FRANCHISE DISCLOSURE DOCUMENT

HPB Painting LLC
A Pennsylvania limited liability company
2525 N. 117th Avenue, Third Floor
Omaha, NE 68164
1 (800) 490-8991
franchising@groovyhues.com
www.groovyhues.com

We offer qualified individuals the right to operate a business that specializes in commercial and residential painting services under the "Groovy Hues Peace Love Paint Powerwash" mark.

The total investment necessary to begin operation of a Groovy Hues business ranges from $157,508 to $204,478 which includes $87,371 in fees that must be paid to us or our affiliates prior to opening. We also offer qualified parties the right to enter into multiple franchise agreements at once and subsequently operate multiple Groovy Hues businesses. The total investment necessary to operate two to three Groovy Hues businesses is $207,508 to $299,478, which includes $103,371 to $162,371 that must be paid to us or our affiliates prior to opening. The total investment necessary to operate four to five Groovy Hues businesses is $282,508 to $379,478, which includes $115,371 to $222,371 that must be paid to us or our affiliates prior to opening.

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, us or an affiliate of ours 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 to you. To discuss the availability of disclosures in different formats, contact Groovy Hues' Home Office at 2525 N. 117th Avenue, Omaha, Nebraska 68164 or call 1-800-490-8991.

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

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

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

The Issuance Date of this Disclosure Document is April 29, 2025, as amended, December 30, 2025

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How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit I.
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 discretion. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E included 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 Groovy Hues 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 franchise 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 Groovy Hues franchisee?	Item 20 or Exhibit I list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this Disclosure Document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda, set forth on Exhibit D and pages (v), (vi) and (vii) of this Franchise Disclosure Document.

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 Pennsylvania. 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 Pennsylvania than in your own states.

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

3. **Short Operating History**. The 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 in a system with a longer operating history.

4. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

5. **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.

6. **Turnover Rate**. During the last 3 years, a high percentage of franchised outlets (62%) were terminated. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" set forth on Exhibit D to see whether your state requires other risks to be highlighted.

ADDENDUM TO HPB PAINTING LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF CONNECTICUT

The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

ADDENDUM TO HPB PAINTING LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MICHIGAN

NOTICE

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

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

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

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

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

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

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

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

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

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

i. The fact that the proposed transferee is competitor of the franchisor or sub-franchisor.

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

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

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

J. A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchise 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 the notice should be directed to the Michigan Department of Attorney General, 670 Law Building, Lansing, MI 48913, (517) 373-7117.

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

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

The Franchisor, HPB Painting LLC, is referred to in this Disclosure Document as "we," "us" or "our." "You" or "your" means the person who buys the franchise and includes your owners and principals if you are a corporation, limited liability company, or other business entity.

The Franchisor

We are a limited liability company organized under the laws of the Commonwealth of Pennsylvania on October 1, 2021. Our principal business address is 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. We conduct business under our corporate name, trademarks, and the trade name "Groovy Hues Peace Love Paint Powerwash", and trademark "Groovy Hues Peace Love Paint Powerwash." Our agents for service of process are listed in Exhibit A to this Disclosure Document.

We grant qualified individuals the right to operate a business that offers and sells painting services and optional powerwashing and gutter services to residential and commercial customers under the "Groovy Hues Peace Love Paint Powerwash" mark (the "Groovy Hues Business" or "Franchised Business"). We have been franchising since August 2022. We do not currently and have not conducted a business of the type that is to be operated by you. Other than the above services, we do not engage in any other business activities and have not offered franchises in any other line of business.

The Groovy Hues Business

Your Groovy Hues Business will offer "Painting Services" to residential and commercial customers within a defined protected territory (the "Protected Territory") on a year-round basis. Specifically, Painting Services include: (i) residential and commercial painting services; (ii) powerwashing services (an optional service); and (iii) other products, services and events that we may approve and modify from time to time (collectively, the "Approved Products and Services"). You do not need any specific prior experience in these areas of service to operate a Groovy Hues Business.

Each Groovy Hues Business operates according to our proprietary business system which includes: (a) methods to assess residential and commercial properties; (b) methods to use, provide and install the Approved Products and Services; (c) customized and proprietary software, and (d) general procedures for operating and managing a Groovy Hues Business, including scheduling, job estimating, production of the work, and sales processes (the "System").

You must enter into our form of franchise agreement (each, a "Franchise Agreement"), which is attached to this Disclosure Document as Exhibit B, for each Groovy Hues Business we grant you the right to open and operate.

As a franchisee, you and your team will provide estimates for customers seeking the Approved Products and Services. When a customer places a work order, you will schedule the work order with your employees or a reputable subcontractor for installation or services. It is your responsibility to maintain a team of qualified employees or otherwise create a network of reputable subcontractors who will perform the work.

Multi-Unit Offerings

We also offer qualified parties the right to enter our Multi-Unit Addendum attached to this Disclosure Document as Exhibit C ("Multi-Unit Addendum"). Subject to the terms of the Multi-Unit Addendum, you will be granted the right to execute two (2) or more Franchise Agreements to open and operate two (2) or

more Groovy Hues Businesses at once, each with their own Protected Territory that are typically contiguous to one another ("Multi-Unit Offering"). You will sign the Franchise Agreement attached to this Disclosure Document as Exhibit B for each Protected Territory that you are granted. Each Groovy Hues Business will be opened and operated pursuant to its respective Franchise Agreement, but you will also need to comply with the terms and conditions set forth in our form of Multi-Unit Addendum, including, but not limited to, minimum purchasing requirements, cumulative minimum royalty fees, minimum vehicle requirements, and other requirements as set forth in this Disclosure Document and the Multi-Unit Addendum (which will apply to your operation of all Groovy Hues Businesses granted as part of your Multi-Unit Offering).

You will be required to sign all Franchise Agreements associated with your Multi-Unit Offering, as well as your Multi-Unit Addendum, at the same time. As of the issuance date of this Disclosure Document, we do not intend or expect to offer a new prospect the right to enter into a Multi-Unit Offering for more than five (5) Groovy Hues Businesses (but we reserve the right to do so).

Parents, Predecessors and Affiliates

Our parent is JEZ Investments LLC, a Pennsylvania limited liability company organized on May 12, 2020, with a principal address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164.

We have one predecessor, MR LFG LLC, d/b/a Rathgeb Painting ("Rathgeb Painting"), a Pennsylvania limited liability company formed on December 14, 2021, with a principal business address of 2326 North Broad Street, Suite 200, Colmar, PA 18915. Rathgeb Painting operates a commercial and residential painting business in Philadelphia, Pennsylvania. We acquired certain assets and confidential information from Rathgeb Painting on January 24, 2024. Historical information contained in this Disclosure Document relating to the events before January 24, 2024, represents information about Rathgeb Painting.

Our affiliate HPB Painting Holdings LLC, is a Pennsylvania limited liability company organized on June 27, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Painting Holdings LLC owns the HPB Painting Marks, confidential information, copyrights, and related intellectual property associated with the HPB Painting System. HPB Painting Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate, HorsePower Nation LLC, is a Pennsylvania limited liability company organized on May 19, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HorsePower Nation LLC engages in franchise consulting and support services and may provide these services to certain of our affiliates. HorsePower Nation LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate, HPB Accounting LLC d/b/a ZeeBOOKS, is a Pennsylvania limited liability company organized on June 21, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Accounting LLC engages in accounting services and may provide these services to our franchisees and to franchisees of certain of our affiliates. HPB Accounting LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Automotive Sales LLC, d/b/a HPB Fleet, is a Pennsylvania limited liability company organized on January 18, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Automotive Sales LLC engages in automotive sales services and may provide these services to our franchisees and to franchisees of certain of our affiliates. HPB Automotive Sales LLC does not own or operate a business of the type being franchised and has never offered franchises

in this or any other line of business.

Our affiliate HPB Blinds and Shutters LLC d/b/a Bumble Bee Blinds ("HPB Blinds and Shutters"), is a Pennsylvania limited liability company organized on June 29, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since September 2022, HPB Blinds and Shutters LLC has franchised a business that offers and sells blinds and shutters installation services to residential and commercial customers under the mark "Bumble Bee Blinds".

Our affiliate HPB Blinds and Shutters Holdings LLC, is a Pennsylvania limited liability company organized on July 11, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Blinds and Shutters Holdings LLC owns the Marks, confidential information, copyrights, and related intellectual property associated with the HPB Blinds and Shutters System. HPB Blinds and Shutters Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Fencing LLC d/b/a Stand Strong Fencing ("HPB Fencing"), is a Pennsylvania limited liability company organized on May 10, 2023, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since October 2023, HPB Fencing LLC has franchised a business that offers and sells fencing installation services to residential and commercial customers under the mark "Stand Strong Fencing".

Our affiliate HPB Fencing Holdings LLC, is a Pennsylvania limited liability company organized on May 15, 2023, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Fencing Holdings LLC owns the HPB Fencing Marks, confidential information, copyrights, and related intellectual property associated with the HPB Fencing System. HPB Fencing Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Foam LLC d/b/a iFoam and iFoam Insulation ("HPB Foam"), is a Pennsylvania limited liability company organized on October 1, 2021, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since January 2022, HPB Foam has franchised a business that offers and sells spray foam insulation services to residential and commercial customers under the marks "iFoam" and "iFoam Insulation".

Our affiliate HPB Foam Holdings LLC, is a Pennsylvania limited liability company organized on October 1, 2021, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Foam Holdings LLC owns the HPB Foam Marks, confidential information, copyrights, and related intellectual property associated with the HPB Foam System. HPB Foam Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Glass LLC, d/b/a Gatsby Glass ("HPB Glass"), is a Pennsylvania limited liability company organized on February 3, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since June 2022, HPB Glass LLC has franchised a business that offers and sells glass installation products and services to residential and commercial customers under the mark "Gatsby Glass".

Our affiliate HPB Glass Holdings LLC, is a Pennsylvania limited liability company organized on February 4, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Glass Holdings LLC owns the HPB Glass Marks, confidential information, copyrights, and related intellectual property associated with the HPB Glass System. HPB Glass Holdings LLC does not own or

operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB HVAC LLC, d/b/a Varsity Zone ("HPB HVAC"), is a Pennsylvania limited liability company organized on July 11, 2023, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since July 2024, HPB HVAC LLC franchised a business that offers and sells heating, ventilation, and air conditioning services products and services to residential and commercial customers under the mark "Varsity Zone".

Our affiliate HPB HVAC Holdings LLC is a Pennsylvania limited liability company organized on December 26, 2023, with an address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB HVAC Holdings LLC owns the HPB HVAC Marks, confidential information, copyrights, and related intellectual property associated with the HPB HVAC System. HPB HVAC Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB iFoam Omaha LLC d/b/a iFoam Insulation 105, is a Nebraska limited liability company organized on May 12, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB iFoam Omaha LLC is a company owned iFoam franchisee.

Our affiliate HPB Lawn Care LLC d/b/a Heroes Lawn Care ("HPB Lawn Care"), is a Pennsylvania limited liability company organized on May 12, 2020, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since March 2022, HPB Lawn Care has franchised a business that offers and sells fertilization, irrigation, and pet waste removal services to residential and commercial customers under the marks "Heroes Lawn Care", "Heroes Fertilizer Force", "Heroes Irrigation Army", and "Heroes Doody Duty".

Our affiliate HPB Lawn Care Holdings LLC, is a Pennsylvania limited liability company organized on October 1, 2021, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Lawn Care Holdings LLC owns the Marks, confidential information, copyrights, and related intellectual property associated with the HPB Lawn Care System. HPB Lawn Care Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Lighting LLC d/b/a Blingle! and Blingle Premier Lighting ("HPB Lighting"), is a Pennsylvania limited liability company organized on May 12, 2020, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since November 2021, HPB Lighting has franchised a business that offers and sells holiday lighting, installation, maintenance, and storage to residential and commercial customers under the marks "Blingle!" and "Blingle Premier Lighting" (the "Blingle! Business").

