledges and agrees that all of its rights under the Franchise Agreement and any and all attachments (the "Franchise Documents") were fully and finally terminated on the Termination Date. Franchisee agrees to abide by all provisions, which expressly survive the Termination of the Franchise Documents, as more fully set forth in the Franchise Documents.

2. Release by Franchisee. As of the date of this Agreement, Franchisee does hereby compromise, settle, and absolutely, unconditionally, and fully release, discharge, and hold harmless for itself and each of its respective heirs, executors, administrators, representatives, successors, assigns, officers, members, managers, directors, shareholders, employees, partners, attorneys, Affiliates (as hereinafter defined) and spouses of such individuals (collectively, the "Franchisee Releasing Parties"), the Franchisor and its past, present and future officers, directors, agents, attorneys, employees, shareholders, successors, assigns, members, managers, representatives partners, attorneys, Affiliates and spouses of such individuals (collectively, the "Franchisor Released Parties"), for all purposes, of and from any and all claims, debts, demands, damages, costs, expenses, actions, causes of action, or suits of any kind whatsoever, at common law, statutory or otherwise, whether now known or not, whether contingent or matured, including, without limitation, any claim, demand, or cause of action arising out of or in connection with the Freecoat Franchise

or the Franchise Documents or any other contractual relation between Franchisee and Franchisor and/or any Affiliate of the Franchisor, which the Franchisee Releasing Parties may have had or may now have directly or indirectly against any or all of the Franchisor Released Parties based upon or arising out of any event, act, or omission that has occurred prior to the date hereof. The Franchisee Releasing Parties further covenant and agree to never institute, prosecute or assist others to institute or prosecute, or in any way aid any claim, suit, action at law or in equity, or otherwise assert any claim against any or all of the Franchisor Released Parties for any damages (actual, consequential, punitive or otherwise), injunctive relief, or other loss or injury either to person or property, cost, expense, attorneys' fees, amounts paid on account of recovery or settlement, or any other damage or harm whatsoever, based upon or arising out of any event, act, or omission that has occurred prior to the date hereof. The Franchisor Released Parties are not releasing any claim which they may have against the Franchisee Releasing Parties or any rights or remedies the Franchisor Released Parties may have under the Franchise Documents or the Non-Disclosure and Non-Competition Agreement (including but not limited to the right to retain all franchise fees and any other sums paid to the Franchisor or its Affiliates by the Franchisee or its Affiliates and any audit rights), under law or equity, or under any other contractual relationship between the Franchisee and the Franchisor and/or any Affiliate of the Franchisor.

3. Affiliates. When used in this Agreement, the term "Affiliates" has the meaning as given in Rule 144 under the Securities Act of 1933.

4. Full Release. Except as is set forth in this Agreement, the Parties intend that this Agreement shall be effective as a full and final accord and satisfaction and release as to the Franchisor Released Parties and shall extend to all matters, claims, demands, actions or causes of action of any kind or nature whatsoever which the Franchisee Releasing Parties may have against the Franchisor Released Parties. The Parties acknowledge that they may hereafter discover facts in addition to, or different from, those which they now know or believe to be true with respect to the subject matter of this Agreement but that, notwithstanding the foregoing, it is their intention hereby to fully, finally, completely and forever settle and release the Franchisor Released Parties and that the release given herein shall be and remain irrevocably in effect as a full and complete general release notwithstanding the existence of any such additional or different facts.

5. Survival of Obligations. Franchisee Releasing Parties each acknowledge that its obligations under the Franchise Agreement with respect to indemnification, audits (as to accounting periods prior to the Termination Date) and confidentiality of materials disclosed while the Franchise Agreement was in effect, and any other provision that specifies it survives termination of the Franchise Agreement all remain in full force and effect. Franchisee Releasing Parties shall contact Franchisor regarding any questions on such surviving obligations. For purposes of this Release, "Confidential Materials" means all materials in all forms, including electronically stored information that was disclosed to Franchisee Releasing Parties in confidence, contains confidential information as described in the Franchise Agreement, including without limitation all customer information subject to any privacy requirements, or by the facts and circumstances attending disclosure, should be considered confidential and proprietary.

6. Non-Competition Covenants. Notwithstanding the foregoing, the post-termination termination covenants again competition set forth in Section 17 & 18 of the Franchise Agreement shall be in full force and effect from the Effective Date until their stated expiration date.

7. No Violation of Applicable Law. Notwithstanding the foregoing, this Release does not apply to any claim or cause of action arising under laws governing the offer and sale of franchises to Franchisee or the relationship between Franchisee and Franchisor if the release would violate or is prohibited by such applicable law.

8. Confidentiality. Each party hereto and their respective counsel, representatives and agents agrees that they will not disclose any of the terms of this Release. The parties and their respective counsel, representatives and agents are not, however, precluded from disclosing the terms of the Release to their attorneys, accountants, tax preparers paid financial advisors or any governmental, regulatory or judicial authority which might compel the disclosure of this Release. Notwithstanding the foregoing, if any of the parties is served with a subpoena or other governmental or judicial process seeking to compel the disclosure of this Release, it shall be the responsibility of the party that receives the subpoena or other governmental or judicial process to notify all other parties to this Release within seventy-two (72) hours of receipt, thus affording the other parties to this Release an opportunity to move to quash the subpoena or oppose the entry of any order seeking to compel the disclosure of this Release Additionally, in the event it becomes necessary to file this Release with a court in any future enforcement action between the parties, the parties hereby agree to apply jointly for leave to file this Release under seal.

9. Future Conduct. Franchisee Releasing Parties, on behalf of itself and its owners, agents, contractors, officers, managers, and directors, expressly covenant and agree that each of them shall not, at any time either orally or in writing or through any other medium (including without limitation through any social media outlet, posting, blog or comment), or any other form of communication, (i) disparage, defame, impugn, assail or criticize the reputation, integrity, professionalism or conduct of the Franchisor Released Parties, the franchisees of Franchisor, or any of their representatives, (ii) pursue or promote any action to encourage any of Franchisor's franchisees to (1) abandon or terminate their franchise, (2) not pay amounts due to Franchisor, (3) not perform under any franchise agreement, or (4) not support the Franchisor or any of its programs in any way, or (iii) voluntarily testify or appear as a witness, consultant or expert, or participate as an adverse party to Franchisor, in any civil litigation, arbitration or dispute resolution proceeding against Franchisor or any of Franchisor Released Parties related to the Franchise, the business of Franchisor or the System. Franchisee Releasing Parties may answer truthfully to any inquiry received from a governmental authority or in response to any lawful discovery or subpoena issued in any civil or criminal proceeding. The Franchisee Releasing Parties and the Franchisor Released Parties will treat each other with mutual respect. Franchisor Released Parties covenant and agree not to disparage, defame, impugn, assail or criticize the reputation, integrity, professionalism or conduct of Franchisee Releasing Parties in connection with this Franchise. The parties acknowledge that monetary damages may not be sufficient to provide redress to an aggrieved party if the other party breaches this Section, so the parties consent to the entry of injunctive relief to prevent any breach or continuing breach of this Section.

10. No Coercion. The Parties acknowledge that they are freely and voluntarily entering into this Agreement, un-coerced by any person, and that they have been advised and afforded the opportunity to seek the advice of legal counsel of their choice with regard to this Agreement.

11. Non-disparagement. Franchisee expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor Released Parties, their business or their reputation.

12. Notices. Any notices given under this Agreement shall be in writing and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

13. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

14. Amendments. This Agreement may not be changed or modified except in a writing signed by all of the Parties hereto.

15. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of North Carolina.

16. Jurisdiction. The Parties agree that any disputes relating to the enforcement of this Agreement will be governed by the dispute resolution provisions set out in the Franchise Agreement.

17. Fees and Costs. In any action to enforce, interpret or seek damages for violation of this Agreement, Franchisor shall recover all attorney's fees and litigation expenses.

18. Severability. If any provision of this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby.

19. Authorization. Each Party warrants that each individual executing this Agreement on behalf of their respective Parties is fully authorized to do so by each of the respective Parties and each individual executing this Agreement warrants that he or she is acting within the scope of his or her employment and authority in executing this Agreement.

20. Counterparts and Telecopies. To facilitate execution of this Release by geographically separated parties, this Release and all other agreements and documents to be executed in connection herewith may be executed in multiple counterparts, as may be required, and it shall not be necessary that the signatures on behalf of each party appear on one or more of the counterparts. All counterparts shall be deemed an original and all of which together shall constitute but one and the same document. It shall not be necessary in making proof of this Release to produce or account for more than a number of counterparts containing the respective signatures on behalf of all the parties hereto. All facsimile executions shall be treated as originals for all purposes.

21. Entirety. This Agreement contains the entire agreement between the Parties related to the subject matter hereof, and in entering into this Agreement, each Party represents that he, she, or it is doing so voluntarily and of his, her or its own free will, and have executed this Agreement below acknowledging that each Party has completely read and fully understands the terms of this Agreement.

IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Termination and Release Agreement as of the day and year first above written.

FRANCHISOR:	**FRANCHISEE:**
FREECOAT FRANCHISING, LLC	_____
By: _____	By: _____
Printed: _____	Printed: _____
Title: _____	Title: _____
Date: _____	

FRANCHISEE RELEASORS:

_____	_____
Name: _____	Name: _____
_____	_____
Name: _____	Name: _____

ATTACHMENT L

TRANSFER ADDENDUM

This Transfer Addendum made and entered into on _____ by and between Freecoat Franchising, LLC ("Franchisor") and _____ ("Franchisee").

RECITALS

WHEREAS, Franchisor and Franchisee are parties to a Franchise Agreement (the "Agreement") dated _____ ("Effective Date") as a result of an approved store transfer;

WHEREAS, Franchisor and Franchisee wish to amend the Agreement to reflect Franchisee's status as a transferee franchisee for the Franchised Business located at_____; and

WHEREAS, all capitalized terms not otherwise defined in this Transfer Addendum shall have the same meaning as in the Agreement.

The parties agree as follows:

1. The following Sections of the Agreement are null and void only to the extent that they deal with the purchase of a new, nonoperational, Freecoat Franchise and not a transfer, and shall have no force or effect 5.1, 6.1, 6.2, 6.4, 6.6, 6.7, and 16.4. Notwithstanding anything to the contrary, Franchisee shall be required to complete to Franchisor's satisfaction the Classroom Training and Initial Onsite Training.

2. This Transfer Addendum constitutes the entire and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersedes any and all prior agreements. No amendment, change, or variance from this Transfer Addendum shall be binding on either party unless mutually agreed to in a writing signed by both parties.

3. This Transfer Addendum forms an integral part of the Agreement. Except as modified or supplemented by this Transfer Addendum, the terms of the Agreement are hereby ratified and confirmed.

FRANCHISOR:	**FRANCHISEE:**
FREECOAT FRANCHISING, LLC	_____
By: _____	By: _____
Printed: _____	Printed: _____
Title: _____	Title: _____
Date: _____	

ATTACHMENT M

ASSIGNMENT, ASSUMPTION AND CONSENT

THIS ASSIGNMENT, ASSUMPTION AND CONSENT (the "**Assignment**") is made and entered into as of this _____, by and among FREECOAT FRANCHISING, LLC (together with its predecessors-in-interest, the "**Franchisor**"), whose principal address is 10000 Twin Lakes Parkway, Suite B, Charlotte, NC 28269, (individually or collectively "**Assignor**"), whose principal address is _____, and _____ (individually or collectively "**Assignee**"), whose principal address is _____.

A. Assignor wishes to sell, assign, transfer or convey to Assignee that certain franchised location described as: the _____ store located at or in _____ (the "**Store**"), currently identified by Franchisor as Store No. _____, and to transfer and convey to Assignee all of Assignor's rights, title, interest and obligations in and to that certain Franchise Agreement (the "**Franchise Agreement**") for the operation of the Store, dated as of _____ (the "**Transfer**").

B. Under the terms of the Franchise Agreement, Franchisor has the right to consent to the Transfer before it occurs, and further has a right of first refusal pertaining to the Store and the Franchise Agreement.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Agreement Assigned. Subject to Franchisor's consent as provided herein, Assignor hereby sells, assigns, transfers and conveys to Assignee all of its rights, title, interest and obligations in and to the Franchise Agreement, to have and to hold said rights, title, interest and obligations for the term of the Franchise Agreement and any renewal thereof consistent with its terms and conditions. Subject to Franchisor's consent as provided herein, Assignee hereby unconditionally assumes and accepts such assignment and agrees to perform when and as due each and every obligation of Assignee thereunder. Any capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Franchise Agreement.

2. Representations.

(a) Assignor and Assignee represent and warrant to Franchisor that they have disclosed to Franchisor all of the material terms of the Transfer and that they have the authority to execute this Assignment.

(b) Assignee represents and warrants to Franchisor that it has independently conducted all necessary due diligence to make an informed decision respecting the purchase of assets and business related to the Store.

(c) Assignor represents and warrants to Franchisor that Assignor owns all rights, title and interest, free and clear of any mortgage, lien or claim, in and to the Franchise Agreement and the business related to the Store, and has not assigned any or all of its interest in the Franchise Agreement or the business related to the Store to any third party. Assignor represents and warrants to Franchisor that Assignor will not retain any interest in the Store after the Closing.

(d) Assignor further represents and warrants to Franchisor that Assignor is not in default of any of the terms of the Franchise Agreement as of the Closing.

(e) Assignor further represents and warrants to Franchisor that the owner of the principal business premises for the Store has consented to the assignment, including Assignor's assignment to Assignee of the Lease, if any, for the Store premises.

3. Franchisor's Consent. Based on the information provided by Assignor and Assignee, Franchisor hereby (a) waives its right of first refusal to acquire the Store and the Assignor's interests in the Franchise Agreement, and (b) gives its consent for the Transfer upon the terms and conditions set forth herein; provided, however, that its consent does not constitute an express or implied warranty by Franchisor of the successful operation or profitability of the Store by Assignee following the Transfer.

4. Purchase and Sale Agreement; Conditions to Closing; Escrow. In consideration of the Franchisor's consent to the Transfer, Assignor and Assignee agree that the closing of the Transfer and Assignee's purchase of the Store from Assignor (the "**Closing**") shall not occur, and Assignee shall not take legal possession of the Store or accept assignment of the Franchise Agreement or the lease or sublease pertaining to the Store premises (the "**Lease**") until each of the following conditions have been satisfied by them, or waived by the Franchisor:

(a) The following items have been delivered to a licensed escrow agent or other third party selected by Assignor and Assignee and acceptable to Franchisor no later than five (5) days prior to the date that Assignee is scheduled to commence Franchisor's training program (the "**Escrow Date**"):

(1) A check or certified funds in the amount equal to the total of:

(i) All past-due royalty and service fees, continuing fees, advertising fund contributions and any other amounts owed by Assignor to Franchisor or any of its affiliates, pursuant to the Franchise Agreement, Lease, or any other agreement between them;

(ii) All past-due amounts owed to vendors or suppliers pertaining to the Store if payment is necessary to accomplish the Closing in accordance with any applicable bulk sales or similar laws, or where the consent of such vendors or suppliers is required by Franchisor; and

(iii) The Franchisor's then-current Transfer Fee and any commissions due as a result of the transfer (or any balance thereof not already paid to Franchisor).

(2) The following documents, fully and properly signed by Assignor and/or Assignee, to be effective as of the date of the Closing (the "**Closing Date**") without condition except as set forth herein:

(i) This Assignment;

(ii) The following Franchise Documents required by Franchisor pertaining to the Closing:

[list]

(iii) Instructions acceptable to the parties pertaining to disbursement of all funds and documents upon the Closing Date, and removing all conditions to the Closing except satisfaction of the conditions set forth in Sections 4(b), (c) and (d) hereof; and

(iv) Any other documents between Assignor and Assignee necessary to complete the Closing as set forth herein.

(b) Assignee has successfully completed Franchisor's training program and has been approved by Franchisor to complete the Transfer upon the proposed terms;

(c) Assignor and/or Assignee have satisfied any other conditions to obtaining Franchisor's consent to the Transfer as set forth in or contemplated by the Franchise Agreement; and

(d) Assignor and/or Assignee has deposited into escrow any and all other documents and funds necessary to complete the Closing as set forth herein, including without limitation, any purchase price to be paid to Assignor at the Closing.

Unless otherwise agreed in writing by the Franchisor, the Closing Date shall occur no later than fifteen (15) days following satisfaction of the conditions to Closing set forth in sections 4(b) and 4(c). Franchisor shall not be required to sign any documentation until the later to occur of the Closing Date, or a date within thirty (30) days after the Closing Date, provided in such case that Franchisor delivers into escrow no later than the Closing Date a notice that Assignor and Assignee have met each of Franchisor's conditions to obtaining its consent to the Transfer. For the period of time from the Escrow Date to the Closing Date, Assignor shall continue to operate the Store, or cause it to be operated, in compliance with Franchisor's system standards and the Franchise Agreement, and Franchisor may continue to enforce the terms of the Franchise Agreement against Assignor. Without limiting the foregoing, during such period, Franchisor shall have the right to draft Assignor's account for any current royalties, continuing fees, advertising fund contributions and other fees that become due under the Franchise Agreement.

5. Agreement to Execute New Franchise Documents. Assignee acknowledges that Franchisor may condition its consent to the Transfer upon Assignee's agreement to execute Franchisor's current form of franchise agreement and related documents, which, if fully executed, shall replace the Franchise Agreement in its entirety. The new franchise agreement may contain terms that are materially different from those set forth in the Franchise Agreement, including without limitation, different royalty, service fees, continuing fees, advertising fund contributions, and other fees. Assignee acknowledges that it has received Franchisor's current form of disclosure document at least fourteen (14) calendar days prior to the earlier to occur of the Escrow Date and the date on which this Assignment was executed. Assignee further acknowledges that if Franchisor materially altered the provisions of the Franchise Agreement and this Assignment (except as a result of negotiations you initiated) Assignee has received the agreements at least seven (7) calendar days prior to the earlier to occur of the Escrow Date and the date on which this Assignment was executed.

6. Mutual Release. Subject to the full and complete occurrence of the Closing, and effective as of the Closing Date, Assignor on Assignor's behalf and for any of Assignor's wholly-owned or controlled corporation, subsidiary, and any shareholders, partners, officer, directors, employees agents, successors, assigns, heirs, executors and administrators of any of them (the "**Assignor Parties**"), hereby remise, release, and forever discharge generally the Franchisor and any affiliate, wholly-owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them (the "**Franchisor Parties**"), and the Franchisor does hereby remise, release, and forever discharge generally the Assignor Parties, from any and all claims, demands, damages, and injuries, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which any of the Assignor Parties or the Franchisor Parties may have, or may hereafter claim to have had or to have acquired against the other of whatever kind or character arising out of or related to the Transfer, the Store,

the Franchise Agreement, any Lease or other agreements between the Assignor and any of the Franchisor Parties related to the Store or the Franchise Agreement, and arising from or related to any period prior to and including the date hereof (the "**Released Claims**"), including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and antitrust statutes, rules or regulations, in any way arising out of or connected with the Released Claims, and further promise never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action arising from or related to the Released Claims against any of the other parties, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction. **Not released by the Franchisor**

Parties are (1) current or past due debts on account, owed either to the Franchisor or any affiliate of the Franchisor, and (2) unpaid principal and accrued interest under any promissory note made by Assignor or Assignee and held by any of the Franchisor Parties, or any holder to which any note may be negotiated or assigned. Not released by the Franchisor Parties or the Assignor Parties against the other are (1) claims arising from their obligations or performance under this Assignment, and (2) any claims arising from or related to any relationship or agreement between them not included in the Released Claims.

7. Indemnification.

(a) Assignor, for itself, its heirs, successors and assigns, agrees to indemnify and hold harmless each of the Franchisor Parties against any and all liabilities, damages, actions, claims, costs (including reasonable attorneys' fees) or expenses of any nature resulting, directly or indirectly, from any of the following: (i) any misrepresentations or breach of warranty by Assignor under this Assignment; (ii) the transfer of the Franchise Agreement; or (iii) any claim, suit or proceeding initiated by or for a third party or third parties, now or in the future, that arises out of or relates to Assignor's operation of the Store prior to the Closing.

(b) Assignee, for itself, its heirs, successors and assigns, agrees to indemnify and hold harmless each of the Franchisor Parties against any and all liabilities, damages, actions, claims, costs (including reasonable attorneys' fees) or expenses of any nature resulting, directly or indirectly, from any of the following: (i) any misrepresentations or breach of warranty by Assignee under this Assignment; or (ii) the transfer of the Franchise Agreement.

8. Assignor Post-Assignment and Post-Termination Obligations. Assignor acknowledges and agrees that those obligations and duties which have effect on a post-assignment or a post-termination basis and which are expressly set forth in the Franchise Agreement or implied by their nature therein shall be performed and observed hereafter to the extent and for a term as expressed or implied in the Franchise Agreement.

9. Subordination. Assignor agrees to subordinate any right to receive any payment from Assignee to any rights or claims of the Franchisor to receive or for payments from Assignee. Any payments received by Assignor as a result of any sale of assets connected with or by virtue of this Assignment shall be subject to settlement of all accounts Assignor has with the Franchisor, and Assignee shall not pay any material portion of such purchase price to Assignor without first obtaining the Franchisor's written consent.

10. Miscellaneous. This Assignment, and the documents referred to herein, constitute the entire agreement among the parties with respect to the subject matter hereof. No amendment will be binding unless in writing and signed by the party against whom enforcement is sought. All representations,

warranties, agreements and all other provisions of this Assignment, which by their terms or by reasonable implication are intended to survive the closing of this Transfer, will survive it.

11. Counterparts. This Assignment may be executed in more than one counterpart, each of which shall constitute an original copy.

(signatures on following page)

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this Assignment to be effective as of the date first set forth above.

ASSIGNOR

_____

By: _____

Title: _____

Assignee, as the purchaser of an existing franchised location in Franchisor's franchise system, by signing where indicated below, understands and acknowledges the absolute right of the Franchisor, and companies affiliated with the Franchisor to sell Franchisor branded products and similar products wherever the Franchisor, or any affiliated company, may from time to time deem appropriate. Such products may include, but shall not be limited to, the products that franchisees, including Assignee, are authorized to sell under their franchise agreements, and other products of whatever type that the Franchisor or any affiliated company may from time to time deem appropriate for sale through franchised, traditional, non-traditional or other distribution methods. Such methods of distribution may include, but shall not necessarily be limited to, sales by franchisees of the Franchisor or its affiliates, sales at sports arenas and stadiums, department stores, airports, toll road travel plazas, hospitals, office buildings, schools and colleges, and other non-store venues, as well as sales to wholesalers and/or distributors for resale.

ASSIGNEE

_____

By: _____

Title: _____

Not binding without execution by an authorized officer of the Franchisor.

FRANCHISOR
FREECOAT FRANCHISING, LLC

_____

By: _____

Title: _____

ATTACHMENT N

MULTI-UNIT AGREEMENT

This Multi-Unit Agreement (this "Agreement") is made and entered into as of the Effective Date, by and between Freecoat Franchising, LLC, a North Carolina limited liability company ("we," "Company", "us" or "our"), as franchisor, and _____, a _____ [corporation][limited liability company] ("you", "Developer," or "your"), as Developer.