Our affiliate HPB Lighting Holdings LLC is a Pennsylvania limited liability company organized on October 1, 2021, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Lighting Holdings LLC owns the HPB Lighting Marks, confidential information, copyrights, and related intellectual property associated with the HPB Lighting System. HPB Lighting Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Marketing LLC d/b/a Franchise Procurement ("HPB Marketing"), is a Pennsylvania limited liability company organized on May 12, 2020, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Marketing engages in franchise procurement services

and may provide these services to our franchisees and to franchisees of certain of our affiliates. HPB Marketing does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Wholesale Lighting LLC ("HPB Wholesale Lighting"), is a Pennsylvania limited liability company organized on October 1, 2021, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Wholesale Lighting is a vendor of lighting inventory required to be purchased in order to operate the Groovy Hues Business. HPB Wholesale Lighting does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business. Our affiliate MDR United LLC d/b/a Mighty Dog Roofing ("MDR") is a Pennsylvania limited liability company organized on May 12, 2020, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since November 2020, MDR has franchised a business that offers and sells roofing services to residential and commercial customers under the mark "Mighty Dog Roofing".

Our affiliate MDR United Holdings LLC, is a Pennsylvania limited liability company organized on October 1, 2021, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. MDR United Holdings LLC owns the MDR Marks, confidential information, copyrights, and related intellectual property associated with the MDR System. MDR United Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate SVHB Marketing LLC d/b/a HorsePower Brands, a Pennsylvania limited liability company organized on May 13, 2020, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. SVHB Marketing LLC engages in franchise administration services. SVHB Marketing LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Except as noted above, we do not have any parent or affiliates that: (a) offer or operate franchises in any line of business; or (b) provide products or services to System franchisees.

Market and Competition

Your Groovy Hues Business will offer our Approved Products and Services to the public, which will include residential and commercial property owners, residential and commercial property builders, and property managers. The market for Approved Products and Services is well developed, and there will be competition from other national and regional chains and local businesses that offer Painting Services and similar products and services within the Protected Territory you are granted. Our Approved Products and Services are seasonal and may be affected by climate, weather or other environmental conditions. Your competitive advantage in the marketplace will be based on your adherence to our System standards and guidelines, as well as your entrepreneurial and managerial abilities and focus on customer service, in the operation of your Groovy Hues Business.

Industry Specific Regulations

Your Groovy Hues Business will be subject to laws and regulations in your state, county, or municipality regarding the operation of a painting business, which may include laws related to licenses, permits, or certifications associated with the operation of a painting business, that may include optional powerwashing services and gutter services. Various states, including Arizona, Florida, Massachusetts, and Nevada have contractors' licensing laws, which apply generally to persons defined as "contractors" under applicable law. In addition, various states including California, Florida, Georgia, Indiana, Kentucky, Louisiana, Massachusetts, Michigan, New Jersey, New York, Ohio, Oklahoma, Texas, and West Virginia have laws which regulate the terms of home improvement contracts with customers. The Groovy Hues Business will

also be subject to federal, state and local Occupational Safety and Health Administration (OSHA) and Environmental Protection Agency (EPA) regulations, and you must strictly comply with all federal, state, and local regulations regarding the use, handling, transportation, and disposal of hazardous materials.

There are federal, state and possibly local laws covering how to classify workers, for example, whether as independent contractors or employees, or as exempt or non-exempt, for different purposes, such as tax, wage and hour laws, unemployment compensation and workers' compensation. These laws and regulations can vary from state to state, city to city and at the federal level, and could affect, in some instances materially, the operation of your Groovy Hues Business.

ITEM 2
BUSINESS EXPERIENCE

Jeremy Morgan: Group President

Jeremy Morgan has served as our Group President since December 2024. Since December 2025, Mr. Morgan has served as the Group President for our affiliate MDR United LLC of Omaha, Nebraska. Since December 2024, Mr. Morgan has served as the Group President for our affiliate HPB Blinds and Shutters LLC of Omaha, Nebraska. From March 2025 until December 2024, Mr. Morgan served as our Vice President of Sales and Operations. From July 2024 until December 2024, Mr. Morgan has served as our Brand President. From June 2023 until July 2024, Mr. Morgan served as the Chief Operating Officer for Home Run Franchises of Nashville, Tennessee. From November 2022 until June 2023, Mr. Morgan served as Senior Vice President for Spray-Net of Boucherville, Quebec, Canada. From February 2013 until November 2022, Mr. Morgan served as the Director of Franchise Training for CertaPro Painters of Audubon, Pennsylvania.

Mark Eschenbacher: Vice President of Operations

Mark Eschenbacher has served as our Vice President of Operations since March 2025. From July 2024 until March 2025, Mr. Eschenbacher served as Brand Lead of Kitchen Wise & Closet Wise for Premium Service Brands of Charlottesville, VA. From May 2024 until March 2025, Mr. Eschenbacher served as Director of Launch, Project Based Brands for Premium Service Brands. From July 2022 until May 2024, Mr. Eschenbacher served as Franchise Business Coach of 360 Painting for Premium Service Brands. From July 2021 until May 2022, Mr. Eschenbacher served as the General Manager for CertaPro Painters of West Allis, WI. From January 2017 until June 2021, Mr. Eschenbacher served as the Vice President of Operations for CertaPro Painters.

Courtney Reppert: Vice President of Franchise Development

Courtney Reppert has served as out Vice President of Franchise Development since June 2024. Since June 2024, Mrs. Reppert has served as the Vice President of Franchise Development for our affiliates HPB HVAC LLC, HPB Fencing LLC, HPB Blinds and Shutters LLC, HPB Lighting LLC, HPB Lawn Care LLC, HPB Foam LLC, HPB Glass LLC, MDR United LLC, and SVHB Marketing LLC d/b/a HorsePower Brands, each of which is located in Omaha, Nebraska. From March 2023 until June 2024, Mrs. Reppert served as Director of Development for our affiliate SVHB Marketing LLC d/b/a HorsePower Brands of Omaha, Nebraska. From December 2022 until March 2023, Mrs. Reppert served as Vice President of Franchise Development for VODA Cleaning and Restoration of Virginia. From October 2022 until December 2022, Mrs. Reppert served as the Vice President of Franchise Development for Premium Service Brands of Charlottesville, Virginia. From November 2021 until September 2022, Mrs. Reppert served as Director of Franchise Development for our affiliate SVHB Marketing LLC d/b/a HorsePower Brands. From March 2019 until October 2021, Mrs. Reppert served as the Owner of S&C Nutrition Inc of Lynchburg,

Virginia, Roanoke, Virginia, Portage, Michigan, and Lansing, Michigan.

Anthony "Tony" Hulbert: Chief Executive Officer

Anthony Hulbert has served as our Chief Executive Officer since October 2021. Since July 2023, Mr. Hulbert has served as the Chief Executive Officer for our affiliate HPB HVAC LLC of Omaha, Nebraska. Since May 2023, Mr. Hulbert has served as the Chief Executive Officer of our affiliate HPB Fencing LLC of Omaha, Nebraska. Since June 2022, Mr. Hulbert has served as the Chief Executive Officer of our affiliates HPB Blinds and Shutters LLC and HPB Glass LLC, each of which is located in Omaha, Nebraska. Since October 2021, Mr. Hulbert has served as the Chief Executive Officer our affiliates HPB Lighting LLC, HPB Foam LLC, HPB Lawn Care LLC, MDR United LLC, and SVHB Marketing LLC d/b/a HorsePower Brands, each of which is located in Omaha, Nebraska. From January 2021 until September 2021, Mr. Hulbert served as the Chief Financial Officer for us and our affiliate SVHB Marketing LLC d/b/a Horsepower Brands of Omaha, Nebraska. From October 2017 until January 2021, Mr. Hulbert served as the Vice President of Sales and Marketing for LinPepCo of Lincoln, Nebraska.

Donald Conway: President

Donald Conway has served as our President since January 2025. Since January 2025, Mr. Conway has served as President for our affiliates HPB HVAC LLC, HPB Fencing LLC, HPB Blinds and Shutters LLC, HPB Lighting LLC, HPB Lawn Care LLC, HPB Glass LLC, HPB Foam LLC, MDR United LLC, and SVHB Marketing LLC d/b/a HorsePower Brands, each of which is located in Omaha, Nebraska. Since May 2023 until December 2024, Mr. Conway served as the Chief Operating Officer for us and our affiliates HPB HVAC LLC, HPB Fencing LLC, HPB Blinds and Shutters LLC, HPB Lighting LLC, HPB Lawn Care LLC, HPB Foam LLC, HPB Glass LLC, MDR United LLC, and SVHB Marketing LLC d/b/a HorsePower Brands, each of which is located in Omaha, Nebraska. From February 2022 until April 2023, Mr. Conway served as the Brand President for our affiliate HPB Foam LLC of Omaha, Nebraska. From July 2021 until February 2022, Mr. Conway served as the Chief Financial Officer for Vio Security of Irving, Texas. From January 2016 until July 2021, Mr. Conway served as the Chief Financial Officer for Signal 88, LLC of Omaha, Nebraska.

Mark Stanek: Chief Operating Officer

Mark Stanek has served as our Chief Operating Officer since April 2022. Since July 2023, Mr. Stanek has served as the Chief Operating Officer for our affiliate HPB HVAC LLC of Omaha, Nebraska. Since May 2023, Mr. Stanek has served as the Chief Operating Officer of our affiliate HPB Fencing LLC of Omaha, Nebraska. Since June 2022, Mr. Stanek has served as the Chief Operating Officer of our affiliates HPB Blinds and Shutters LLC and HPB Glass LLC, each of which is located in Omaha, Nebraska. Since April 2022, Mr. Stanek has served as the Chief Operating Officer of our affiliates HPB Lawn Care LLC, HPB Foam LLC, HPB Lighting LLC, MDR United LLC, and SVHB Marketing LLC d/b/a/ Horsepower Brands, each of which is located in Omaha, Nebraska. From June 2021 until March 2022, Mr. Stanek served as our Brand President. From May 2019 until May 2021, Mr. Stanek served as the Chief Financial Officer for Sympateco Inc. of Omaha, Nebraska.

Michael Stillmock: Chief Financial Officer

Michael Stillmock has served as our Chief Financial Officer since December 2021. Since July 2023, Mr. Stillmock has served as the Chief Financial Officer for our affiliate HPB HVAC LLC of Omaha, Nebraska. Since June of 2022, Mr. Stillmock has served as the Chief Financial Officer for our affiliates HPB Blinds and Shutters LLC and HPB Glass LLC, each of which is located in Omaha, Nebraska. Since December 2021, Mr. Stillmock has served as the Chief Financial Officer of our affiliates HPB Lawn Care

LLC, HPB Lighting LLC, HPB Foam LLC, MDR United LLC, and SVHB Marketing LLC d/b/a/ Horsepower Brands, each of which are in Omaha, Nebraska. From September 2021 until December 2021, Mr. Stillmock served as the Director of Due Diligence of our affiliate SVHB Marketing LLC d/b/a/ Horsepower Brands of Omaha, Nebraska. From September 2021 until December 2021, Mr. Stillmock served as the Director of Sales and On-Boarding and our affiliates MDR United LLC and SVHB Marketing LLC d/b/a Horsepower Brands, each of which is located in Omaha, Nebraska. From June 2019 until August 2021, Mr. Stillmock served as an Audit Manager for KPMG of Omaha, Nebraska.

Laura Vodvarka: Chief Marketing Officer

Laura Vodvarka has served as our Chief Marketing Officer since September 2023. Since September 2023, Mrs. Vodvarka has served as the Chief Marketing Officer for us and our affiliates HPB HVAC LLC, HPB Fencing LLC, HPB Blinds and Shutters LLC, HPB Lighting LLC, HPB Lawn Care LLC, HPB Glass LLC, HPB Foam LLC, MDR United LLC, and SVHB Marketing LLC d/b/a HorsePower Brands, each of which is located in Omaha, Nebraska. From January 2023 until September 2023, Mrs. Vodvarka served as the President of Customer Experience of our affiliate SVHB Marketing LLC d/b/a HorsePower Brands of Omaha, Nebraska. From May 2022 until December 2022, Mrs. Vodvarka served as our Brand President. From November 2020 until May 2022, Mrs. Vodvarka served as the Director of Franchise Development and Marketing for Clear Summit Group of Ontario, Toronto. From September 2007 until November 2020, Mrs. Vodvarka served as the Vice President of Innovation for Signal 88 of Omaha, Nebraska.

ITEM 3
LITIGATION

Pending Actions: None.

Concluded Actions: None

Material Civil Actions During the Prior Fiscal Year involving our Parent, Affiliates and Certain Item 2 persons:

1. Beutler Holdings, LLC and Zachery Beutler v. Joshua Skolnick, Skolnick Holdings, LLC, and JEZ Investments, LLC (American Arbitration Association, Omaha, Nebraska). On December 8, 2025, Beutler Holdings, LLC and Zachery Beutler (collectively, the "Claimants") filed a demand for arbitration with the American Arbitration Association in Omaha, Nebraska against Joshua Skolnick, Skolnick Holdings, LLC, and JEZ Investments, LLC (collectively, the "Respondents"). The arbitration arises out of disputes concerning the governance, ownership interests, and operation of JEZ Investments, LLC. The Claimants assert claims for fraudulent misrepresentation, declaratory judgment, minority oppression, breach of the fiduciary duty of good faith and fair dealing, breach of the fiduciary duty of care, statutory dissolution, and breach of the second operating agreement. The Claimants seek, among other relief, rescission of the second operating agreement, monetary damages in an unspecified amount, declaratory relief regarding ownership interests, dissolution of JEZ Investments, LLC, and reasonable attorneys' fees and costs. The Respondents deny the allegations and contend that the claims are barred by, and subject to, the terms of the governing operating agreement. The arbitration is pending, and no determination has been made. The Respondents plan to vigorously defend against this arbitration demand.

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

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Franchise Agreement

Initial Franchise Fee. You must pay us an initial franchise fee of $59,500 (the "Initial Franchise Fee") when you sign the Franchise Agreement, which includes a Protected Territory of approximately 200,000 in total general population. The Initial Franchise Fee is paid in a lump sum, but we may finance up to sixty percent (60%) of this for your second Protected Territory and up to eighty percent (80%) of this fee for your third, fourth, and fifth Protected Territory(ies) (see Item 10 for financing terms).

You may purchase additional units each with a stand-alone territory containing approximately 200,000 of general population per territory. The amount of the Initial Franchise Fee will depend on the number of Protected Territories you purchase and is calculated as follows:

Territories	Cumulative Initial Franchise Fees	Individual Franchise Fee	Cumulative General Population
#1	$59,500	$59,500	200,000
#2	$99,500	$40,000	400,000
#3	$134,500	$35,000	600,000
#4	$164,500	$30,000	800,000
#5	$194,500	$30,000	1,000,000

You must sign a separate franchise agreement for each Protected Territory purchased.

The Initial Franchise Fee is nonrefundable. The Initial Franchisee Fee is uniformly imposed and deemed fully earned upon execution of your Franchise Agreement. The Initial Franchisee Fee covers the costs of marketing, sales, and administrative services incurred or paid by Franchisor, including fees and expenses paid by Franchisor to HorsePower Nation LLC and to third-party networks, consultants, and brokers.

If the cumulative general population figures used to calculate your Protected Territory exceed the cumulative general population figures set forth in the chart above, you are required to pay, in addition to your Initial Franchise Fee, an overage fee in an amount equal to the number of excess cumulative general population multiplied by thirty cents ($0.30) per individual.

In the event that you are an existing franchisee of one of our current or future affiliates, your Initial Franchise Fee may be discounted, at Franchisor's discretion.

All fees and expenses described in this Item 5 are nonrefundable. Except as otherwise indicated in the chart above, we expect to uniformly impose all fees and expenses listed for all franchisees who purchase a franchise under this Disclosure Document, and they are payable to us in lump sum and are deemed fully

earned upon receipt by us.

Brand Marketing Fee. Within forty-five (45) days after execution of the Franchise Agreement, you must pay us, or an affiliate (as we designate), a brand marketing fee ("Brand Marketing Fee") of $15,500. The Brand Marketing Fee covers the costs of creation, production and distribution of brand marketing assets, strategies and other materials or activities in any medium, which may include, but not limited to, the internet, social media, search engine optimization, video production, photography, campaign development and related advertising or marketing expenses, including administration expenses, in accordance with our brand standards and specifications, as more fully set forth in our Operations Manual. If you purchase more than one (1) Protected Territory you are only required to pay one (1) Brand Marketing Fee. This is a one-time fee.

Tuition Fee. Within forty-five (45) days after execution of the Franchise Agreement, you must pay us our then current initial training Tuition Fee (defined herein) of $4,995 to attend our Initial Training Program (defined herein), for you and up to two (2) additional representatives you designate, one of which must be your general manager or Designated Manager (defined herein). This is a one-time fee. The Tuition Fee covers the costs of training, lodging, and certain meals during the Initial Training Program. If you purchase more than one (1) Protected Territory, you are only required to pay one Tuition Fee for the Initial Training Program for you and up to two (2) additional attendees.

Technology Fee. You must pay us or a Designated Vendor a monthly Technology Fee. As of the date of this Disclosure Document, the current monthly Technology Fee is $792. We will collect three (3) months of the Technology Fee equal to $2,376, before the opening of the franchised business. We reserve the right to modify the Technology Fee as new technology and software becomes available and/or we modify the technology and software requirements that you must use for the Groovy Hues Business, and to designate and/or change the amount, scope, or manner of payment of the Technology Fee, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

ZeePartnerships Fee. Within forty-five (45) days after execution of the Franchise Agreement, you must pay to us a one-time zeepartnerships fee (the "ZeePartnerships Fee") of $5,000. The ZeePartnerships Fee covers the costs of building, developing, and maintaining national and regional strategic partnerships that assist in promoting brand awareness and creating lead generation opportunities. If you purchase more than one (1) Protected Territory, you are only required to pay one ZeePartnerships Fee.

Except as described above, all the fees described in Item 5 are uniformly calculated and imposed.

ITEM 6
OTHER FEES

THE AMOUNTS SET FORTH BELOW IN THIS ITEM 6 ARE SUBJECT TO CHANGE.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee	The greater of (i) Royalty Percentage of Gross Revenues; or (ii) the Minimum Royalty Fee.	Monthly via Electronic Funds Transfer from your bank account.	See Notes 1 and 2 See Note 2 for Minimum Royalty Fee structure
Technology Fee	The then-current ongoing Technology Fee. Currently, the Technology Fee is $792 per month.	Billed monthly.	See Note 3
Late Payment	The then-current late fee. Currently, $100 per incident plus 1½% interest per month, or maximum allowed by law.	When payment is past due.	See Note 4
Initial Training	The then-current initial training Tuition Fee. Currently the Tuition Fee is $4,995 and includes training, lodging, and certain meals during formal training sessions, for up to three total (3) attendees (franchisee plus two (2) additional attendees).	Within forty-five (45) days after execution of the Franchise Agreement.	See Note 5
Assistance Training Fee	The then-current Assistance Training Fee. Currently, $500 per day per person.	Before assistance or refresher training begins.	See Note 5
Renewal Fee	20% of the then-current Initial Franchise Fee per Protected Territory that is being renewed.	Upon signing new franchise agreement.	See Note 6
Transfer Fee	20% of the then current Initial Franchise Fee per Protected Territory that is being transferred, subject to state law	Prior to the time of the transfer.	See Note 7

Temporary Management Fee	In the event of Franchisee's death, disability, absence or otherwise, we reserve the right operate Franchisee's Franchised Business on behalf of Franchisee. Franchisee must reimburse us for our management services.	As incurred.	See Note 8
Attorneys' Fees and Costs	Reimbursement for our actual fees and costs.	Upon receipt of bill.	See Note 9
Supplier and/or Non-Approved Product Approval	Reimbursement of actual costs incurred in reviewing any alternate supplier or non-approved product you propose.	As incurred.	See Note 10
Software Updates	Actual costs of updated software programs and training (if applicable)	Upon receipt of bill.	See Note 11
Audit Costs	Actual costs of audit.	Upon receipt of bill.	See Note 12
Taxes on Payments	Actual costs of taxes imposed on payments	As Incurred.	See Note 13
Indemnification	Actual costs of indemnification.	Upon receipt of bill.	See Note 14
Brand Fund Contribution	Currently not assessed	As incurred.	See Note 15
Local Advertising Deficiency	*Payable only* if you fail to perform the Local Advertising Expenditure Requirement. You are required to spend at least $20,000 within the first ninety (90) days of commencing operations on Initial Marketing Expenditure Requirement. Thereafter on a monthly basis, the greater of either: (i) $2,000 per month; or (ii) 5% of your monthly Gross Revenues Collected, on Local Advertising Expenditure Requirement.	As incurred.	See Note 16
Insurance Reimbursement	Cost to obtain and maintain required insurance under the Franchise Agreement, plus a service fee (if we are forced to obtain the required	As incurred.	See Note 17

	insurance for you on your behalf).		
Annual Conference	The then-current annual conference fee per person. Currently, $1,000 per person.	As incurred.	See Note 18
Termination/ Expiration Expenses	The costs and expenses you incur in complying with your post-termination/expiration obligations under the Franchise Agreement.	Upon receipt of bill.	See Note 19
Liquidated Damages	Will vary depending on the circumstances	As incurred.	See Note 20
Accounting Services Fee	The then-current Accounting Services Fee. Currently, $440 per month, plus additional monthly fees and a one-time set up fee of $399.	Billed monthly.	See Note 21
Outstanding Account Receivable Fee	15% of amount collected.	As incurred.	See Note 22
Contact Center Fee	The then-current Contact Center Fee. Currently, the Contact Center Fee is $300 per month plus additional fees.	Billed monthly.	See Note 23
Brand Marketing Fee	The then-current Brand Marketing Fee. Currently, the Brand Marketing Fee is $15,500.	Within forty-five (45) days after execution of the Franchise Agreement.	See Note 24
Digital Management Fee	The then-current Digital Management Fee. Currently, $500 per month.	Billed monthly.	See Note 25
Special Software Fee	The then-current Special Software Fee Currently, $300 per month	Billed monthly.	See Note 26

Explanatory Notes:

1. General. The table above provides recurring or isolated fees or payments that you must pay to us or our affiliates (as we designate) or that we or our affiliates impose or collect in whole or in part on behalf of a third party or that you are required to spend by the Franchise Agreement. All fees and expenses described in this Item 6 are non-refundable. Except as otherwise indicated in the chart above, we expect to uniformly impose all fees and expenses listed for all franchisees who purchase a franchise under this Disclosure Document, and they are payable to us and are fully earned upon receipt by us.

Manner of Payment. All sales and work orders must be inputted into the POS System. With the exception of the Initial Franchise Fee, you must pay all fees and other amounts owed to us and/or our affiliates through an electronic funds transfer program (the "EFT Program"), under which we automatically deduct all payments owed to us and/or our affiliates, from the bank account you provide to us for use in connection with EFT Program (the "EFT Account"). You must immediately deposit all revenues from operations of your Groovy Hues Business into this bank account within two (2) days upon receipt, including cash, checks, and credit card receipts. Upon execution of the Franchise Agreement, you must provide us with: (i) your bank's name, address, and account number; and (ii) a voided check from the bank account. You must immediately notify us of any change in your banking relationship, including any change to the EFT Account.

We reserve the right to require you to report and pay any fees due under by other means as we may specify from time to time. We reserve the right to require you to provide us with verified Gross Revenue Reports in the event we are unable to process an electronic funds transfer based upon information you input you into the POS System. Each Gross Revenue Report must set forth: (i) your Gross Revenues Collected generated during the previous month; (ii) your calculation of the Royalty; and (iii) any other information we may require. We may change the form and content of the Gross Revenue Reports from time to time and/or require you to submit Gross Revenue Reports on a monthly basis, upon notice to you. If a Gross Revenue Report is subsequently received and reflects: (i) that the actual amount of the fee due was more than the amount of the electronic funds transfer, then we may withdraw additional funds through an electronic funds transfer from your designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the electronic funds transfer, then we will credit the excess amount to the payment of your future obligations. Additionally, you must send us monthly finalized profit and loss statements by the 21st of the following month. Failure to do so upon 14 days' written notice is grounds for termination of the Franchise Agreement.