WHEREAS, the Company owns and intends to license certain proprietary and other property rights and interests in and to the "Freecoat" trademark and service mark, and such other trademarks, trade names, service marks, logo types, insignias, trade dress, designs, and commercial symbols which Company may from time to time authorize or direct Developer to use in connection with the operation of "Freecoat" stores (the "Marks").

WHEREAS, Company has developed and continues to develop a system for the operation of businesses that offer full-service nail and beauty services using the business formats, methods, procedures, fixtures, assets, software, signs, equipment designs, standards, specifications, business tools, and Marks we designate (the "System").

WHEREAS, Company desires to expand and develop its system of "Freecoat" stores, and seeks sophisticated and efficient multi-unit franchisees who will develop numerous "Freecoat" stores within a designated period of time.

WHEREAS, Developer desires to build and operate "Freecoat" stores, and Company desires to grant to Developer the right to build and operate said "Freecoat" stores in accordance with the terms and upon the conditions contained in this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which the parties mutually acknowledge, the parties mutually agree, as follows:

1. Definitions. Words and phrases used in initially capitalized form in this Agreement have the meanings set forth in Section 30 of this Agreement unless the context indicates otherwise.

2. Development.

a. During the Development Term, you will have the right to develop Freecoat Stores at any site, within the following Trade Areas, selected by you and approved, in writing, by Company.

Development Unit #1: _____
Development Unit #2: _____
Development Unit #3: _____

b. Company expressly reserves the exclusive, unrestricted right, in its sole and absolute discretion, directly and indirectly, through its employees, affiliates, representatives, licensees, assigns, agents and others, to own or operate and to franchise or license others (which may include its affiliates and joint ventures in which it or its affiliates are participants) to own or operate Freecoat Stores at any location that does not violate the territorial restrictions of the Company in effect at the time, regardless of its proximity to any Freecoat Store developed or under development or consideration by Developer.

c. In addition, Company expressly reserves the exclusive, unrestricted right, in its sole and absolute discretion, directly and indirectly, through its employees, affiliates, representatives, licensees, assigns, agents and others, (i) to own or operate and to franchise or license others (which may include its affiliates and joint ventures in which it or its affiliates are participants) to own or operate other businesses which operate under names other than "Freecoat" at any location, and of any type or category whatsoever, regardless of its proximity to any Freecoat Store developed or under development or consideration by Developer; and (ii) to produce, promote, license, distribute and market Freecoat Products, and products bearing other marks, including nail and beauty supplies, clothing, souvenirs and novelty items, at or through any location or outlet, regardless of where located, and through any distribution channel, at wholesale or retail, including by means of mail order catalogs, direct mail advertising, the Internet, and other distribution methods.

3. Performance Schedule.

a. Market Plan. Developer, within thirty (30) days of execution of this Agreement, shall meet with Company and begin preparation of a development plan for (i) the purchase and opening of the Development Units and (ii) the selection of a site for each Development Unit (the "Market Plan"). All development pursuant to this Agreement shall be in accordance with this Marketing Plan. The Market Plan shall include proposed target trade areas where sites are to be located, ranking and prioritizing site locations and other information customarily utilized by market planners in the health and beauty industry. Developer shall propose the Market Plan and Company shall approve or disapprove the Market Plan in its reasonable discretion. The initial Market Plan shall be completed and approved by Company and Developer no later than sixty (60) days from the date of execution of this Agreement. Developer acknowledges that no extensions of time with regard to the Minimum Development Obligation shall be granted by Company to Developer as a result of Developer's failure to complete a satisfactory Market Plan within sixty (60) days of execution of this Agreement. The parties recognize that demographics, market economics, real estate values, competition and other conditions may change in the area surrounding any Development Unit over the term of this Agreement and that such changes may impact the Market Plan.

b. Minimum Development. You must develop, construct, equip, open and thereafter continue to operate at least two (2) Development Units in accordance with the Development Schedule specified and attached hereto in Schedule A.

c. The Developer may close a Development Unit with the Company's prior written consent to such closure (which Company shall grant or withhold in Company's sole discretion), if Developer demonstrates to Company's satisfaction that the site of such Development Unit has not operated profitably and is unlikely in the future to operate profitably regardless of any proposed changes made. For purposes of Developer's Minimum Development Obligation, any Store closed pursuant to this Section with Company's consent shall continue to be counted as an operating Freecoat Store for a period of twelve (12) months following closure, and Developer shall be deemed in breach of the Minimum Development Obligation if immediately after said twelve (12) month period the cumulative number of Freecoat Stores then-operating is not equal to or greater than the cumulative number required to have been in operation as of the end of the immediately preceding Development Period. Developer shall execute a new Franchise Agreement for each subsequently opened Freecoat Store, even if opened as a "replacement" for the closed Freecoat Store.

d. If a Freecoat Store opened and operated by Developer is destroyed or damaged, other than by a voluntary act of Developer, so that such Freecoat Store cannot continue to operate, the destroyed or damaged Store shall continue to count toward satisfaction of the Minimum Development Obligation (during the period until such substitute location opens), but only if (i) Developer shall repair and restore such Store

to Company's then approved plans and specifications within one hundred twenty (120) days after the occurrence of such destruction or damage, subject to delays permitted by Section (Force Majeure), or (ii) Developer shall, within one hundred twenty (120) days after the occurrence of such destruction or damage, open a Freecoat Store at a substitute location in accordance with Company's then approved plans and specifications (any such substitute location and the Lease for such location must be approved in writing in advance by Company pursuant hereto and Developer shall execute a new Franchise Agreement).

4. Development Term.

a. The "Development Term" of this Agreement commences on the Effective Date and, unless sooner terminated in accordance with the provisions herein, or extended as provided in Section 32, the rights granted to you under this Agreement will expire on the earlier of [DATE], [or the Opening Date of the last Freecoat Store in operation pursuant to the Performance Schedule], unless terminated earlier in accordance with this Agreement.

b. Renewal. Except to the extent otherwise provided herein Developer shall have no right to renew this Agreement and Company, and its affiliates may construct, equip, open and operate, and license or franchise others to construct, equip, open and operate additional Freecoat Stores, without any restriction other than those specifically set forth in each Franchise Agreement.

5. Development & Initial Fees. When you sign this Agreement, you will pay us a non-refundable Development Fee as set forth in Schedule A hereto. If you do not complete the Performance Schedule by the Target Date, Freecoat Franchising, LLC has the right to retain the Development Fee and franchise fees you have paid. The Development Fee shall be deemed fully earned upon the payment thereof and shall be non-refundable under any circumstances.

6. Site Submission. You shall submit to Company such information regarding the proposed site, in the form which Company shall from time to time require, together with a copy of an executed letter of intent containing the terms of the proposed lease for such site. We will review the submitted information and conduct any evaluation of the proposed site we deem appropriate. We may request any supplemental information we deem appropriate to evaluate the proposed site at any time and you will respond promptly, accurately and completely to such request for supplemental information.

7. Site Acceptance or Rejection. We retain the right to accept or reject each site selected by you, in our sole discretion. Within thirty (30) days after your submission of all initial and supplemental information we request regarding a proposed site, we will give you notice of our acceptance or rejection of the site. If we accept the site, the notice will set forth any remaining conditions to that acceptance. If we reject the site, the notice will set forth the reasons for the rejection. If we do not give you notice of our acceptance of the site within thirty (30) days after your submission of all initial and supplemental information we request regarding the site, you may deem us to have preliminarily rejected the site. You acknowledge that we have not authorized and will not empower or authorize any officer employee or agent of ours to accept or reject any proposed site except in accordance with this Section 7. You agree not to rely upon any representations, written or oral, to the contrary.

8. Responsibility for Site Selection. You will have sole responsibility for selecting the Location of your Development Unit and all aspects of the site acquisition, negotiation and development process, including (without limitation) compliance with all applicable zoning, licensing, building codes, leasing and other requirements. Neither we nor our Affiliates will have any responsibility, obligation or liability to you in connection with our efforts, assistance and/or advice in the selection and securing of a Location for your use, nor will we have any liability for any consequences of your selection of a site or any aspect of the site acquisition, negotiation and development process. You acknowledge that our acceptance of a site does not

constitute any representation, warranty or guaranty by us that the site will constitute a successful location for a Freecoat Store and you waive and release us and our Affiliates from any claims and causes of action in that regard. You confirm that, except as provided in Section 10 below, we will not become involved m any way in the site acquisition, negotiation or development process.

9. Issuance of Franchise Agreement. When we accept your proposed site, we will, if required by Applicable Law and if we have not done so already, transmit to you the Franchise Disclosure Document and execution copies of the then-current Franchise Agreement for the Development Unit. You must sign and return to us the completed Franchise Agreement in accordance with our instructions, along with any remaining portion of the required initial franchise fee calculated as provided in Section 5, within fifteen (15) days after we tender the Franchise Agreement to you. If you fail to return the executed franchise agreement and the balance of the initial franchise fee to us within that fifteen (15)-day period, we may revoke our acceptance of the proposed site. You will not begin construction or remodeling work at the accepted site until you have executed the Franchise Agreement, paid the balance of the initial franchise fee to us, and obtained our approval of the lease and your plans and specifications as provided in the Franchise Agreement.

10. Our Services. During the Development Term, we will provide you with the following services:

a. Site Selection Services. We will provide you with our experience in the selection of sites for Freecoat Stores through the use of the forms, criteria and materials that we make available to developers, as well as the benefit of our review and evaluation of any proposed sites you select.

b. Advice. We will provide you with periodic individual or group advice, consultation and assistance by personal visit, by telephone, or by newsletters or bulletins that we then make available to developers.

c. Other Services. We will provide you with other resources and assistance that we may develop and then make available to new developers. We have no obligation to make any such other resources and assistance available.

11. Nature of Agreement. This Agreement only grants you the right to select sites for the construction of Development Units and to submit those sites to us for our acceptance in accordance with this Agreement. This Agreement does not grant a license to use the name “Freecoat” or any other trade name, service mark, or trademark of ours. This Agreement does not grant you the right to open or operate any Freecoat Store. You will obtain those rights only under a Franchise Agreement with us, if and when fully executed and delivered by you and us.

12. Additional Covenants. During the Development Term you and your Owners covenant with us that you will not engage, either directly or indirectly through any financial or beneficial interest in any other Person, in any Competing Business, other than a Freecoat Store licensed by us. For a period of two (2) years after the termination, assignment or expiration of this Agreement for any reason, you may not engage in any Competing Business within the Applicable Radius from any existing Freecoat Store, as then listed on our website or any directory we provide to you. We may reduce the duration and/or geographic scope of this provision by written notice to you for applicable law. You will not employ or seek to employ any individual who, at the time, currently works or worked during the preceding three (3) months for any of our other licensees or franchisees or for us, except with the consent of the affected licensee or franchisee or with our consent (as applicable). We will not employ or seek to employ any individual who, at the time, currently works or worked during the past three (3) months for you except with your consent. The terms “Competing Business” and “Applicable Radius” are defined in the Franchise Agreement.

13. Default. A default by you will occur under this Agreement if:

a. you default in the performance of any of your obligations under this Agreement or any other agreement with us or our Affiliates, including (without limitation) the failure to meet the Performance Schedule or to make any payments as and when due to us or our Affiliates,

b. you request the appointment of a receiver or have a receiver appointed for any of your business or assets, make a general assignment for the benefit of your creditors, or commence a case for relief or have an order for relief entered against you under the United States Bankruptcy Code, or

c. we discover a material inaccuracy in any of your representations in this Agreement or in your application for this Agreement.

14. Remedies. Upon the occurrence of a default by you, we will have the right to terminate this Agreement upon not less than thirty (30) days' notice to you, or such longer period as may be required by applicable law. If you do not cure the default within that notice period, we may terminate this Agreement. If you cannot cure the default within the notice period because of the nature of the default or if you notify us orally or in writing that you do not intend to cure the default, we may terminate this Agreement immediately upon notice to you. Upon the termination of this Agreement, you immediately will cease to select and acquire sites for Development Units or hold yourself out as a Freecoat Store developer. A termination by us in this instance also permits us to terminate any other agreements between us.

15. CERTAIN WAIVERS.

a. YOU AND WE WAIVE THE RIGHT TO PURSUE AND RECEIVE ANY EXEMPLARY AND PUNITIVE DAMAGES AGAINST THE OTHER PARTY IN ANY DISPUTE ARISING UNDER THIS AGREEMENT OR RELATING TO THE FRANCHISE RELATIONSHIP, WHETHER ASSERTED AS A RELATED OR INDEPENDENT TORT, AS A BREACH OF CONTRACT, OR AS ANY OTHER CLAIM OR CAUSE OF ACTION BASED ON CONSTITUTIONAL, STATUTORY OR COMMON LAW.

b. THE PARTIES WAIVE THE RIGHT TO A JURY TRIAL IN ANY ACTION RELATED TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE FRANCHISOR, THE FRANCHISEE, ANY GUARANTOR, AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS.

c. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN DEVELOPER, DEVELOPER'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/ OFFICERS/ EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

16. Assignment.

a. Assignment by Us. We may transfer, assign or pledge this agreement, in whole or in part, to any Person without the consent of Developer and shall inure to the benefit of any transferee or their legal successor to Company's interests herein; provided, however, that such transferee and successor shall expressly agree to assume Company's obligations under this Agreement. Without limiting the foregoing,

Company may (i) assign any or all of its rights and obligations under this Agreement to a subsidiary or affiliated entity; (ii) sell its assets, its Marks, or its System outright to a third party (including or subject to this Agreement); (iii) go public; (iv) engage in a private placement of some or all of its securities; (v) merge, acquire other corporations, or be acquired by another corporation; or (vi) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring. Company shall be permitted to perform such actions without liability or obligation to Developer who expressly and specifically waives any claims, demands or damages arising from or related to any or all of the above actions (or variations thereof). Company shall have no liability for the performance of any obligations contained in this Agreement after the effective date of such transfer or assignment.

b. Assignment by Developer. This Agreement has been entered into by Company in reliance upon and in consideration of the individual or collective character, reputation, skill, attitude, business ability, and financial capacity of Developer or, if applicable, its Owners who will actively and substantially participate in the development, ownership and operation of the Freecoat Stores. Accordingly, except as otherwise may be permitted herein, neither Developer nor any of Developer's Owners shall directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any direct or indirect interest in this Agreement or in all or substantially all of Developer's assets, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise (an "Assignment"), without Company's prior written consent, which consent may be withheld for any reason whatsoever in Company's sole subjective judgment. Developer's non-competition obligations under this Agreement shall survive any assignment or transfer of its rights and obligations under this Agreement.

c. If Developer is a Business Entity, each of the following shall be deemed to be an Assignment of this Agreement: (i) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, or other encumbrance of fifty percent (50%) or more in the aggregate, whether in one or more transactions, of the assets, capital stock, membership interests or voting power of Developer, by operation of law or otherwise; (ii) the issuance of any securities by Developer which itself or in combination with any other transaction(s) results in the Owners existing as of the Effective Date, owning fifty percent (50%) or less of the outstanding shares, membership interests or voting power of Developer as constituted as of the date hereof; (iii) if Developer is a Partnership, the withdrawal, death or legal incapacity of a general partner or limited partner owning fifty percent (50%) or more of the voting power, property, profits or losses, or partnership interests of the Partnership (each of which is referred to hereinafter as a "Partnership Right"), or the admission of any additional general partner or the transfer by any general partner of any of its Partnership Rights in the Partnership; (iv) the death or legal incapacity of any Owner owning fifty percent (50%) or more of the capital stock, voting power, or Partnership Rights of Developer; and (v) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer control of the Developer, however effected.

d. You may raise additional equity by the sale of your equity interests in exchange for cash or property (but not services) so long as you comply with the following procedures:

(i) The proposed transferee must satisfy all of the requirements and conditions then being used to qualify as a new franchisee of ours, including submission of a completed franchise application at least thirty (30) days before the investment transaction,

(ii) You must satisfy all of your monetary obligations then due and owing to us and our Affiliates,

(iii) You must cure all existing defaults under this Agreement,

(iv) You and your Owners must execute and deliver a general release of all claims and causes of action against us and our Affiliates, and

(v) You must pay us an administrative fee equal to one thousand dollars ($1,000.00) when we approve the new Owner.

e. If you are an individual, then in the event of your death, permanent disability or appointment of a guardian for you, this Agreement will terminate ninety (90) days after your death, permanent disability or appointment of a guardian unless we give our consent within that ninety (90)-day period to the assignment of this Agreement to a successor in compliance with this paragraph.

f. You may designate a Person that is a business entity that your Owners Control, as the franchisee party to a Franchise Agreement at the time you submit your site information for the Development Unit. You will use our then current form of franchise application to provide information on all Persons who are to be Owners of the franchisee of that Development Unit. We may disapprove of any Person you propose to be an Owner and provide notice of our disapproval when we provide you with the Franchise Agreement. We may delay tender of the Franchise Agreement to complete our evaluation of the proposed Owners of the franchisee.

17. Indemnification. You will indemnify and hold us and our Affiliates harmless from any and all costs and damages, including (without limitation) attorneys' fees and expenses, arising from your performance under this Agreement, your activities as developer of Development Units, including (without limitation) the identification, investigation, acquisition and financing of any site and the construction, remodeling and operation of any Development Unit, and including any claims or causes of action alleging our negligence or that you are acting as our agent in any way. You must provide and pay the costs of defense and resolution for us and our Affiliates, using legal counsel acceptable to us and our Affiliates. We and our Affiliates will have the right (but not the obligation) to participate in that defense. This Section shall survive termination or expiration of this Agreement.

18. Relationship of Parties. Neither this Agreement nor the performance of the obligations set forth in this Agreement will operate to make you our partner or agent. Neither party will have the authority to act or contract on behalf of the other. Neither party will have any responsibility for the obligations of the other party. You will indicate clearly the independent ownership of your business in all public records and in all of your dealings with third parties.

19. Entire Agreement. This Agreement will constitute the entire agreement of the parties with regard to the subject matter of this Agreement and will replace and supersede all other written and oral agreements and statements of the parties relating to the subject matter of this Agreement. Neither party is relying on any writing to enter into this Agreement other than as set forth in this Agreement and the Franchise Disclosure Document delivered to you. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, it exhibits and amendments.

20. Waiver. The failure of a party to insist in any one or more stances on the performance of any term or condition of this Agreement will not operate as a waiver of any future performance of that term or condition.

21. Notices. Except as otherwise provided m this Agreement, when this Agreement requires notice, the sending party must deliver or address the notice to the other party by certified mail, telecopy, or delivery service with receipted delivery, or by electronic mail followed by transmittal of the original by first class United States Mail, to the following address or telecopy number.

Us: Freecoat Franchising, LLC
10000 Twin Lakes Parkway, Suite B
Charlotte, NC 28269
Attention: VP of Development
Email: franchise@freecoatnails.com

With a copy to: Shumaker, Loop & Kendrick, LLP
101 South Tryon Street
Suite 2200
Charlotte, NC 28213
Email: jsantaniello@shumakerlaw.com

You: _____
_____
_____
Attention: _____
Email: _____

All notices will be deemed delivered and received if transmitted to the proper address on the earlier of (a) the date that the other party receives or refuses delivery of the notice or (b) three business days after the party places the notice in the United States mail, first class postage prepaid Each party may change the party's address by giving notice to the other party

22. Governing Law. This Agreement shall be governed by the laws of North Carolina (without regard to any conflicts of law principles).

23. Venue. Subject to Section 17, the proper, sole and exclusive venue and forum for any action arising out of or in any way related to this Agreement shall be the federal and state courts where our principal place of business is located at the time of filing. As of the Effective Date, venue shall be exclusive in the federal or state courts sitting in Mecklenburg County, North Carolina. Each party to this Agreement hereby consents to any of those courts' exercise of personal jurisdiction over the party in that type of action and expressly waives all objections the party otherwise might have to that exercise of personal jurisdiction.

24. Legal Fees. In the event either party succeeds in any legal action to enforce the provisions of this Agreement, the losing party will reimburse the prevailing party for its attorneys' fees and costs related to the action, in addition to any other relief obtained by the prevailing party. The award will include an amount for that portion of the prevailing party's administrative overhead reasonably allocable to the time devoted by the prevailing party's in-house legal staff.

25. Construction. The parties acknowledge that each party and/or its legal counsel have reviewed and made revisions to this Agreement. The rule of construction requiring the resolution of any ambiguities in this Agreement against the drafting party will not apply to the construction of this Agreement or any attachments to this Agreement.

26. Authority. Each individual executing this Agreement in a representative capacity represents and warrants that he or she has the authority to execute this Agreement in the capacity indicate.

27. Severability. If a court of competent jurisdiction holds any provision of this Agreement invalid or ineffective with respect to any Person or circumstance, the holding will not affect the remainder of this

Agreement or the application of this Agreement to any other Person or circumstance. If a court of competent jurisdiction holds any provision of this Agreement too broad to allow enforcement to its full extent, the court will have the power and authority to enforce the provision to the maximum extent permitted by law and may modify the scope of the provision accordingly pursuant to an order of the court.

28. Amendment. No amendment to this Agreement will become effective or binding on the parties, unless agreed to by all of the parties.

29. Counterparts. The parties may execute this Agreement in counterparts, each of which will constitute an original and all of which, when taken together will constitute one and the same instrument.

30. Definitions. Unless the context of their use in this Agreement requires otherwise, the following words and phrases will have the following meanings when used in initially capitalized form in this Agreement:

"*Effective Date*" means the date we enter immediately below our signature block on this Agreement as the date on which you and we are legally bound under this Agreement, provided that if no such date is entered, then the Effective Date shall be the date on which we execute and deliver this Agreement

"*In Operation*" means:

(i) the delivery to us of an executed franchise agreement and required initial franchise fee for the store,
(ii) the opening of the store to the general public, and
(iii) the continuous operation of the store in accordance with the terms of the franchise agreement for the store.

"*Performance Schedule*" means the schedule described in Section 3 of this Agreement.

31. Your Representations. You represent to us as follows:

a. Variances to Other Developers and Franchisee. You understand that other developers and franchisees may operate under different forms of agreements and, consequently, that our rights and obligations with regard to our various developers and franchisees may differ materially in certain circumstances.

b. This Transaction. You and the persons signing this Agreement for you have full power and authority and have been duly authorized, to enter into and perform or cause performance of your obligations under this Agreement. You have obtained all necessary approvals of your Owners, Board of Directors and lenders. No executory franchise, license or affiliation agreement for the Development Units exists other than this Agreement. Attachment A accurately states the names, addresses and ownership percentages of your Owners. Your execution, delivery and performance of this Agreement will not violate, create a default under or breach of any charter, bylaws, agreement or other contract, license, permit, indebtedness, certificate, order, decree or security instrument to which you or any of your Owners is a party or is subject or to which the Location is subject. Neither you nor the Location is the subject of any current or pending merger, sale, dissolution, receivership, bankruptcy, foreclosure, reorganization, insolvency, or similar action or proceeding on the date you execute this Agreement and was not within the three (3) years preceding such date, except as disclosed in your franchise application. To the best of your knowledge, neither you, your Owners, your officers, directors, contractors, or employees or anyone else affiliated or associated with you, whether by common ownership, by contract, or otherwise, has been designated as, or

are, a terrorist, a "Specially Designated National" or a "Blocked Person" under U S Executive Order 13224, in lists published by the US Department of Treasury's Office of Foreign Assets Control, or otherwise.

c. No Misrepresentations or Implied Covenants. All written information you submit to us about the Location, you, your Owners, any guarantor, or the finances of any such person or entity, was or will be at the time delivered and when you sign this Agreement, true, accurate and complete, and such information contains no misrepresentation of a material fact, and does not omit any material fact necessary to make the information disclosed not misleading under the circumstances. There are no express or implied covenants or warranties, oral or written, between we and you except as expressly stated in this Agreement.