2. Royalty Fee. You must pay us a monthly royalty fee (the "Royalty") deducted via the EFT Program in an amount equal to the greater of:

i. The applicable tiered percentage of Gross Revenue Collected during the immediately preceding month based on January 1 through December 31 Calendar year-to-date Gross Revenues (the "Royalty Percentage") (see table below); or

Tier	Year-to-Date Gross Revenue	Royalty Percentage
1	$0 - $1,000,000	6%
2	$1,000,001 - $3,000,000	5%
3	$3,000,001 and above	4%

ii. The applicable monthly minimum royalty fee ("Minimum Royalty"), as described below.

Minimum Royalty Fees. The monthly Minimum Royalty is: (i) $500 per month for the period beginning on the one-year anniversary of the Effective Date and continuing through the remainder of the Term. Notwithstanding the foregoing, after the expiration of the fifth year of the Term, Franchisor has the right to increase the monthly Minimum Royalty for each of the sixth, seventh, eighth, ninth, and tenth year of Term, in an amount not to exceed ten percent (10%) of the Minimum Royalty payable during the immediately preceding year of the Term.

If you are a party to more than one Franchise Agreement with Franchisor, you are required to pay the Minimum Royalty due under each such Franchise Agreement for each Protected Territory.

Failure to pay the required Royalty constitutes a material breach of your obligations under the Franchise Agreement. Without limiting your obligations under Franchise Agreement and/or Franchisor's rights under this Agreement, at the end of each calendar year, Franchisor may conduct a review of the Royalty fees you paid to Franchisor during such calendar year and if Franchisor determines you failed to pay the required Minimum Royalty, you must pay the difference immediately upon your receipt of an invoice from Franchisor. Franchisor reserves the right to true-up all Royalty payments at any time and at any interval.

In addition to any and all other remedies available to Franchisor under the Franchise Agreement (including Franchisor's right to terminate) and applicable law, if you do not pay to Franchisor the required Royalty fee, Franchisor has the right to reduce, modify or eliminate the Protected Territory rights granted to you under the Franchise Agreement as an alternative remedy option.

If you elect to renew the Franchise Agreement after the expiration of the Term (which renewal is subject to your compliance with the renewal conditions set forth in the Franchise Agreement) the Royalty may be increased for the renewal term and will, in no event, be less than the Minimum Royalty you were required to pay to us during the last year of the Term; provided, however, the increase for the first year of the renewal term will be limited to a ten percent (10%) increase over the Royalty due during the last year of the Term (except as otherwise provided in any renewal agreement).

"Gross Revenues Collected" means any and all revenue or other compensation actually collected by Franchisee from customers of the Franchised Business.

"Gross Revenues" are defined in the Franchise Agreement to include all income of any type or nature and from any source that Franchisee derives or receives directly or indirectly from, through, by or on account of the operation of the Franchised Business at any time after the signing of the Franchise Agreement, in whatever form and from whatever source, including but not limited to cash, services, in kind from barter and/or exchange, on credit or otherwise as well as business interruption insurance proceeds. Gross Revenues shall also include the total amount of all sales for labor, material, equipment and/or services performed or rendered by: (a) Franchisee, or (b) any third-party subcontractors or agents of Franchisee who perform services for Franchisee's customers or clients as part of Franchisee's services. Gross Sales shall also include all commissions, finder's fees, referral fees, construction management fees or other compensation received by Franchisee on the value of any work performed. Franchisee agrees that all Royalty fees, including any Minimum Royalty fees, are non-refundable. However, the definition of Gross Revenues does not include sales tax that is collected from customers and transmitted to the appropriate taxing authorities.

Special Programs. Franchisor reserves the right, but not the obligation, to establish special programs that reward franchisees for meeting certain criteria. In the event Franchisor establishes any special programs, Franchisor will have the right, in Franchisor's sole discretion, to change,

modify or dissolve any special programs upon notice to Franchisee.

Royalty Incentive Programs. Franchisor reserves the right, but not the obligation, to offer royalty incentive programs for the benefit of qualifying franchisees. To qualify for such programs, Franchisee must satisfy Franchisor's then-current specifications and standards as provided in the Operations Manual or otherwise in writing by Franchisor. Franchisor reserves the right to modify, supplement, or terminate any royalty incentive programs upon notice to Franchisee.

3. Technology Fee. As noted in Item 5, you must pay us or a designated vendor a monthly Technology Fee. As of the date of this Disclosure Document, the current monthly Technology Fee is $792. We reserve the right to modify the Technology Fee as new technology and software becomes available and/or we modify the technology and software requirements that you must use for the Groovy Hues Business, and to designate and/or change the amount (not to exceed a 10% increase), scope, or manner of payment of the Technology Fee, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

4. Late Payment. If you fail to timely pay your Royalty Fee or other fee owed to us (under the Franchise Agreement or otherwise), then you are subject to our then-current late fee, currently of $100 per incident plus 1.5% interest per month of the unpaid balance, or the maximum permitted by law, whichever is greater. We reserve the right to change the amount (not to exceed a 10% increase), scope, or manner of payment of the Late Payment, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

5. Initial Training. As noted in Item 5, within forty-five (45) days after execution of the Franchise Agreement, you must pay us our then current initial training tuition fee ("Tuition Fee") to attend our initial training program (the "Initial Training Program"), for you and up to two (2) additional representatives you designate, one of which must be your general manager or Designated Manager. As of the date of this Disclosure Document, the current Tuition Fee for the Initial Training Program is $4,995. The Tuition Fee covers the costs of training, lodging, and certain meals during the Initial Training Program, however, the Tuition Fee does not include travel expenses, meals outside of the formal Initial Training Program hours, and other living or miscellaneous expenses you may incur during the time of training. Any additional personnel, or replacement personnel, you wish to attend Initial Training Program must pay an additional $2,500 per person to our Initial Training Program (subject to class availability and the schedule/availability of our personnel). We may also establish additional assistance and/or refresher training, as we deem necessary from time to time, and make your attendance at this training mandatory or discretionary. In the event you wish (or are required) to attend any additional assistance or refresher training, we may charge you our then-current additional assistance or refresher training fee ("Assistance Training Fee") to attend this training (subject to class availability and the schedule/availability of our personnel) and reserve the right to charge our then- current Assistance Training Fee, which currently is $500 per person per day. Except as expressly set forth above or herein, you are responsible for all out-of- pocket expenses (including travel costs, if any) incurred in connection with your and any of your personnel's attendance at the Initial Training Program, as well as any additional assistance and/or refresher training we conduct. e reserve the right to change the amount (not to exceed a 10% increase), scope, or manner of payment of the Tuition Fee and Assistance Training Fee, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

6. Renewal Fee. Before we will approve the renewal of your Franchise Agreement, you must pay us a renewal fee equal to 20% of the then-current Franchise Fee. We have a number of additional conditions that you must meet in order to renew your Franchise Agreement, including without limitation: (i) providing us with written notice of your intent to renew no less than 6 months prior to the

expiration of the term of the then-current Franchise Agreement; (ii) executing our then- current form of Franchise Agreement, the terms of which may materially differ from your current agreement; (iii) substantially complying with your Franchise Agreement during the existing term; and (iv) executing our prescribed form of general release in favor of us. See Item 17 in this Disclosure Document for additional information regarding renewal.

7. Transfer Fee. You must pay us a transfer fee equal to 20% of the then current Initial Franchise Fee per Protected Territory that is being transferred to transferee, subject to state law. In the event you transfer multiple Protected Territories at once, we reserve the right, but have no obligation, to reduce the transfer fee for any of the Protected Territories being transferred, and by any amount. If a third-party broker locates the transferee, you will also be solely responsible for any broker fees associated with the transfer. There are other conditions for transfer and all conditions must be met before the transfer is approved by us. Provided certain conditions are met, we will not charge you a transfer fee if you are an individual and transfer ownership to a corporation or limited liability company that you control. See Item 17 in this Disclosure Document for additional information regarding transfer.

8. Temporary Management Fee. In the event of Franchisee's death, disability, absence or otherwise, we reserve the right to operate Franchisee's Franchised Business on Franchisee's behalf and at Franchisee's expense for such period of time (and under such terms and conditions) as we determine, including paying out the assets and/or revenues of the Franchised Business to cover any or all past, current and/or future obligations of the Franchised Business (including any amounts owed to Franchisor and/or any affiliate) in such priorities as we determine from time-to-time. We may pay ourselves a reasonable amount to reimburse us for our management services and other costs. We may obtain approval of a court or arbitrator for any such arrangements, the attorneys' fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of the Franchised Business. Franchisee (and/or Franchisee's estate) will indemnify us against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of the Franchised Business.

9. Attorneys' Fees and Costs. If we prevail in any action or other legal/administrative proceeding brought against you arising out of the Franchise Agreement or any other agreement with us, you must reimburse us for our reasonable attorneys' fees and other costs paid that we incurred in such proceedings in the event we prevail. If you bring any legal action to interpret or enforce the terms of the Franchise Agreement or any other agreement with us, and your claim in such action is denied or the action is dismissed, then we are entitled to recover our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending the matter, and to have such an amount awarded as part of the judgment in the proceeding.

10. Supplier and/or Non-Approved Product Approval. We reserve the right to charge you a fee for reviewing any non-approved supplier of any vehicles, supplies, equipment, inventory or services, as well as any non-approved product, which you propose for use in connection with the Groovy Hues Business. If we determine that it is necessary to inspect the supplier's facilities or conduct tests, we may require you or the supplier to pay the actual costs we incur for such inspection and testing. Please see Item 8 of this Disclosure Document for additional information regarding our approval process for alternate suppliers or non-approved products.

11. Software Updates. You must purchase all updates for your third-party software programs, as sent to you by the software provider(s). We may also send you software updates, as we deem necessary in our sole discretion, or other materials that we may develop in connection with the System or System software that we require you to purchase.

12. Audit Costs. You must maintain accurate business records, reports, accounts, books and data relating to the operation of your Groovy Hues Business. We and our designees retain the right to inspect and/or audit your business records at any time during normal business hours, without notice, to determine whether you are current with suppliers and/or otherwise are operating in compliance with the terms of the Franchise Agreement and Operations Manual. In the event any such audit discloses an understatement of amounts reported or paid to us, you agree to pay to us the amount due, plus interest (at the rate and on the terms provided for herein) from the date originally due until the date of payment. Furthermore, you must reimburse us for our costs and expenses associated with conducting the audit in the event: (i) such audit is made necessary by your failure to timely furnish reports, supporting records, other information or financial statements required under the Franchise Agreement; or (ii) if that audit reveals an understatement of greater than 2%. These costs and expenses include, without limitation, our legal and accounting fees, travel, lodging and meal expenses and applicable per diem charges for our employees. The foregoing remedies are in addition to our other remedies and rights under the Franchise Agreement and/or applicable law. In the event any audit reveals that your information has been inaccurately reported, we reserve the right to audit other entities owned, controlled by, or affiliated with you.

13. Taxes on Payments. In the event any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment Franchisee makes to us, Franchisee must, in addition to all payments due to us, pay such tax, levy or assessment.

14. Indemnification. You are solely responsible for and must indemnify and hold us harmless for all loss, damage, claims or demands arising out of, or related to, the operation of your Groovy Hues Business, including warranty claims. Your indemnification obligations are described more fully in the Franchise Agreement.

15. Brand Fund Contribution. We reserve the right to establish our Brand Fund (defined herein). If established, you will be required to contribute the then-current Brand Fund Contribution in the manner we prescribe. The Brand Fund Contribution shall not exceed 3% of your monthly Gross Revenues Collected, nor shall the sum of the Brand Fund Contribution and the Royalty fee exceed the then-current Royalty fee immediately preceding establishment of the Brand Fund, as a percentage of monthly Gross Revenues Collected. The Brand Fund Contribution must be paid to us each month in the same manner as you are required to pay your Royalty. We reserve the right to modify the Brand Fund Contribution and/or modify the digital marketing and advertising requirements that you must use for your Groovy Hues Business, and to designate and/or change the amount, scope, or manner of payment of the Brand Fund Contribution, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days). Please see Item 11 of this Disclosure Document for additional information regarding the Brand Fund and your other advertising/marketing obligations.