32. Force Majeure. Should Developer be unable to meet the Minimum Development Obligation solely as the result of "Force Majeure," including, but not limited to strikes, pandemic, material shortages, fires, floods, earthquakes, and other acts of God, or by force of law (including, but not limited to any legal disability of Company to deliver any Franchise Disclosure Document required by law to be delivered as contemplated in this Agreement), which result in the inability of Developer to construct or operate any Freecoat Stores at the location initially selected by Developer, and which Developer could not by the exercise of due diligence have avoided, Developer may request that Company extend the affected Development Periods by the amount of time during which such Force Majeure shall exist. Company will not unreasonably decline to extend the applicable Development Period(s) in such event, provided that Developer shall have promptly (in any event not more than 30 days after commencement of the Force Majeure) submitted its request therefor in writing and promptly furnished Company such information concerning the circumstances as Company may reasonably require. In the event of any said legal disability of Company to deliver a Franchise Disclosure Document, Company shall diligently use all commercially reasonable efforts promptly to remove such legal disability.

IN WITNESS WHEREOF, the parties have executed and delivered this Multi-Unit Agreement, intending to be legally bound, as of the Effective Date.

FRANCHISOR:	**DEVELOPER:**
FREECOAT FRANCHISING, LLC	_____
By: _____	By: _____
Printed: _____	Printed: _____
Title: _____	Title: _____
Date: _____	

MULTI-UNIT SCHEDULE A

MINIMUM DEVELOPMENT OBLIGATIONS

Developer is required to develop the following number of units in the time periods set forth below (the "Minimum Development Obligations").

Development Unit #	Development Fee	Trade Area	Deadlines
1	$_____		Lease signed within four (4) months of signing this Agreement and Unit open within nine (9) months after signing this Agreement
2	$_____		Lease signed within ten (10) months of signing this Agreement and Unit open within fifteen (15) months after signing this Agreement
3	$_____		Lease signed within sixteen (16) months of signing this Agreement and Unit open within twenty-one (21) months after signing this Agreement
TOTAL	$_____		

The Franchisor may extend any applicable opening deadlines for a reasonable period of time if, in the opinion of the Franchisor the Franchisee is unable to find a suitable location for the relevant Freecoat Store within the Desired Market.

ATTACHMENT A

DEVELOPER OWNERSHIP CHART

The following chart accurately states the names, addresses and ownership percentages of all Owners of the Developer:

Owner Name	Owner Address	Ownership Percentage

EXHIBIT B
TO FRANCHISE DISCLOSURE DOCUMENT

LISTS OF CURRENT AND FORMER FRANCHISEES

1. List of Currently Operating Franchisees as of December 31, 2021:

North Carolina		
Healthy Hands, Inc.	8680 Concord Mills Blvd. Unit 20-B Concord, NC 28027	Michelle Benoit michellebenoit624@gmail.com
Forever To Keep, LLC	20124 W Catawba Avenue Suite A Cornelius, NC 28031	Mikayla Keep mmcdonnell0397@gmail.com

2. The following is a list of Franchisees/Multi-Unit Franchisees for whom one or more Franchise Agreement(s) or Multi-Unit Agreement(s) have been signed but that are not yet operational as of December 31, 2021:

North Carolina		
Non-ToxicAF, LLC	2266 Laurens Drive Concord, NC 28027	Gabrielle Reising gabby.reising@freecoatnails.com

South Carolina		
LDS Beauty Bar, LLC	115 Pimlico Rd. Greenville, SC 29607	Doug Stout doug.stout@freecoatnails.com

As of December 31, 2021, there are no Multi-Unit Franchisees.

3. The name and last known address and telephone number of every Franchisee who had a Store terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the one-year period ending December 31, 2021, or who has not communicated with us within 10 weeks of the date of this Franchise Disclosure Document are as follows:

None

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

EXHIBIT C
TO FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

2022 Unaudited Financial Statements

(for fiscal period ending June 30, 2022)

Freecoat Franchising LLC

Balance Sheet

As of June 30, 2022

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
ATM Escrow xx5072	9,923.50
FC Franchising Operating (0587)	105,294.13
Total Bank Accounts	**$115,217.63**
Accounts Receivable	
Accounts Receivable (A/R)	30,787.86
Total Accounts Receivable	**$30,787.86**
Other Current Assets	
ATM Escrowed Funds	-10,000.00
Total Other Current Assets	**$ -10,000.00**
Total Current Assets	**$136,005.49**
TOTAL ASSETS	**$136,005.49**
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	0.00
Total Accounts Payable	**$0.00**
Total Current Liabilities	**$0.00**
Total Liabilities	**$0.00**
Equity	
Freecoat Holdings, LLC	4,014.84
Retained Earnings	52,387.43
Net Income	79,603.22
Total Equity	**$136,005.49**
TOTAL LIABILITIES AND EQUITY	**$136,005.49**

Freecoat Franchising LLC

Quarterly Profit and Loss Summary

January - June, 2022

	JAN - MAR, 2022	APR - JUN, 2022	TOTAL
Income			
Apparel Income	41.13		$41.13
Brand Fund	885.97	1,020.80	$1,906.77
Franchise Fees	44,500.00	49,500.00	$94,000.00
Royalties Collected	5,074.18	6,124.64	$11,198.82
Tech Fee	2,200.00	2,200.00	$4,400.00
Total Income	**$52,701.28**	**$58,845.44**	**$111,546.72**
GROSS PROFIT	**$52,701.28**	**$58,845.44**	**$111,546.72**
Expenses			
Bank Charges & Fees	121.00	22.50	$143.50
Dues & Subscriptions			$0.00
Surety Bond	1,800.00		$1,800.00
Total Dues & Subscriptions	**1,800.00**		**$1,800.00**
Franchise Fee Commissions	30,000.00		$30,000.00
Total Expenses	**$31,921.00**	**$22.50**	**$31,943.50**
NET OPERATING INCOME	**$20,780.28**	**$58,822.94**	**$79,603.22**
NET INCOME	**$20,780.28**	**$58,822.94**	**$79,603.22**

FREECOAT FRANCHISING, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2021

FREECOAT FRANCHISING, LLC
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REESE
CPA LLC

Independent Auditor's Report

To the Member
Freecoat Franchising, LLC
Charlotte, NC

Report on the Financial Statements

We have audited the accompanying balance sheets of Freecoat Franchising, LLC as of December 31, 2021, and 2020 and the related statements of operations, member's equity, and cash flows for the year ended December 31, 2021, and the period from June 23, 2020 (Inception) through December 31, 2020, and the notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Freecoat Franchising, LLC as of December 31, 221, and 2020 and the results of their operations and their cash flows for the year ended December 31, 2021, and the period from June 23, 2020 (Inception) through December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

Reese CPA LLC

Thornton, Colorado
May 13, 2022

15953 Fillmore Street • Thornton, CO 80602
Office: (303) 999-6485 • Fax (303) 284-5041

FREECOAT FRANCHISING, LLC
BALANCE SHEETS
AS OF DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and equivalents	$ 82,820	$ 33,447
Accounts receivable	13,282	-
Contract acquisition costs, current	13,800	-
TOTAL CURRENT ASSETS	109,902	33,447
NON-CURRENT ASSETS		
Contract acquisition costs	13,726	-
TOTAL ASSETS	$ 123,628	$ 33,447
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 29,700	$ -
Non-refundable deferred franchise fees, current	$ 30,000	$ 18,119
Franchisee deposits	10,000	10,000
TOTAL CURRENT LIABILITIES	69,700	28,119
NON-CURRENT LIABILITIES	-	-
Non-refundable deferred franchise fees	31,000	1,800
TOTAL LIABILITIES	100,700	29,919
MEMBER'S EQUITY		
Member contribution	500,000	500,000
Retained (deficit)	(383,355)	(103,044)
Due from parent	(93,717)	(393,428)
TOTAL MEMBER'S EQUITY	22,928	3,528
TOTAL LIABILITIES AND MEMBER'S EQUITY	$ 123,628	$ 33,447

The accompanying notes are an integral part of these financial statements.

FREECOAT FRANCHISING, LLC
STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND THE PERIOD
FROM JUNE 23, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	2021	2020
REVENUES		
Franchise fees	$ 13,419	$ 2,581
Royalties	7,772	-
Brand fund	1,295	-
Other fees	2,200	-
TOTAL REVENUE	24,686	2,581
OPERATING EXPENSES		
Payroll and related expense	110,849	40,442
Franchise costs	18,965	10,208
Advertising expense	133,342	27,666
Professional fees	28,224	24,770
General and administrative	13,617	2,539
TOTAL OPERATING EXPENSES	304,997	105,625
OPERATING (LOSS)	(280,311)	(103,044)
OTHER INCOME (EXPENSE)	-	-
NET (LOSS)	$ (280,311)	$ (103,044)

The accompanying notes are an integral part of these financial statements.

FREECOAT FRANCHISING, LLC
STATEMENTS OF CHANGES IN MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021 AND THE PERIOD
FROM JUNE 23, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	Member Contribution	Retained (Deficit)	Total Member's Equity
BALANCE, JUNE 23, 2020 (INCEPTION)	$ -	$ -	$ -
Member contribution	500,000	-	500,000
Net income	-	(103,044)	(103,044)
BALANCE, DECEMBER 31, 2020	**500,000**	**(103,044)**	**396,956**
Net income	-	(280,311)	(280,311)
BALANCE, DECEMBER 31, 2021	**$ 500,000**	**$ (383,355)**	**$ 116,645**

The accompanying notes are an integral part of these financial statements.

FREECOAT FRANCHISING, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND THE PERIOD FROM JUNE 23, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ (280,311)	$ (103,044)
Adjustments to reconcile net income to net cash provided by operating activities:		
Recognition of contract acquisition costs	$ 2,174	
Recognition of deferred franchise fees	(13,419)	(2,581)
Changes in assets and liabilities		
Accounts receivable	(13,282)	-
Prepaid expense		
Contract acquisition costs	(29,700)	
Accounts payable	29,700	
Franchisee deposits	-	10,000
Non-refundable deferred franchise fees	54,500	22,500
Net cash provided by operating activities	(250,338)	(73,125)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash provided by investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Member contribution	-	500,000
Due from parent	299,711	(393,428)
Net cash provided by financing activities	299,711	106,572
NET INCREASE IN CASH	49,373	33,447
CASH, BEGINNING	33,447	-
CASH, ENDING	$ 82,820	$ 33,447
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	$ -	$ -
Cash paid for taxes	$ -	$ -

The accompanying notes are an integral part of these financial statements.

FREECOAT FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Freecoat Franchising, LLC ("Company") was incorporated on June 23, 2020, (Inception) in the State of North Carolina. The Company grants franchises to qualified persons to own and operate a retail store that is in the business of selling full-service nail and beauty services featuring non-toxic, fume-free, and eco-friendly materials ("Freecoat").

Parent and Affiliates

The parent company, Freecoat Holdings, LLC was formed in North Carolina on June 23, 2020, as a limited liability company. The parent was formed to wholly own the Company its two affiliates.

The first affiliate, Freecoat Franklin, LLC was formed in Tennessee on June 23, 2020, as a limited liability company. This affiliate has been operating a Freecoat location since June 2020.

The second affiliate, Freecoat Mount Pleasant, LLC was formed in South Carolina on June 23, 2020, as a limited liability company. This affiliate has been operating a Freecoat location since June 2020.