16. Local Advertising Deficiency. You are required to spend at least $20,000 during the first ninety (90) days of operations of your Groovy Hues Business to satisfy your advertising requirements for the initial marketing expenditure requirement ("Initial Marketing Expenditure Requirement"). Additionally, after the first ninety (90) days of operations of your Groovy Hues Business, and for the remainder of the term of the Franchise Agreement, you must spend the greater of (i) $2,000 per month, or (ii) 5% of monthly Gross Revenue Collected on Local Advertising Expenditures within your Protected Territory (collectively, "Local Advertising Expenditure Requirement"), of which, a minimum of $2,000 per month must be spent on advertising, marketing, and/or related expenses, through our affiliate, or our designated vendor (as we designate) (however the above does not contemplate or include your required monthly Digital Management Fee, see section 11(e)(4) of this Disclosure Document) or Designated vendors. You must submit to us, upon our request, evidence of your Initial Marketing Expenditure Requirement and Local Advertising Expenditure Requirement. We have the

right to review your books and records to determine these expenditures. We must approve all advertising and promotional materials prior to your use or distribution. If you do not expend the required Local Advertising Expenditure Requirement, we have the right to require you to pay the deficiency amount to us, which we may use to expend directly, locally in your market, or we may require that you pay the deficiency to the Brand Fund, if established. Please see Item 11 of this Disclosure Document for additional information.

17. Insurance Reimbursement. You must obtain and maintain certain insurance in connection with your Groovy Hues Business from our designated vendor. If you fail to obtain the required levels of insurance, we may obtain such insurance on your behalf and require that you reimburse us for the costs associated with obtaining this insurance for you, as well as pay us a service fee in connection with obtaining this insurance. Additionally, you agree not to permit any third-party subcontractor to perform any work or offer any services on your behalf unless such subcontractor maintains insurance coverage in such amounts and types as we require you to maintain, with the specific addition that subcontractors cannot exclude principals from its Workers' Compensation coverage and that liability policies name us as an additional insured. You agree to maintain evidence that such insurance by subcontractors is in effect and to provide such proof of insurance as we may require, in our sole discretion, from time to time. See Item 8 for more information regarding our insurance requirements. We have the sole right, exercisable at any time and upon notice, to designate a vendor or supplier, which may include one of our affiliates, from whom you must purchase all insurance policies required by Franchisor to operate the Groovy Hues Business.

18. Annual Conference. We hold an annual conference for our System (the "Annual Conference") and require that you and your management (if applicable) attend this Annual Conference and pay us our then-current registration fee per person. As of the date of this Disclosure Document the fee for the Annual Conference is $1,000 per person. You will be charged $1,000 if you do not register for the Annual Conference by the deadline. We reserve the right to change the amount (not to exceed a 10% increase), scope, or manner of payment of the Annual Conference, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

19. Post-Termination or Post-Expiration Expenses. Upon termination, expiration, non-renewal, and/or transfer of the Franchise Agreement, you are responsible for the costs associated with de- identifying yourself and your Groovy Hues Business from the Groovy Hues System. Additionally, we may elect to take steps to modify, alter or de-identify your Groovy Hues Business. If we do so, you must also reimburse us for our costs and expenses.

20. Liquidated Damages. If the Franchise Agreement is terminated as a result of Franchisee's default before the expiration of the Term, it would be impossible to calculate with reasonable precision the losses that would be incurred by us because of the unpredictability of future business conditions, inflationary prices, the impact on our reputation from having closed a franchised business, our ability to replace the Franchised Business in the same market and other factors. Accordingly, if the Franchise Agreement is terminated as a result of any default by Franchisee, we will be entitled to recover as liquidated damages, and not as a penalty, an amount equal to the greater of: (a) $150,000; or (b) the aggregate royalty and other ongoing fees due to us under the Franchise Agreement (the "Continuing Fees") during the thirty-six (36) full calendar months during which the Franchised Business was open and operating immediately before the termination date (or, if the Franchised Business has not been open and operating for thirty-six (36) months before the termination date, the average monthly ,Continuing Fees due to us for all months during which the Franchised Business was open and operating) multiplied by thirty-six (36) or the number of months remaining in the then-current term of the Franchise Agreement, whichever is less. Notwithstanding anything contained herein to the contrary, if a court determines that this liquidated damages provision is unenforceable, then we may pursue all other

available remedies, including claims for lost future royalty fees.

21. Accounting Services Fee. You must pay our designated affiliate HPB Accounting LLC d/b/a ZeeBOOKS, a monthly fee for bookkeeping, payroll, and certain billing services, excluding the monthly subscription fees set forth below ("Accounting Services Fee"). As of the date of this Disclosure Document the current monthly Accounting Services Fee is $440 per month. We reserve the right to increase your required spend on the Accounting Services Fee up to 0.5% of your total Gross Revenues Collected. The Accounting Services Fee estimate does not include the costs of: (i) your required monthly subscription to online accounting software, which is currently $60 per month per user; (ii) your required monthly payroll fee, which is currently $70 per month; or (iii) a one-time setup fee of $399. All Accounting Services Fees and other fees that you must pay are subject to change at any time. We reserve the right to modify the Accounting Services Fee as new bookkeeping resources and technology becomes available or changes, and/or modify the bookkeeping requirements that you must use for your Groovy Hues Business at any time upon providing reasonable notice. We also reserve the right to designate and/or change the amount (not to exceed a 10% increase), scope, structure, or manner of payment of the Accounting Services Fee, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days). We also reserve the right to require franchisees to use our affiliate or designated vendors for payroll, sales tax filing, and other related services.

22. Outstanding A/R Collection Fee. We have the right to assist you in collecting outstanding balances from your customer for amounts more than 60 days past due. If we assist in collecting such outstanding amounts, you must pay us a fee in the amount of 15% of the amount collected.

23. Contact Center Fee. You must pay our designated vendor a monthly contact center fee (the "Contact Center Fee"). As of the date of this Disclosure Document the current monthly Contact Center Fee is $300 per month plus $23 per appointment. You must also pay a one-time startup fee of $300. The Contact Center Fee covers the management, processing, and routing of prospective and existing Groovy Hues customer contacts, communications, inquiries, and work orders We reserve the right to (a modify the Contact Center Fee as new contact center, communication, or order processing technology and software becomes available or changes, and/or (b) modify the contact center requirements that Franchisee must use for the Groovy Hues Business, and (c) designate and/or change the amount (not to exceed a 10% increase), scope, or manner of payment of the Contact Center Fee, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

24. Brand Marketing Fee. As noted in Item 5, within forty-five (45) days after execution of the Franchise Agreement, you must pay us or our affiliate (as we designate) a Brand Marketing Fee of $15,500. We reserve the right to change the amount (not to exceed a 10% increase), scope, or manner of payment of the Brand Marketing Fee, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

25. Digital Management Fee. You must pay our affiliate, or our designated vendor (as we designate), a monthly digital management fee (the "Digital Management Fee"). Currently, the Digital Management Fee is a monthly fee of $500 per month. The Digital Management Fee covers the costs of digital marketing and website management. We reserve the right to (a) modify the Digital Management Fee as new digital marketing and advertising technology and software becomes available or changes, and/or (b) modify the digital marketing and advertising requirements that you must use for the Groovy Hues Business, and (c) designate and/or change the amount (not to exceed a 10% increase), scope, or manner of payment of the Digital Management Fee, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

26. Special Software Fee. You must pay our Designated Vendor(s) (as we designate) a monthly special software fee (the "Special Software Fee"). Currently, the Special Software Fee is $300 per month. The Special Software Fee covers access to, and use of, special software platforms and programs, including, but not limited to artificial intelligence, as required by us, and in accordance with our standards and specifications. We reserve the right to modify the Special Software Fee as new technology and software becomes available and/or we modify the technology and software requirements that you must use for the Groovy Hues Business, and to designate and/or change the amount. scope, or manner of payment of the Special Software Fee, any time upon providing reasonable notice (which need not exceed 30 days).

ITEM 7
ESTIMATED INITIAL INVESTMENT

A. YOUR ESTIMATED INITIAL INVESTMENT FOR A SINGLE GROOVY HUES FRANCHISED BUSINESS IN A SINGLE PROTECTED TERRITORY

Type of Expenditure	Amount		Method of Payment	When Due	Payment Payable
	Low	High			
Initial Fee (1)	$59,500	$59,500	Lump Sum	At Signing of the Franchise Agreement	Us
Insurance (2)	$3,000	$7,500	As Arranged	Before opening	Designated Vendor
Tuition Fee (3)	$4,995	$4,995	Lump Sum	Within forty-five (45) days after execution of the Franchise Agreement	Us
Travel and Living Expenses while Training (4)	$1,500	$3,500	As Incurred	Before opening	Third-Party Providers
Opening Package (5)	$5,930	$7,710	Lump Sum	Before opening	Approved Suppliers, Designated Vendors or Third-Party Providers
Vehicles (6)	$12,599	$14,489	As Incurred	Before opening	Approved Suppliers, which may include Us or an affiliate
Licenses Certificates and Permits (7)	-	$5,000	As Incurred	Before opening	Licensing Authorities
Professional Fees (8)	$1,000	$10,500	As Incurred	Before opening	Third-Party Providers (Attorneys / Accountants)
Technology Fee	$2,376	$2,376	Lump Sum	Paid monthly	Us or

(9)					Designated Vendor
Special Software Fee (10)	$900	$900	As Incurred	Paid monthly	Designated Vendor
Contact Center Fee (11)	$1,200	$3,500	As Incurred	Paid monthly	Us or Designated Vendors
Dues and Subscriptions (12)	$399	$399	Lump Sum	Before opening	Business and Construction or Contracting Associations
Brand Marketing Fee (13)	$15,500	$15,500	Lump Sum	Within forty-five (45) days after execution of the Franchise Agreement	Us or an affiliate
Initial Marketing Expenditure and Local Advertising Expenditure (14)	$20,000	$20,000	Lump Sum	Before opening	Third-Party Providers or Designated Vendors
Digital Management Fee (15)	$1,500	$1,500	As Incurred	Paid monthly	Affiliate or Designated Vendor
Accounting Services Fee (16)	$2,109	$2,109	As Incurred	Paid monthly	ZeeBooks
ZeePartnerships Fee (17)	$5,000	$5,000	Lump Sum	Within forty-five (45) days after execution of the Franchise Agreement	Us
Additional Funds (90 days) (18)	$20,000	$40,000		After opening	Employees, Suppliers, etc.
TOTAL (19)	**$157,508**	**$204,478**			

Explanatory Notes:

Generally. All fees and payments described above are non-refundable, unless otherwise stated or permitted by the payee. Actual costs will vary for each franchise location depending on several factors, including market condition and the geographic location of your Groovy Hues Business.

1. Initial Franchise Fee. Upon execution of your Franchise Agreement, you must pay to us an Initial Franchise Fee of $59,500 which you must pay in a lump sum. The Initial Franchise Fees is non-refundable and deemed fully earned upon execution of your Franchise Agreement. See Item 5 of this Disclosure Document for additional information.

2. Insurance (90 days). We estimate that your initial insurance deposit will be approximately $3,000 to $7,500 and will include coverage for general liability/pollution liability/professional liability, commercial auto/equipment, and worker's compensation (state specific). You should check with the designated vendor for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the area in which your Groovy Hues Business will be located, your experience with the insurance carrier, your loss experience, your level of sales and other factors beyond our control. You should also check with our designated vendor or other insurance agent or broker

regarding any additional insurance that you may want to carry. See Item 8 for additional required insurance information.

3. Tuition Fee. As noted in Item 5, within forty-five (45) days after execution of the Franchise Agreement, you must pay us our then-current initial training Tuition Fee to attend our Initial Training Program, for you and up to two (2) additional representatives you designate, one of which must be your general manager or Designated Manager. As of the date of this Disclosure Document, the current Tuition Fee for the Initial Training Program is $4,995. The Tuition Fee covers the costs of training, lodging, and certain meals during the Initial Training Program, however, the Tuition Fee does not include travel expenses, meals outside of the formal Initial Training Program hours, and other living or miscellaneous expenses you may incur during the time of training. See Note 5 in Item 6. Please see Item 11 of this Disclosure Document for additional information.