The parent and affiliates have not offered franchises in this or any other line of business.

The following table summarizes the number of locations owned and operating for the year ended December 31, 2021, and the period from June 23, 2020 (Inception) through December 31, 2020:

	2021	2020
Locations in operation, beginning	2	0
Locations opened	2	2
Locations terminated or closed	-	-
Locations in operation, ending	4	2
Franchised locations	1	-
Affiliate owned locations	3	2

COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A summary of significant accounting policies follows:

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

Preparation of the Company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2021, and 2020.

Accounts Receivable

Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. Management evaluates individual customer's receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any allowance for doubtful accounts as of December 31, 2021, and 2020 and did not charge-off any accounts receivable during the year ended December 31, 2021, and the period from June 23, 2020 (Inception) through December 31, 2020.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment on December 31, 2021, and 2020.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in

circumstances indicate that the carrying value might not be recoverable. The Company had no intangible assets on December 31, 2021, and 2020.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company has elected to be taxed as a "Disregarded Entity" under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its member and no provisions for federal or state taxes has been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements.

Revenue Recognition

The Company's revenue will be recognized under the guidance of ASC 606 "Revenue from Contracts with Customers". The Company's revenue primarily consists of initial franchise fees and royalty revenues.

Under ASC 606 each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

The initial franchise fee is allocated among the Company's pre-opening performance obligations and recognized when the performance obligation has been satisfied. If any part of the allocated initial franchise fee is associated with a performance obligation delivered continuously over the term of the agreement the revenue will be deferred and recognized ratably over the term of the franchise agreement which is currently 10 years.

Performance obligations of the Company that are delivered continuously over the term of the franchise agreement, such as on-going support continuing brand development, access to the agreed territory and use of intellectual property are associated with royalty revenue. Royalties are 6% of gross sales, are billed weekly and are recognized as revenue when earned.

Brand Fund Contribution

Contributions to the brand fund are 1% of gross sales. The Company has reserved the right to increase the brand fund contribution to 3% of gross sales. Contributions will be collected monthly and will be recognized up to the amount paid by the fund, for both operating and capital expenditures, not to exceed amounts collected or accrued during the year. Any amounts collected or accrued but unspent at the end of the year will be reported as deferred revenue on the balance sheet. The Company did not collect any brand fund contributions during the period from June 23, 2020 (Inception) through December 31, 2020.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the year ended December 31, 2021, and the period from June 23, 2020 (Inception) through December 31, 2020, was $133,342 and $27,666.

Fair Value of Financial Instruments

For the Company's financial instruments consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 – CONTRACTS WITH CUSTOMERS

The Company has recorded a liability for unearned revenue associated with franchisee acquisition and acceptance performance obligation of the Company's franchise agreement. The account balances and activity are as follows:

	December 31, 2021	December 31, 2020
Contract Acquisition Costs:		
Balance Beginning of year	$ -	$ -
Deferral of contract acquisition costs	29,700	-
Recognition of contract acquisition costs	(2,174)	-
Balance at End of Year	$ 27,526	$ -
Deferred Non-refundable Franchise Fees:		
Balance Beginning of year	$ 19,919	$ -
Deferral of non-refundable franchise fees	54,500	22,500
Recognition of non-refundable franchise fees	(13,419)	(2,581)
Balance at End of Year	$ 61,000	$ 19,919

Estimated Recognition of Non-refundable Deferred Franchise Fees and Franchise Acquisition Costs

Estimated revenues and franchise acquisition costs to be recognized in future periods related to non-refundable deferred franchise fees as reported at December 31, 2021, is as follows:

	Contract Acquisition Costs	Non-refundable Franchise Fees
Year ending December 31:		
2022	$ 13,800	$ 30,000
2023	13,726	31,000
	$ 27,526	$ 61,000

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the year ended December 31, 2021, and the period from June 23, 2020 (Inception) through December 31, 2020, is as follows:

	2021	2020
Performance obligations satisfied at a point in time	$ 15,619	$ 2,581
Performance obligations satisfied through the passage of time	9,067	-
Total revenues	$ 24,686	$ 2,581

NOTE 3 - COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 4 –SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through May 13, 2022, the date on which the financial statements were available to be issued.

FREECOAT FRANCHISING, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2020

FREECOAT FRANCHISING, LLC
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REESE
CPA LLC

Independent Auditor's Report

To the Member
Freecoat Franchising, LLC
Charlotte, NC

Report on the Financial Statements

We have audited the accompanying balance sheet of Freecoat Franchising, LLC as of December 31, 2020 and the related statements of operations, member's equity, and cash flows for the period from June 23, 2020 (Inception) through December 31, 2020, and the notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Freecoat Franchising, LLC as of December 31, 2020 and the results of their operations and their cash flows for the period from June 23, 2020 (Inception) through December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

Reese CPA LLC

Thornton, Colorado
April 30, 2021

15953 Fillmore Street • Thornton, CO 80602
Office: (303) 999-6485 • Fax (303) 284-5041

FREECOAT FRANCHISING, LLC
BALANCE SHEET
AS OF DECEMBER 31, 2020

ASSETS		
CURRENT ASSETS		
Cash and equivalents	$	33,447
TOTAL CURRENT ASSETS		33,447
NON-CURRENT ASSETS		-
TOTAL ASSETS	$	33,447
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Non-refundable deferred franchise fees, current	$	18,119
Franchisee deposits		10,000
TOTAL CURRENT LIABILITIES		28,119
NON-CURRENT LIABILITIES		-
Non-refundable deferred franchise fees		1,800
TOTAL LIABILITIES		29,919
MEMBER'S EQUITY		
Member contribution		500,000
Retained (deficit)		(103,044)
Due from parent		(393,428)
TOTAL MEMBER'S EQUITY		3,528
TOTAL LIABILITIES AND MEMBER'S EQUITY	$	33,447

The accompanying notes are an integral part of these financial statements.

FREECOAT FRANCHISING, LLC
STATEMENT OF OPERATIONS
FOR THE PERIOD FROM JUNE 23, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

REVENUES		
Franchise fees	$	2,581
OPERATING EXPENSES		
Payroll and related expense		40,442
Advertising expense		27,666
Professional fees		24,770
General and administrative		12,747
TOTAL OPERATING EXPENSES		105,625
OPERATING INCOME		(103,044)
OTHER INCOME (EXPENSE)		-
NET INCOME	$	(103,044)

The accompanying notes are an integral part of these financial statements.

FREECOAT FRANCHISING, LLC
STATEMENT OF CHANGES IN MEMBER'S EQUITY
FOR THE PERIOD FROM JUNE 23, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	Member Contribution	Retained (Deficit)	Total Member's Equity
BALANCE, JUNE 23, 2020 (INCEPTION)	$ -	$ -	$ -
Member contribution	500,000	-	500,000
Net income	-	(103,044)	(103,044)
BALANCE, DECEMBER 31, 2020	**$ 500,000**	**$ (103,044)**	**$ 396,956**

The accompanying notes are an integral part of these financial statements.

FREECOAT FRANCHISING, LLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JUNE 23, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$	(103,044)
Adjustments to reconcile net income to net cash provided by operating activities:		
Recognition of deferred franchise fees		(2,581)
Changes in assets and liabilities		
Franchisee deposits		10,000
Non-refundable deferred franchise fees		22,500
Net cash provided by operating activities		(73,125)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash provided by investing activities		-
CASH FLOWS FROM FINANCING ACTIVITIES		
Member contribution		500,000
Due from parent		(393,428)
Net cash provided by financing activities		106,572
NET INCREASE IN CASH		33,447
CASH, BEGINNING		-
CASH, ENDING	$	33,447
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	$	-
Cash paid for taxes	$	-

The accompanying notes are an integral part of these financial statements.

FREECOAT FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Freecoat Franchising, LLC ("Company") was incorporated on June 23, 2020, (Inception) in the State of North Carolina. The Company grants franchises to qualified persons to own and operate a retail store that is in the business of selling full-service nail and beauty services featuring non-toxic, fume-free, and eco-friendly materials ("Freecoat").

Parent and Affiliates

The parent company, Freecoat Holdings, LLC was formed in North Carolina on June 23, 2020 as a limited liability company. The parent was formed to wholly own the Company its two affiliates.

The first affiliate, Freecoat Franklin, LLC was formed in Tennessee on June 23, 2020 as a limited liability company. This affiliate has been operating a Freecoat location since June 2020.

The second affiliate, Freecoat Mount Pleasant, LLC was formed in South Carolina on June 23, 2020 as a limited liability company. This affiliate has been operating a Freecoat location since June 2020.

The parent and affiliates have not offered franchises in this or any other line of business.

The following table summarizes the number of locations owned and operating for the period beginning June 23 (Inception) and ending December 31:

	2020
Locations in operation, beginning	0
Locations opened	2
Locations terminated or closed	-
Locations in operation, ending	2
Franchised locations	-
Affiliate owned locations	2

COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A summary of significant accounting policies follows:

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

Preparation of the Company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2020.

Accounts Receivable

Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. Management evaluates individual customer's receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of December 31, 2020 and did not charge-off any accounts receivable during the period from June 23, 2020 (Inception) through December 31, 2020.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment on December 31, 2020.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. The Company had no intangible assets on December 31, 2020.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company has elected to be taxed as a "Disregarded Entity" under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its member and no provisions for federal or state taxes has been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements.

Revenue Recognition

The Company's revenue will be recognized under the guidance of ASC 606 "Revenue from Contracts with Customers". The Company's revenue primarily consists of initial franchise fees and royalty revenues.

Under ASC 606 each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

The initial franchise fee is allocated among the Company's pre-opening performance obligations and recognized when the performance obligation has been satisfied. If any part of the allocated initial franchise fee is associated with a performance obligation delivered continuously over the term of the agreement the revenue will be deferred and recognized ratably over the term of the franchise agreement which is currently 10 years.

Performance obligations of the Company that are delivered continuously over the term of the franchise agreement, such as on-going support continuing brand development, access to the agreed territory and use of intellectual property are associated with royalty revenue. Royalties are 6% of gross sales, are billed weekly and are recognized as revenue when earned.

Brand Fund Contribution

Contributions to the brand fund are 1% of gross sales. The Company has reserved the right to increase the brand fund contribution to 3% of gross sales. Contributions will be collected monthly and will be recognized up to the amount paid by the fund, for both operating and capital expenditures, not to exceed amounts collected or accrued during the year. Any amounts collected or accrued but unspent at the end of the year will be reported as deferred revenue on the balance sheet. The Company did not collect any brand fund contributions during the period from June 23, 2020 (Inception) through December 31, 2020.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense the period from June 23, 2020 (Inception) through December 31, 2020 was $27,666.

Fair Value of Financial Instruments

For the Company's financial instruments consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 – CONTRACTS WITH CUSTOMERS

The Company has recorded a liability for unearned revenue associated with franchisee acquisition and acceptance performance obligation of the Company's franchise agreement. The account balances and activity are as follows:

	December 31, 2020
Deferred Non-refundable Franchise Fees:	
Balance Beginning of year	$ -
Deferral of non-refundable franchise fees	22,500
Recognition of non-refundable franchise fees	(2,581)
Balance at End of Year	$ 19,919

Estimated Recognition of Non-refundable Deferred Franchise Fees and Franchise Acquisition Costs

Estimated revenues and franchise acquisition costs to be recognized in future periods related to non-refundable deferred franchise fees as reported at December 31, 2020 is as follows:

	Non-refundable Franchise Fees
Year ending December 31:	
2021	$ 180
2022	180
2023	180
2024	180
2025	180
Thereafter	900
	$ 1,800

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees is as follows:

	Year Ended December 31, 2020
Peformance obligations satisfied at a point in time	$ 2,581
Performance obligations satisfied through the passage of time	-
Total revenues	$ 2,581

NOTE 3 - COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 4 –SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through April 30, 2021, the date on which the financial statements were available to be issued.