4. Travel and Living Expenses While Training. We estimate that your travel and living expenses for attendance to our Initial Training Program will be $1,500 to $3,500. While your Tuition Fee includes expenses and fees for training, lodging, and certain meals during the Initial Training Program, you are required to pay for transportation to and from our offices (or any other location) and pay all expenses associated with travel and other living and miscellaneous expenses during the time of training (including any employee wages). We estimate costs of approximately $500 per day, per person, for living and other miscellaneous expenses, plus travel expenses to and from your personal residence. The range assumes that no additional people other than you and two (2) additional attendees, one of which must be your general manager or Designated Manager, will attend our Initial Training Program. See Note 5 in Item. Please see Item 11 of this Disclosure Document for additional information.

5. Opening Package. Prior to opening, you must purchase from our Approved Suppliers, Designated Vendors (as we designate), or Third-Party Providers, the required opening package (the "Opening Package"), which includes items such as promotional materials, including brochures, yard signs, apparel, and other equipment, tools, and supplies related to the operation of your Groovy Hues Business. We estimate that that full purchase price of the entire Opening Package is approximately $5,930 to $7,710. We reserve the right to modify the components, standards and/or specifications of this Opening Package, which may modify the total costs associated with this Opening Package. If you purchase more than one (1) Protected Territory, you are only required to purchase one Opening Package.

6. Vehicles. You are required to acquire the following vehicles: one (1) sales truck as designated by our standards. The required vehicles must be upfitted with our Proprietary Mark vehicle wraps and certain equipment, tools, and supplies, including painting equipment, equipment to be used in the operation of your Groovy Hues Business. You must procure the required vehicles and equipment prior to commencing operations of your Groovy Hues Business, from an Approved Supplier, which may be us or an affiliate.

The "low" and "high" estimates above reflect the costs to finance or lease the required vehicles, as set forth below:

Sales Truck	**Low**	**High**
Vehicle Cost *including cost to wrap and otherwise upfit to system standards	$50,900.00	$58,535.00
Deposit (20%)	**10,180.00**	**11,707.00**
Amount Financed or Leased	40,720.00	46,828.00

Term in Months	60	60
Rate	7.00%	7.00%
Per Month	$806.30	$927.25
3 Month Payment	**$2,419.00**	**$2,782.00**
Total Vehicle Cost	$12,599.00	$14,489.00

These estimates may vary based upon lender or supplier, global supply chain, market conditions, interest rate, geographic location, and the vehicle package options you may select. The estimates reflected above and herein are for the initial required vehicles and equipment used in the operation of a single Groovy Hues Business in a single Protected Territory. The estimated costs of the required vehicles include the required equipment and transportation costs. We strongly recommend and expect that you will obtain leasing or financing for the vehicles from a third party. We do not provide any leasing or financing services in connection with the required vehicles and equipment. If you choose to lease or finance the purchase of your vehicle(s) and equipment, your actual payments will depend on your credit worthiness, as determined by the lender or supplier, global supply chain, market conditions, interest rates, geographic location, vehicle package options you may select, and the finance or lease options you select. Your deposit, term and interest rate may vary. The vehicles must be (i) wrapped in accordance with our designated requirements which incorporate our Proprietary Marks, and (ii) upfitted to our System standards and specifications. All sales calls, estimates, and installations must be done using the required wrapped vehicles.

7. Licenses, Certifications, and Permits. You must acquire a general business license, any specialty licenses required by your state or federal agency, and any third-party certifications that may be required by us. We estimate that the costs of these licenses and certifications will be up to $5,000. The $0 estimate assumes that you live in a state, county, or city that does not require licenses, certifications, or permits.

8. Professional Fees. This estimate is based on the fees necessary to create a franchisee entity and retaining legal counsel and accountants to review this Disclosure Document and Franchise Agreement, as well as review applicable state or local laws and regulations pertaining to your business. The high estimate also includes the costs associated with recruiting services offered by our Designated Vendor. The recruiting services are optional, however, if you elect to receive recruiting services, you must pay our Designated Vendor the then-current recruiting fee (the "Recruiting Fee"). Currently, the Recruiting Fee is between $2,400 and $9,500.

9. Technology Fee. You must pay us or a designated vendor a monthly Technology Fee of $792, which we collect on your behalf and remit to our designated vendor. See Note 3 in Item 6. See Item 11 of this Disclosure Document for additional information.

10. Special Software Fee. You must pay our designated vendor a monthly Special Software Fee of $300. See Note 26 in Item 6.

11. Contact Center Fee. You must pay our designated vendor a monthly Contact Center Fee of $300 plus $23 per appointment. See Note 23 in Item 6. The high estimate above reflects 100 appointments at $23 per appointment.

12. Dues and Subscriptions. These fees will cover the cost of membership to certain professional and business organizations we recommend that you join, including an annual subscription for membership in the Painting Contractors Association, currently estimated at $399 per year, subject to change.

13. Brand Marketing Fee. As noted in Item 5, within forty-five (45) days after execution of the Franchise Agreement, you must pay us, or our affiliate (as we designate), a Brand Marketing Fee of $15,500. This is a one-time fee. See Note 24 in Item 6.

14. Initial Marketing Expenditure Requirement and Local Advertising Expenditure Requirement. You are required to spend at least $20,000 during the first ninety (90) days of operations of your Groovy Hues Business to satisfy your advertising requirements for the initial marketing expenditure requirement ("Initial Marketing Expenditure Requirement"). Additionally, after the first ninety (90) days of operations of your Groovy Hues Business, and for the remainder of the term of the Franchise Agreement, you must spend the greater of (i) $2,000 per month, or (ii) 5% of monthly Gross Revenue Collected on Local Advertising Expenditures within your Protected Territory (collectively, "Local Advertising Expenditure Requirement"), of which, a minimum of $2,000 per month must be spent on advertising, marketing, and/or related expenses, through our affiliate, or our Designated Vendor (as we designate) (however the above does not contemplate or include your required monthly Digital Management Fee, see section 11(e)(4) of this Disclosure Document) or Designated Vendors. Please see Item 11 of this Disclosure Document for additional information.

15. Digital Management Fee. You must pay our affiliate, or our designated vendor (as we designate), a monthly Digital Management Fee of $500. See Note 25 in Item 6.

16. Accounting Services Fee. You must pay our affiliate ZeeBOOKS a monthly Accounting Services Fee of $440 plus additional monthly fees. See Note 21 in Item 6.

17. ZeePartnerships Fee. As noted in Item 5, within forty-five (45) days after execution of the Franchise Agreement, you must pay to us a ZeePartnerships fee in the amount of $5,000. This is a one-time fee.

18. Additional Funds. The estimate of additional funds of $20,000 to $40,000 is for a period of at least three months and is based on an owner-operated business and does not include any allowance for an owner's draw or salary. These estimated costs are calculated by estimating the range of funds needed to cover wages, salaries, and benefits for 3 months of operations. Your costs will depend on factors such as: how closely you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for our products and services; the prevailing wage rate. If you purchase more than one (1) Protected Territory we recommend, but do not require, that you allocate an estimated $10,000 - $20,000 of additional funds for each additional Protected Territory you purchase.

19. Initial Investment. These estimates are based on our experience in offering and selling franchises since 2022, as well as the experience of predecessor and estimates we have received from third-party vendors. We do not directly or indirectly offer financing for your initial investment. See Item 10 for more details.

B. YOUR ESTIMATED INITIAL INVESTMENT FOR A MULTI- UNIT OFFERING WITH MULTIPLE TERRITORIES

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee (for 2 or more Outlets) [1]	$99,500 - $194,500	Lump Sum	Upon signing the Multi-Unit Development Agreement	Us
Other Expenditures for 2 or more Outlets	$98,008 - $144,978	As Disclosed in Single Unit Table	As Disclosed in Single Unit Table	As Disclosed in Single Unit Table
Additional Expenditures (3 months)[2]	$10,000 - $20,000	As Incurred	After Opening	Third-party providers
Total	**$207,508 - $379,478**			

Generally. The Chart above relates to the operation of one (1) Approved Location for two (2) to three (3) Groovy Hues Businesses in two (2) to three (3) Protected Territories, and for one (1) Approved Location for four (4) to five (5) Groovy Hues Businesses in four (4) to five (5) Protected Territories. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. Actual costs will vary for each franchise location depending on several factors, including market condition and the geographic location of your Approved Location and Groovy Hues Businesses.

1. Multi-Unit Initial Franchise Fees. You will be required to execute a Franchise Agreement for each Groovy Hues Business you are granted to open, as well as our prescribed form of Multi- Unit Addendum, all at the same time. The Initial Franchise Fees will be paid in a lump-sum at the time you execute each Franchise Agreement and Multi-Unit Addendum. The Initial Franchise Fee is nonrefundable. The Initial Franchisee Fee is uniformly imposed and deemed fully earned upon execution of your Franchise Agreement. The Initial Franchisee Fee covers the costs of marketing, sales, and administrative services incurred or paid by Franchisor, including fees and expenses paid by Franchisor to third-party networks, consultants, brokers, and HorsePower Nation LLC. Please see Item 5 of this Disclosure Document for additional information on the multi-unit Initial Franchise Fee.

2. Financing. We may, in limited circumstances and at our option, but under no circumstances are we obligated to, finance a portion of your Initial Franchise Fee, up to sixty percent (60%) of the Initial Franchise Fee for the purchase of your second (2*nd*) Protected Territory and up to eighty percent (80%) of the Initial Franchise Fee for the purchase of your third (3rd), fourth (4^{th}), and fifth (5^{th}) Protected Territories, up to a maximum of $100,000 (the "Maximum Amount"). Our decision to finance a portion of your Initial Franchise Fees for the purchase of your second (2nd), third (3rd), fourth (4^{th}), or fifth (5^{th}) Protected Territory will be based, in part, on your creditworthiness, the collateral you have available to secure the financing and our then-current financing policies. We do not offer financing of the Initial Franchise Fee for the purchase of your first (1st) Protected Territory.

3.

4. Additional Expenditures Associated with Opening and Operating Groovy Hues Businesses – 3 months. We expect that you will operate your Groovy Hues Businesses from a single centralized Approved Location and using: (i) the same vehicles; and (ii) the required equipment, tools, and supplies. However, you will be required to make additional expenditures for additional inventory, equipment, tools, and supplies, depending on the number of Protected Territories you purchase.

The additional expenditures are as follows:

# of Territories	Additional Funds for first three (3) months
2-3	$10,000 - $20,000
4-5	$10,000- $20,000
Cumulative total Additional Expenditures (including Additional Funds for 1st Territory)	$40,000 - $80,000

If you purchase more than one (1) Protected Territory, you will only be required to purchase or pay for a single Opening Package regardless of the number of Protected Territories you purchase. Please review the Explanatory Notes following Charts 7(A) and 7(B) for additional information, as well as the Multi-Unit Addendum attached as Exhibit C.

We only require you to attend, and successfully complete, our Initial Training Program once in connection with the purchase of multiple Groovy Hues Protected Territories.

5. Initial Investment. These estimates are based on our experience in offering and selling franchises since 2022, as well as the experience of our predecessor and estimates we have received from third-party vendors.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Groovy Hues business in conformance with our methods, standards, and specifications, which we prescribe in our confidential operations manual, our proprietary and confidential operations Manual (the "Operations Manual"), and various other confidential manuals, writings, and other information prepared by us for your use in operating a Groovy Hues Business which are provided in the Operations Manual or communicated to you in writing or other means of communication. We may periodically change our standards and specifications at our sole discretion, and you must comply with all changes.

1. Approved Products and Services

All vehicles, supplies, equipment and inventory used by you in the Groovy Hues Business must meet our then-current System standards and specifications, including but not limited to branding requirements (including color and label requirements) that comply with our then-current standards and specifications, which we will establish and modify at our discretion. You may incur an increased cost to comply with such changes at your own expense.

We reserve the right to require you to purchase any of the items necessary to establish and operate your Groovy Hues Business in accordance with our standards and specifications and/or from an Approved Supplier, from us, an affiliate, or our designated vendors and suppliers.

You must offer for sale all products and services which we prescribe and only those products and services which we prescribe. You may not offer any other products or services for sale without having received our prior written authorization. You must always maintain sufficient levels of inventory as specified in the Operations Manual, to adequately satisfy consumer demand. You must

offer, use, and sell all private label products which we may now or in the future designate for sale by System franchisees.

Some suppliers may provide us with test equipment for use in our training center, advertise in our newsletters, and may also sponsor events and/or rent booth space at our Annual Conference or regional meetings.

2. Designated and Approved Suppliers

As of the date of this Disclosure Document, we, or our affiliates, are the Approved Supplier for certain services, supplies, equipment, and inventory required for the establishment and operation of your Groovy Hues Business as determined by us and as set forth in the Operations Manual. We reserve the right to require you to purchase or lease certain goods or services from designated vendors or Approved Suppliers, which may include us or an affiliate, and/or to negotiate arrangements, or modify the structure, terms, or prices of such arrangements, with these designated vendors or Approved Suppliers, which may be us or an affiliate, including service requirements for our franchisees, prices, and terms, for the benefit of the franchisees, as well as rebates.

You must purchase your initial vehicles, and certain other equipment, tools, and supplies, from one of our designated vendors or Approved Suppliers, which may be us or an affiliate. We strongly recommend and expect that you enter into a financing or leasing arrangement with a third party for your vehicles and certain other equipment, tools, and supplies you must procure for the operation of your Groovy Hues Business, and your payments made in connection with these financed or leased items will be paid to that third-party financing/leasing provider and not us or an affiliate.

You must purchase your Opening Package, Initial Inventory, Special Software, Equipment Package, and Insurance, from our Approved Suppliers or one of our Designated Vendors (as we designate).

As of the issuance date of this Disclosure Document, we and/or our affiliates are also the only Approved Suppliers for the following goods and services: (i) Brand Marketing Fee; (ii) Accounting Services Fee; (iii) Tuition Fee; (iv) ZeePartnerships fee; and (v) all sales materials and merchandise bearing the Proprietary Marks.

Following your initial purchase of the aforementioned items from us, you must purchase merchandise with our Proprietary Marks from us, an affiliate, or our designated vendor.

Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of our trade dress, you must purchase product samples and other supplies, services, computer hardware and software, and other equipment from us or from approved or designated suppliers that we will specify, from time to time, in the Operations Manual and otherwise in writing (each an "Approved Supplier"). We, our affiliates or a designated third party may be one of several, or the only, Approved Supplier of any item (including any service). We reserve the right to require you to purchase any products and services, including equipment, supplies, computer hardware and software, directly from us or our affiliate. We and our affiliates have the right to realize a profit or otherwise derive revenue on any products or services that we, our affiliates, or our Approved Suppliers supply and/or provide to you. We may establish business relationships, from time to time, with suppliers who may produce and/or provide certain goods or services that you are required to purchase from only that supplier (each a "System Supplier"). These System Suppliers may provide, among other things, supplies, fixtures, technology, software, and equipment, all in accordance with our proprietary standards and specifications or private label goods that we have authorized and

prescribed for sale by System Groovy Hues Businesses. You recognize that such products and services are essential to the operation of your Groovy Hues Business and to the System generally. Your failure to pay System Suppliers may interfere with such suppliers' willingness to supply the System and may result in other System Groovy Hues Businesses' inability to obtain a product or an ability to obtain a product only on less favorable credit terms. Accordingly, you must pay System Suppliers as and when due. You must use products purchased from Approved Suppliers solely in connection with the operation of your Groovy Hues Business and not for any competitive business purpose.

3. Ownership Interest in Approved Suppliers / Revenue Derived from Franchise Purchases and Leases

Our officer Josh Skolnick and Matthew Rathgeb own interests in us.. Officer Josh Skolnick owns interests in all of the affiliates listed in Item 1 of this Disclosure Document. Other than these ownership interests, as of the issuance date of this Disclosure Document, neither we, our affiliate nor any of our officers currently own an interest in any of our other Approved Suppliers.

We and our affiliates may derive revenues from required purchases and leases by franchisees as well as in the form of rebates or marketing allowances paid to us or our affiliates by Approved Suppliers that we require you to use. During our fiscal year ending December 31, 2024, we generated a total revenue of $1,313,392.31. Of the total revenue generated, we received a total of $34,648.73 from all rebates, which equals 2.64% of our total revenue during the reporting period. As of the issuance date of this Disclosure Document, our affiliate HPB Procurement has negotiated arrangements on our behalf with Approved Suppliers pursuant to which these suppliers pay our affiliate HPB Procurement certain rebates ranging from $$42 to $307,357, determined on the basis of either number of units of required products purchased, new accounts established, or a percentage of total value of sales orders of required purchases on account of franchisee purchases. During our fiscal year ended December 31, 2024, our affiliate HPB Procurement derived $1,611,689, or 100% of HPB Procurement's total revenues for rebate income of $1,611,689 on account of required franchisee purchases for us and our affiliates, of which $34,648.73 or 2.64% was allocated to us in 2024. We and our affiliates reserve the right to negotiate arrangements with these Approved Suppliers including service requirements for our franchisees, prices, and terms, for the benefit of the franchisees, as well as rebates.

Your obligations to purchase or lease certain products or services from us, our affiliates and/or our Approved Suppliers, and to purchase or lease goods, services, supplies, fixtures, equipment, computer hardware and software, training and real estate that meet our specifications, are considered "Required Purchases. We estimate that your Required Purchases will account for approximately 75% to 85% of your total costs incurred in establishing your Groovy Hues Business, and approximately 60% to 70% of your ongoing costs to operate the Groovy Hues Business after the initial start-up phase.

We have the sole right, exercisable at any time and upon notice, to designate a vendor or supplier, which may include one of our affiliates, from whom you must purchase all insurance policies required by Franchisor to operate the Groovy Hues Business.

We and our affiliates reserve the right to derive revenue from the Required Purchases you make from us and our affiliates, as well as purchases or leases made from or by our designated and Approved Suppliers. As we are a newly formed entity, neither we nor any affiliate has derived any revenue from our franchisees' required purchases or lease as of the issuance date of this Disclosure Document.

As we are a newly formed entity, neither we nor any affiliate has derived any revenue from our franchisees' required purchases or lease as of the issuance date of this Disclosure Document.

4. Alternative Product or Supplier Approval

If you wish to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier or provider, you must provide us the name, address and telephone number of the proposed supplier or provider, a description of the item you wish to purchase, and the purchase price of the item, if known. At our request, you must provide us, for testing purposes, a sample of the item you wish to purchase. We are not required to approve any particular product or supplier. We may base our approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier/provider itself, but also indirectly to the uniformity, efficiency, and quality of operation we consider necessary or desirable in our System as a whole, as well as the maintenance of our Confidential Information, in our sole discretion. We have the right to receive payments from suppliers on account of their dealings with you and other Groovy Hues Businesses and to use all amounts we receive without restriction (unless instructed otherwise by the supplier) for any purposes we deem appropriate. We are not required to approve an unreasonable number of suppliers or providers for a given item if we believe that such approval may result in higher costs or prevent the effective or economical supervision of approved suppliers or providers.

You, or the proposed supplier or provider, must advance us our reasonable costs we estimate we will incur in connection with inspecting the alternate supplier or provider, its facilities and/or the previously non- approved item(s) you propose prior to any purchase. If the costs we incur are more than the amount you advanced, then we may withdraw additional funds through the EFT Program from your designated bank account for the difference; or if the actual amount we incur is less than the amount of the advancement, then we will credit the excess amount to the payment of your future obligations.

We will use reasonable efforts to notify you in writing if your request is approved or denied within 30 days of: (i) our receipt of all supporting information from you regarding your request; and (ii) our completion of any necessary inspection or testing associated with your request. If we do not provide written approval within this period, then your request will be deemed denied.

We may, but are not required to, provide your proposed supplier or provider with our specifications for the item that you wish the third-party to supply, provided that third-party executes our required non-disclosure agreement form. Each proposed supplier or provider that we approve of must comply with our requirements regarding insurance, indemnification, and non-disclosure. If we approve any supplier or provider, you may enter supply contracts or other agreements with that third party, but under no circumstances will we guarantee your performance of any such supply contract or other agreement.

We may re-inspect and revoke our approval of particular products or suppliers/providers if we determine that such products or suppliers no longer meet our standards, in our sole discretion. Once you receive written notice from us that we have revoked our approval, you must immediately cease purchasing products from that supplier or provider.

We do not provide any material benefit to you if you buy from sources we approve, but we may default you under (or terminate) your Franchise Agreement, or otherwise deny your request to enter into or renew these agreements, based on your failure to make required purchases from our Approved Suppliers or otherwise in accordance with our standards and specifications.

5. Insurance

You must purchase and maintain, at your own expense, the types and minimum amounts of insurance coverage and bonds we specify for Groovy Hues Businesses. You must purchase the required insurance from our designated vendor at least 30 days before opening your Groovy Hues Business or upon signing a lease for the Approved Location or commercial office or warehouse, if any, whichever is earlier. The limits described in the paragraph below are the minimum amounts that you are required to purchase. You must carry insurance required by the lease of your Approved Location or commercial office or warehouse, if any, by any of your lenders or equipment lessors, and such Worker's Compensation Insurance as may be required by applicable law. If you sign a lease for the Approved Location or commercial office or warehouse, if any, or any agreement that requires a higher amount than provided below, then you must obtain the higher level of coverage under the terms of the lease or agreement. However, if you sign a lease for the Approved Location or commercial office or warehouse or any agreement that does not require the minimum coverage set forth below, you must still purchase and maintain insurance that meet our requirements.

The paragraph below sets out our current required and recommended insurance coverage as of the date of this Disclosure Document, which are subject to change:

(i) Commercial General Liability insurance in the amount of $1,000,000 per occurrence and $2,000,000 aggregate limit per location, which will include products and completed operations coverage, personal and advertising injury, fire damage liability and medical payments coverage; and it will be provided on an occurrence form. Also, the Contractor's Pollution and Professional Liability policies may be combined with the Commercial General Liability policy; (ii) Automobile Liability and Physical Damage insurance in the amount of $1,000,000 Combined Single Limit coverage for all owned, non-owned and hired vehicles and include physical damage coverage with deductibles not higher than $1,000 for comprehensive and collision damage; (iii) Contractor's Equipment Floater insurance in the amount of to cover the mobile equipment used in your franchised business; (iv) Employment Practices Liability insurance in the amount of $250,000 aggregate including third party endorsement and naming franchisor as Co-Defendant; (v) Workers' Compensation and Employer's Liability statutory coverage and Employer's Liability insurance in the amount of $1,000,000 by accident, $1,000,000 by disease-policy limit, $1,000,000 by disease each accident; (vi) Contractor's Professional Liability insurance in the amount of $1,000,000 to cover errors and omissions claims; (vii) Property Insurance for one hundred percent (100%) of the replacement cost of your business personal property; and, notwithstanding the foregoing; and (viii) Umbrella Liability insurance to be excess over Commercial General Liability, Automobile Liability and Employer's Liability; and (ix) Contractor's Pollution Liability insurance in the amount of $1,000,000. We reserve the right to increase or modify the insurance coverage requirements and/or require different or additional kinds of insurance for which you will comply upon written notice from us.

We must approve all insurance carriers in advance and in writing. Our acceptance of an insurance carrier does not constitute our representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy.

Each of your insurance policies must be written by a carrier with an industry rating of A-VII or better as reported in the most recent edition of A.M. Best's Insurance Reports, must name us, our subsidiaries, affiliates, and respective officers, directors, members, shareholders and employees as additional insureds, and must not have deductibles, exclusions or co-insurance that are unacceptable to us, in our sole discretion. Each insurance policy must contain an express waiver by the insurance

company of subrogation rights in favor of us, our affiliates, successors, assigns and any party we designate and will be primary and non- contributory to any insurance we might carry. All insurance policies you hold will be primary and non- contributory to any policy or policies held by us or our affiliates. Each insurance policy will list us as an additional insured except the Employment Practices Liability policy will provide us coverage. The Employment Practices Liability policy is required to have an endorsement as listed on Form CG 20 29 or its equivalent and must and name franchisor as Co-Defendant.