EXHIBIT D
TO FRANCHISE DISCLOSURE DOCUMENT

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CONFIDENTIAL OPERATIONS MANUAL
(Total Pages as of 12/31/2021 - 208 pages)

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EXHIBIT E
TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department 2101 Arena Boulevard Sacramento, CA 95834 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St., 21st Floor New York, NY 10005 (212) 416-8285	Secretary of State 99 Washington Avenue Albany, NY 12231

State	State Administrator	Agent for Service of Process (if different from State Administrator)
North Dakota	North Dakota Securities Department 600 East Boulevard Ave. State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department 600 East Boulevard Ave. State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex–69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Director of the Division of Insurance 124 South Euclid, Suite 104 Pierre, SD 57501-3185 (605) 773-3563
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division PO Box 9033 Olympia, WA 98507 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, WI 53701 (608) 266-2801	Securities And Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue Suite 300 Madison, WI 53703

EXHIBIT F
TO FRANCHISE DISCLOSURE DOCUMENT

STATE-SPECIFIC ADDENDA

STATE-SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND MULTI-UNIT AGREEMENT

The following modifications are made to the Freecoat Franchising, LLC ("Freecoat," "Franchisor," "us," "we," or "our") Franchise Disclosure Document ("FDD") given to Franchisee ("Franchisee," "you," or "your") and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____ ("Franchise Agreement").

[*Beginning on following page*]

CALIFORNIA

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

California Corporations Code Section 31125 requires us to give to you a FDD approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement and/or Multi-Unit Agreement.

The Franchise Agreement and Multi-Unit Agreement require binding arbitration. The arbitration will occur in the State of North Carolina, with the costs being borne by the prevailing party. Prospective Franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement, Multi-Unit Agreement or Supplemental Agreements restricting venue to a form outside the State of California.

The Franchise Agreement, Multi-Unit Agreement and Supplemental Agreements require the application of the Franchisor's Choice of Law State. This provision may not be enforceable under California law. For purposes of the State Addendum, the "Franchisor's Choice of Law State" is North Carolina.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 USCA 78a *et seq*, suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement, Multi-Unit Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement and/or Multi-Unit Agreement contain a number of provisions that may affect your and our legal rights in the event of a dispute between us, a mutual waiver of exemplary damages and a reduced time frame within which either of us may initiate proceedings against the other. We recommend that you carefully review all of these provisions, and the entire contracts, with a lawyer.

The Franchise Agreement, Multi-Unit Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 USCA SEC 101 *et. seq.*).

The Franchise Agreement, Multi-Unit Agreement and Supplemental Agreements contain a covenant not to compete provision, which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement, Multi-Unit Agreement or Supplemental Agreements may not be enforceable.

The Franchise Agreement and Multi-Unit Agreement contain a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The franchise agreement allows us to determine the amounts you charge for products. The Antitrust Law Section of the Office of the California Attorney General views minimum or maximum price agreements as per se violations of the Cartwright Act.

The Franchise Agreement and Multi-Unit Agreement contain a provision requiring you to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions may not be enforceable in California for any claims you may have under the California Franchise Investment Law.

The franchisor will not enforce in California the prohibition on franchisee employing or soliciting for employment any current or former employee of franchisor or its affiliates (also known as a no-poach/non-solicitation provision) in section 18.5 of the Franchise Agreement that is disclosed in Item 17, rows q and r.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

The following is hereby added to Item 19 of the FDD:

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

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

The following is hereby added to the Franchise Agreement:
Franchisee shall, upon a transfer of interest according to Section 15.2, contract with the buyer to refrain from carrying on a similar business within a ten (10) mile radius of the Freecoat Center for so long as the buyer or any person deriving title to the goodwill or ownership interest from the buyer, carries on a like business therein.

Section 18.5 of the franchise agreement is hereby removed for California franchisees.

The following is hereby added to the Franchise Agreement and Multi-Unit Agreement:

No disclaimer, questionnaire, clause, or statement signed by a franchisee or prospective franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor,

broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

HAWAII

The following is added to the Cover Page of the FDD:

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

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS BEFORE THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FDD, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

Registered agent in the state authorized to receive service of process: Commissioner of Securities 335 Merchant Street Honolulu, Hawaii 96813

Franchise Agreement

Section 2.2.6 of the Franchise Agreement under the heading "Term and Renewal," shall be deleted in its entirety, and shall have no force or effect, and the following Section 2.2.6 shall be substituted in lieu thereof.

"2.2.6 Franchisee and Freecoat shall execute a mutual general release, in a form prescribed by Freecoat, of any and all claims which each may have against the other and their affiliates (except as to amounts then due to Freecoat for royalties, advertising contributions, materials, and the like), and their respective shareholders, directors, employees, and agents in their corporate and individual capacities, excluding only such claims as each may have that arise under the Hawaii Franchise Investment Law"

Section 12.2.2 of the Franchise Agreement, under the heading "Transfer of Interest," shall be deleted in its entirety, and shall have no force or effect, and the following Section 12.2.2 shall be substituted in lieu thereof.

"12.2.2 Freecoat and the transferor shall have executed a mutual general release, in a form prescribed by Freecoat, of any and all claims which each may have against the other and their affiliates, and their respective shareholders, directors, employees, and agents in their corporate and individual capacities, excluding only such claims as each may have that arise under the Hawaii Franchise Investment Law."

Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law (Hawaii Rev. Stat. §§ 482E-, et seq.) are met independently without reference to this Amendment.

ILLINOIS ADDENDUM TO THE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT and MULTI-UNIT AGREEMENT

Illinois law governs the franchise agreements.

A Surety Bond has been obtained by Franchisor to assure its financial capability. The Bond is on file with the Office of the Illinois Attorney General. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

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

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

Item 17 is amended by the addition of the following:

The conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, and we will comply with that law in Illinois.

The other conditions under which your franchise can be terminated and your rights of nonrenewal may be affected by Illinois law, 815 Illinois Compiled Statutes 705/19 and 705/20.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

Dated _____

Company:	**Franchisee:**
FREECOAT FRANCHISING, LLC	_____
By: _____	By: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____

INDIANA

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2 7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2 7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2 7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in Item 17r. of the FDD is deleted and the following is inserted in its place: No competing business for two (2) years within the Territory

The "Summary" column in Item 17t. of the FDD is deleted and the following is inserted in its place: Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The "Summary" column in Item 17v. of the FDD is deleted and the following is inserted in its place: Litigation regarding Franchise Agreement in Indiana, other litigation in the Franchisor's Choice of Law State. This language has been included in this FDD as a condition to registration. The franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable The franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The "Summary" column in Item 17w. of the FDD is deleted and the following is inserted in its place: Indiana law applies to disputes covered by Indiana franchise laws, otherwise Franchisor's Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Indiana.

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or North Carolina law, if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2 7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel, which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason modified to the extent necessary to comply with Indiana Code 23-2-2 7-1 (9).

5. The following provision will be added to the Franchise Agreement.

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

MARYLAND

FDD

Item 5 is amended by the following:

Item 5 Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

Item 17 is amended by the following:

Item 17 "Renewal, Termination, Transfer and Dispute Resolution," of the FDD and sections of the Franchise Agreement and Supplemental Agreements are amended to state that "you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise. Item 17 of the FDD is hereby amended to the extent required under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec 101 et seq.).

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claim arising under the Maryland Franchise and Disclosure Law must be brought within 3 years after the grant of the franchise.

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Franchise Agreement

A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claim arising under the Maryland Franchise and Disclosure Law must be brought within three (3) years after the grant of the franchise.

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a

lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Item 5 is amended by the following:

Item 5 Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

[*Signatures for the Maryland Addendum to the Franchise Agreement on following page*]

Dated _____

Company:	**Franchisee:**
FREECOAT FRANCHISING, LLC	_____
By: _____	By: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____

[*Maryland Addendum to Multi-Unit Agreement on following page*]

Multi-Unit Agreement

The Multi-Unit Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec 101 et seq.).

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Item 5 is amended by the following:

Item 5 Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

Dated _____

Company:	**Franchisee:**
FREECOAT FRANCHISING, LLC	_____
By: _____	By: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____

MICHIGAN

The following is hereby inserted after the cover page of the FDD:

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

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

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

(b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.

(c) A provision that permits us to terminate a franchise before the expiration of its term except for good cause. Good cause shall include your failure 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 us to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if (i) the term of the franchise is less than 5 years and (ii) you are 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 you do not receive at least 6 months advance notice of our intent not to renew the franchise.

(e) A provision that permits us 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 the state of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent us 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 our then current reasonable qualifications or standards;

(ii) The fact that the proposed transferee is a competitor of us or our sub-franchisor;

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

(iv) Your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General, Consumer Protection Division
Attn. Franchise
G. Mennen Williams Building 525 W Ottawa Street
Lansing, Michigan 48913
Telephone Number (517) 373-7117

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN $100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

NOTE: NOTWITHSTANDING PARAGRAPH (F) ABOVE, WE INTEND TO, AND YOU AGREE THAT WE AND YOU WILL, ENFORCE FULLY THE PROVISIONS OF THE ARBITRATION SECTION OF OUR AGREEMENTS. WE BELIEVE THAT PARAGRAPH (F) IS UNCONSTITUTIONAL AND CANNOT PRECLUDE US FROM ENFORCING THE ARBITRATION PROVISIONS.

MINNESOTA

Franchise Disclosure Document.

Despite anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Minnesota.

1. Any provision in the Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statute Sections 80C01 to 80C 22 will be void to the extent that such contractual provision violates such law.

2. Minn. Stat Sec 80C21 and Minn. Rule Part 2860 4400J prohibit the franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the FDD or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

3. Minn. Rule Part 2860 4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any Agreement relating to franchises offered and sold in the State of Minnesota, provided, however, that this paragraph will not affect the obligation in the Agreement relating to arbitration.

4. Item 6 of the FDD is hereby amended to state that insufficient funds are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under this Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System Standards.

6. Minnesota Rule 2860 4400(D) prohibits a Franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.

7. The following language will appear as a new paragraph of the Franchise Agreement:

   No Abrogation. Pursuant to Minnesota Statutes, Section 80C 21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80 C.

8. Minnesota Statute Section 80C 17 states that "no action for a violation of Minnesota Statutes, Sections 80C 01 to 80C 22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail."

Item 17, "Renewal, Termination, Transfer, and Dispute Resolution," shall be amended by the addition of the following language:

Minnesota law provides franchisees with certain termination, non-renewal, and transfer rights. In sum, Minn. Stat § 80C 14 (subd. 3, 4, and 5) currently require, except in certain specified cases, that a franchisee

be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise not be unreasonably withheld.

As stated in Minn. Rule 2860 4400D, any general release of claims that you or a transferor may have against us or our shareholders, directors, employees and agents, including without limitation claims arising under federal, state, and local laws and regulations shall exclude such claims you or a transferor may have under the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce.

Minn. Stat §80C21 and Minn. Rule 2860 4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Franchise Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Franchise Agreement

Section 2.2.6 of the Agreement, under the heading "Term and Renewal," shall be deleted in its entirety and shall have no force or effect, and the following shall be inserted in lieu thereof:

2.2.6 At Freecoat's option, Franchisee and Freecoat shall execute a mutual general release, in a form prescribed by Freecoat, of any and all claims which each may have against the other and their affiliates (except as to amounts then due to Freecoat for royalties, advertising contributions, materials, and the like), and their respective shareholders, directors, employees, and agents in their corporate and individual capacities, excluding only such claims as each may have that have arisen under the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

Section 8.4 of the Agreement, under the heading "Confidential Manuals and Information," shall be deleted in its entirety and shall have no force or effect, and the following shall be inserted in lieu thereof.

8.4 Franchisee acknowledges that any failure to comply with the requirements of this Section 8 will cause Freecoat irreparable injury for which no adequate remedy at law may be available, and Franchisee agrees that Freecoat may seek, and Franchisee agrees to pay, all court costs and reasonable attorney fees incurred by Freecoat in obtaining an ex parte order for injunctive or other legal or equitable relief with respect to the requirements of this Section 8.

Section 12.2.2 of the Agreement, under the heading "Transfer of Interest," shall be deleted in its entirety and shall have no force or effect, and the following shall be inserted in lieu thereof:

12.2.2 Freecoat and the transferor shall have executed a mutual general release, in a form prescribed by Freecoat, of any and all claims which each may have against the other and their affiliates, and their respective shareholders, directors, employees, and agents in their corporate and individual capacities, excluding only such claims as each may have under the Minnesota Franchise Act and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

Section 25.8 of the Agreement, under the heading, "Dispute Resolution," shall be deleted in its entirety, and shall have no force or effect, and the following shall be inserted in lieu thereof.

Any claim or controversy arising out of or related to this Agreement, or the making, performance, breach, interpretation, or termination thereof, brought by any party hereto against the other, shall be commenced within three years from the occurrence of the facts giving rise to such claim or action, or such claim or

action shall be barred Freecoat and Franchisee hereby waive to the fullest extent permitted by law any right or claim of any punitive or exemplary damages against the other and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it.

Section 25 of the Agreement, under the heading "Dispute Resolution," shall be supplemented by the following subsections 25.9 and 25.10.

25.9 Minn. Stat §80C 21 and Minn. Rule 2860 4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

25.10 Minnesota law provides franchisees with certain termination, non-renewal, and transfer rights. In sum, Minn Stat § 80C 14 (subd. 3, 4, and 5) currently require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise not be unreasonably withheld.

Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act, Minn. Stat §§ 80C 01 through 80C 22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rule §§ 2860 0100 through 2860 9930, are met independently without reference to this Amendment.

Dated _____

Company:	**Franchisee:**
FREECOAT FRANCHISING, LLC	_____
By: _____	By: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____

NEW YORK

Franchise Disclosure Document

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

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

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

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

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

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

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

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

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

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

4. The following sentence is added to the end of the first paragraph of Item 5 of the FDD:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

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

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

You may terminate the Franchise Agreement on any grounds available by law.

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

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

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

The foregoing choice of law should not be considered a waiver of any right conferred upon either the Franchisor or upon the Franchisee by Article 33 of the General Business Law of the state of New York.

Franchise Agreement

The Franchise Agreement requires that the law of Franchisor's Choice of Law State governs the Franchise Agreement and Supplemental Agreements The Franchise Agreement and Supplemental Agreements are hereby amended to state that the choice of law provision contained in the Franchise Agreement and Supplemental Agreements should not be considered a waiver of any rights conferred by the provisions of Section 33 of the New York State General Business Law.

The Franchise Agreement is hereby amended to state that Franchisee shall not be required to indemnify Franchisor for any liabilities, which arose as a result of Franchisor's breach of this Agreement or other civil wrongs committed by Franchisor.

The Franchise Agreement and the Supplemental Agreements are hereby amended to state that the choice of law provision requiring Franchisor's Choice of Law State contained in the Franchise Agreement and any Supplemental Agreements shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Section 33 of the New York State General Business Law This language has been included in this Franchise Disclosure Document as a condition of registration Franchisor and Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement including all choice of law provisions, are fully enforceable Franchisor and Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and the Supplemental Agreements and all other documents signed by them, including but not limited to, all venue, choice-of-law provisions and other dispute resolution provisions.

FRANCHISOR REPRESENTS THAT IT HAS NOT KNOWINGLY OMITTED FROM THE FDD ANY MATERIAL FACT, NOR DOES THE FDD CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

NORTH DAKOTA

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and or assignment, may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

The Franchise Agreement contains a covenant not to compete, which may not be enforceable under North Dakota law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law. Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, and the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, and the Franchise Agreement, and the Supplemental Agreements that require the Franchisee to consent to a limitation of claims may not be enforceable under the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Any sections of the FDD, and the Franchise Agreement, and the Supplemental Agreements providing that the parties must agree to arbitration of disputes at the location that is remote from the site of the Franchisee's business may not be enforceable under the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD, and Section 14 of the Franchise Agreement discloses the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statue, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law The FDD and Franchise Agreement are amended accordingly to the extent required by law.

Franchise Agreement:
I recognition of the North Dakota Franchise Act and the rule and regulations promulgated thereunder, the Franchise Agreement is modified with respect to the following:

Covenant Not to Compete:
Covenants not to compete upon termination or expiration of a franchise agreement are generally unenforceable in North Dakota, except as provided by law.

Release:

To the extent required under North Dakota law, any release executed in connection herewith will not apply to any claims that may arise under the North Dakota Franchise Investment Law.

Forum:

Litigation will occur in the state in which your Store is located. The judge will have the authority to award exemplary or punitive damages in a proper case.

OHIO

The following language will be added to the Franchise Agreement.

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement See the attached notice of cancellation for an explanation of this right.

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the Agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be canceled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this Agreement, or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this Agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Freecoat Franchising, LLC, 10000 Twin Lakes Parkway, Suite B, Charlotte, NC 28269, or send an email to Freecoat Franchising, LLC, at franchise@freecoatnails.com, no later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction Franchisee

By: _____

Print Name: _____

Its: _____

Date: _____

RHODE ISLAND

Franchise Disclosure Document

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following:

§ 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."

The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

Franchise Agreement

Section 22 of the Franchise Agreement, under the heading "Dispute Resolution," shall be amended by the addition of the following Section 22.9.

22.8 §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."

This Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28 1-1 through 19-28 1-34, are met independently without reference to this Addendum.

The above language has been included in this Franchise Disclosure Document as a condition to registration. The franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

VIRGINIA

RISK FACTORS

Franchise Disclosure Document

The following statements are added to Item 17(h):

Under Section 13.1 – 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Under Section 13.1 – 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

WASHINGTON

RISK FACTORS

Use of Franchise Brokers. The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

Franchise Agreement, Multi-Unit Agreement and Related Agreements

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

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

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 and/or multi-unit agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

The securities offering fee charged by us shall be limited to our reasonable costs and expenses in reviewing franchisee's security offering.

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any

employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

_____	_____
FRANCHISOR	FRANCHISEE

This addendum may also be used as a rider to the Franchise Disclosure Document.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states ("Addenda") is checked as an "Applicable Addenda" below, then that Addenda shall be incorporated into the FDD, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the FDD, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the FDD.

☐	California	☐	North Dakota
☐	Hawaii	☐	Ohio
☐	Illinois	☐	Rhode Island
☐	Indiana	☐	South Dakota
☐	Maryland	☐	Virginia
☐	Michigan	☐	Washington
☐	Minnesota	☐	Wisconsin
☐	New York		
☐			

Dated: _____

FRANCHISOR:	**FRANCHISEE:**
FREECOAT FRANCHISING, LLC	_____
By: _____	By: _____
Printed: _____	Printed: _____
Title: _____	Title: _____
Date: _____	

EXHIBIT G
TO FRANCHISE DISCLOSURE DOCUMENT

REPRESENTATIONS AND ACKNOWLEDGEMENT STATEMENT

REPRESENTATIONS AND ACKNOWLEDGEMENT STATEMENT

The purpose of this Statement is to demonstrate to Freecoat Franchising LLC ("Franchisor") that the person(s) signing below ("I," "me" or "my"), whether acting individually or on behalf of any legal entity established to acquire the franchise rights, (a) fully understands that the purchase of a Freecoat franchise is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor's Franchise Disclosure Document and Exhibits (collectively, the "FDD") in deciding to purchase the franchise.

In that regard, I represent to Franchisor and acknowledge that:

I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the marketplace generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.	INITIAL:
I received a copy of the FDD, including the Franchise Agreement, at least fourteen (14) calendar days before I executed the Franchise Agreement. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.	INITIAL:
Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.	INITIAL:
My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.	INITIAL:
I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.	INITIAL:

SPECIAL REPRESENTATION REGARDING RECEIPT OF FINANCIAL INFORMATION

PLEASE READ THE FOLLOWING STATEMENT CAREFULLY.

I have not received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of success), other than information contained in the FDD. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

INSERT INITIAL HERE:_____

Prohibited Parties Clause. I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-Terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:

1. the U.S. Treasury Department's List of Specially Designated Nationals;

2. the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders;

3. the U.S. State Department's Debarred List or Nonproliferation Sanctions; or

4. the Annex to U.S. Executive Order 13224.

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws.

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the term of the Franchise Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

[*Signatures on following page*]

FRANCHISEE(S)

_____	_____
Print: _____	Print: _____
_____	_____
Print: _____	Print: _____

EXHIBIT H
TO FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

(beginning on following page)

STATE EFFECTIVE DATES

The following States require that the Franchise Disclosure Document be registered or filed with the State, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Pending
Maryland	Pending
Michigan	July 29, 2022
Minnesota	Not Registered
New York	Pending
North Dakota	Not Registered
Rhode Island	July 1, 2022
South Dakota	Not Registered
Virginia	Not Registered
Washington	Pending
Wisconsin	June 13, 2022

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT I
TO FRANCHISE DISCLOSURE DOCUMENT

RECEIPT

(beginning on following page)

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain English. Read this Franchise Disclosure Document and all agreements carefully.

If Freecoat Franchising, LLC offers you a franchise, it must provide this Franchise Disclosure Document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, Freecoat Franchising, LLC or an affiliate in connection with the proposed franchise sale.

Under Iowa, New York, Oklahoma or Rhode Island law, if applicable, we must provide this Franchise Disclosure Document to you at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan, Washington and Oregon require us to give you this Franchise Disclosure Document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Freecoat Franchising, LLC does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit D.

The name, principal business address and telephone number of each franchise seller offering the franchise is: David J. Cuff, 10000 Twin Lakes Parkway, Suite B, Charlotte, NC 28269, (704) 918-1217.

Issuance Date: April 30, 2022

Freecoat Franchising, LLC authorizes the persons listed on Exhibit D to this Disclosure Document to receive service of process for us in North Carolina and states where our franchise is registered.

I received a Franchise Disclosure Document, dated April 30, 2022 that included the following Exhibits:

Exhibit A: Franchise Agreement (including the Multi-Unit Agreement in Attachment N)
Exhibit B: Lists of Current and Former Franchisees
Exhibit C: Financial Statements
Exhibit D: Table of Contents to Manual
Exhibit E: List of State Administrators and Agents for Service of Process
Exhibit F: State-Specific Addenda
Exhibit G: Representations & Acknowledgement Statement
Exhibit H: State Effective Dates
Exhibit I: Receipt

_____	_____
Signature	Signature
_____	_____
Printed Name	Printed Name
Date: _____	Date: _____

Prospective Franchisee's Copy

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain English. Read this Franchise Disclosure Document and all agreements carefully.

If Freecoat Franchising, LLC offers you a franchise, it must provide this Franchise Disclosure Document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, Freecoat Franchising, LLC or an affiliate in connection with the proposed franchise sale.

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Exhibit F: State-Specific Addenda
Exhibit G: Representations & Acknowledgement Statement
Exhibit H: State Effective Dates
Exhibit I: Receipt

_____	_____
Signature	Signature
_____	_____
Printed Name	Printed Name
Date: _____	Date: _____

Freecoat's Copy

You may return the signed receipt either by signing, dating, emailing and mailing it to Freecoat Franchising, LLC at: dave@freecoatnails.com or 10000 Twin Lakes Parkway, Ste B, Charlotte, NC 28269.