At least 30 days prior to opening your Groovy Hues Business, you must provide us with certificates of insurance demonstrating that you have met the requirements. At least 10 days before expiration of a policy, you must furnish evidence of renewal or replacement insurance. If you do not obtain the required coverage, we have the right (but no obligation) to obtain insurance on your behalf. If we do so, you must reimburse us for the cost of insurance, plus a reasonable fee for our services. All insurance policies you hold will be primary to any policy or policies held by us or our affiliates.

Additionally, you agree not to permit any third-party subcontractor to perform any work or offer any services on your behalf unless such subcontractor maintains insurance coverage in such amounts and types as we require you to maintain, with the specific addition that subcontractors cannot exclude principals from its workers' compensation coverage and that liability policies name us and our affiliates as additional insured parties. You agree to maintain evidence that such insurance by your subcontractors is in effect and to provide such proof of insurance as we may require, in our sole discretion, from time to time.

We have the sole right, exercisable at any time and upon notice, to designate a vendor or supplier, which may include one of our affiliates, from whom you must purchase all insurance policies required by us to operate the Groovy Hues Business.

6. Computer Hardware and Software

You must purchase any computer hardware, software and peripherals that meet our System standards and specifications. Please see Item 11 of this Disclosure Document for additional information regarding our computer hardware and software purchasing requirements.

There are no annual costs to you for any optional or required maintenance updating, upgrading or support contracts for the point of sale or computer systems. There currently are no maintenance/support contracts, but we reserve the right to require them. As of the date of this Disclosure Document, we have not rolled out any required maintenance or updates.

7. Purchasing and Distribution Cooperatives; Rebate Programs

As of the date of this Disclosure Document we do not participate in any purchasing or distribution cooperatives, although we reserve the right to do so; and we reserve the right to establish these types of cooperatives in the future. We, or our affiliates, may negotiate certain purchase arrangements (including price terms) for the purchase of certain items with suppliers for the benefit of franchises.

We and/or our affiliates and/or designated suppliers (as we designate or authorize) reserve the right to establish rebate programs for certain purchases of certain products and/or services, and/or in connection with use of our approved suppliers or designated vendors (the "Rebate Program") which may include discounted pricing, special terms, rebates, or other incentives or benefits (individually and collectively, the "Rebate"). We, and/or our affiliates, and/or third party suppliers reserve the

right to (but are not contractually required to) establish and offer you an opportunity to participate in one or more Rebate Programs and to condition your participation in any such Rebate Program on, among other conditions we may designate, your: (i) meeting certain eligibility requirements; (ii) execution of a designated form of Rebate Program participation agreement or amendment, which may include, among other terms, a general release of claims you, your owners and/or affiliates may have against us and/or any of our affiliates, owners, employees, officers, directors, successors and/or assigns; and (iii) compliance with purchasing requirements. We, our affiliates and third-party suppliers are not required to establish or offer Rebate Programs but may do so at any time. Additionally, if established, we, our affiliates and third-party suppliers reserve the right to discontinue or terminate any Rebate Program at any time effective on notice to you. We, and/or our affiliates, may derive revenue, material consideration and/or receive a commission or fee in connection with any Rebate Program.

Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of our trade dress, you must purchase those certain goods, services, furnishings, fixtures, computer hardware and software, including CRM software and Microsoft Office 365 accounts with support for applications such as Outlook email, OneDrive file sharing, and Teams communication tools, and other equipment, tools, supplies, and inventory, from us or from approved or designated suppliers that we will specify, from time to time, in the Operations Manual and otherwise in writing (each an "Approved Supplier"). We, our affiliates or a designated third party may be one of several, or the only, Approved Supplier of any particular good or service. We reserve the right to require you to purchase any products and services, including equipment, supplies, computer hardware and software, directly from us or our affiliate. We and our affiliates have the right to realize a profit or otherwise derive revenue on any products or services that we, our affiliates, or our Approved Suppliers supply and/or provide to you.

ITEM 9
FRANCHISEE'S OBLIGATIONS

The table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

Obligation	Section in Franchise Agreement	Section in Multi-Unit Addendum	Item of Disclosure Document
a. Site selection and acquisition/lease	7.1	Not Applicable	Items 7, 8, 11 and 12
b. Pre-opening purchases/ leases	7.1, 7.3, 7.4, and 7.8	4	Items 7 and 8
c. Site development and other pre-opening requirements	7.1 and 9	Not Applicable	Items 6, 7, 8 and 11
d. Initial and ongoing training	6.4, 6.5, 7.2 and 8	2	Items 6 and 11
e. e. Pre-Opening and Post Opening Success Meetings	7.20	Not Applicable	Item 11
f. Opening	7.3	Not Applicable	Items 11
g. Fees	2.2.9, 3, 12, 14.3.2.7, and 22.7	3	Items 5, 6, 7, and 11
h. Compliance with standards and policies/ operations	6 and 7	Not Applicable	Items 8 and 11

	manual			
i.	Trademarks and proprietary information	4, 5, 7.8 and 7.14	Not Applicable	Items 13 and 14
j.	Restrictions on products/services offered	1.2 through 1.7, 7.4, and 7.5	Not Applicable	Items 8, 12 and 16
k.	Warranty and customer service requirements	7.18 and 7.19	Not Applicable	Items 15 and 16
l.	Territorial development and sales quotas	Not Applicable	Not Applicable	Items 12 and 17
m.	Ongoing product/ service purchases	7.4 and 7.5	Not Applicable	Items 8 and 11
n.	Maintenance, appearance, and remodeling requirements	7.1.2, 7.15, and 7.17	Not Applicable	Items 6, 7, 8 11, and 12
o.	Insurance	9	Not Applicable	Items 6, 7 and 8
p.	Advertising	12	Not Applicable	Items 6 and 11
q.	Indemnification	13.2	Not Applicable	Item 6
r.	Owners' participation/management/ staffing	7.6.3 through 7.6.5, and 7.10	5	Items 11 and 15
s.	Records and reports	10 and 11	Not Applicable	Item 6
t.	Inspections and audits	7.7 and 11	Not Applicable	Items 6 and 11
u.	Transfer	14	Not Applicable	Item 17
v.	Renewal	2.2	Not Applicable	Item 17
w.	Post term obligations	16.1 and 17.2	Not Applicable	Item 17
x.	Noncompetition covenants	17	Not Applicable	Item 17
y.	Dispute Resolution	18	Not Applicable	Item 17

ITEM 10
FINANCING

We may, in limited circumstances and at our option, but under no circumstances are we obligated to, finance a portion of your Initial Franchise Fee, up to sixty percent (60%) of the Initial Franchise Fee for the purchase of your second (2*nd*) Protected Territory and up to eighty percent (80%) of the Initial Franchise Fee for the purchase of your third (3rd), fourth (4th), and fifth (5th) Protected Territories, up to a maximum of $100,000 (the "Maximum Amount"). Our decision to finance a portion of your Initial Franchise Fees for the purchase of your second (2nd), third (3rd), fourth (4th), or fifth (5th) Protected Territory will be based, in part, on your creditworthiness, the collateral you have available to secure the financing and our then-current financing policies. We do not offer financing of the Initial Franchise Fee for the purchase of your first (1st) Protected Territory.

If you wish to finance a portion of your Initial Franchise Fee up to the Maximum Amount, and we agree to provide such financing, you must sign a Secured Promissory Note and General Security Agreement substantially in the form of Exhibit J to the Franchise Agreement. If you are a corporation or limited liability company, all of the franchisee's owners must personally guarantee the obligations of the corporation or limited liability company (as applicable), a Personal Guarantee of Corporate Obligations substantially in the form of Exhibit A to the Franchise Agreement. The Secured Promissory Note obligates you to pay us the amount of your Initial Franchise Fee that we agree to finance, plus interest at the rate set forth below, plus any fees set forth in the Secured Promissory Note. The General Security Agreement grants us a security

interest in substantially all of your assets, including after acquired property, to secure your payments under the Secured Promissory Note, pursuant to which we will file a UCC financing statement with the appropriate governmental authority. Under the terms of the Secured Promissory Note, you agree to waive your right to notice of a collection action and to assert any defenses to collection against us. You may prepay the principal amount of the Secured Promissory Note at any time without prepayment penalty. All franchisees approved for financing agree to the same financing terms for the portion of the Initial Franchise Fee that is financed.

The terms under which we may finance a portion of your Initial Franchise Fee include:

Item Financed	Amount Financed	Term (months)	Rate of Interest Plus Finance Charge	Monthly Payment	Prepay Penalty	Liability Upon Default	Loss of Legal Right
Initial Franchise Fee—2nd Territory	Up to 60% ($24,000)	Up to 60 Months	5%	Variable	None.	Lose franchise / balance of loan accelerated upon default / attorney fees, and costs of enforcement. See Note 2.	See Note 1.
Initial Franchise Fee—3rd Territory	Up to 80% ($28,000)	Up to 60 Months	5%	Variable	None.	Lose franchise / balance of loan accelerated upon default / attorney fees, and costs of enforcement. See Note 2.	See Note 1.
Initial Franchise Fee—4th Territory	Up to 80% ($24,000)	Up to 60 Months	5%	Variable	None.	Lose franchise / balance of loan accelerated upon default / attorney fees, and costs of enforcement. See Note 2.	See Note 1.
Initial Franchise Fee—5th Territory	Up to 80% ($24,000)	Up to 60 Months	5%	Variable	None.	Lose franchise / balance of loan accelerated upon default / attorney fees, and costs of enforcement. See Note 2.	See Note 1.

Notes:

1. Potential Liabilities Upon Default: If you do not pay on time, we can call the loan and demand immediate payment of the full outstanding balance and obtain court costs and attorneys' fees if a collection action is necessary. We also have the right to terminate your Franchise Agreement if you do not make your note payments on time. If your Franchise Agreement is terminated, you will lose your right to operate the Franchised Business and will be responsible for complying with all post-termination obligations under the Franchise Agreement, including payment of lost future royalty fees and any and

all damages associated with the termination, including attorney's fees and costs of enforcement. You waive your rights to notice of a collection action and to assert any defenses to collection against us. We may discount the Secured Promissory Note to a third party who may be immune under the law to any defenses to payment you may have against us. If we elect to offer financing of the Initial Franchise Fee to franchisees, we expect that all franchisees approved for financing must agree to the same financing terms disclosed in this Item 10.

Currently, we have no practice or intent of selling, assigning, or discounting to a third party any note, contract or other instrument that you execute, although we reserve the right to do so. We and our affiliates do not receive any direct or indirect payments from any person for the placement of financing. Except as described above, we do not offer direct or indirect financing. We do not guarantee your note or any other obligation.

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

Except as listed below, we are not required to provide you with any assistance.

A. Pre-Opening Obligations

Before you open your Groovy Hues Business, we, an affiliate, or our designee will provide you with the following assistance:

1. Define your Protected Territory. (Franchise Agreement, Section 1.2).

2. Provide you the Opening Package upon your payment of the required fees. (Franchise Agreement, Sections 3.5 and 6.2)

3. Provide you with our list of all other Approved Products and Services, items and equipment needed to open your Groovy Hues Business, along with our proprietary list of Approved Suppliers for those items (as applicable) (Franchise Agreement, Sections 6.2).

4. Provide you access to our confidential Operations Manual and grant you access to our Intranet System, which includes access to our confidential and proprietary information, including our standards and specifications. Our Operations Manual is stored within our Intranet System. You must operate the Groovy Hues Business in accordance with the Operations Manual and all applicable laws and regulations. The Operations Manual may be amended or modified to reflect changes in the System. You must keep the Operations Manual confidential and current and may not copy any part of any Operations Manual without our consent. (Franchise Agreement, Section 6.1). The table of contents for our Operations Manual as of the Issue Date of this Disclosure Document is attached as Exhibit G.

5. Provide you and two (2) additional individuals, one of which must be your general manager or Designated Manager, with our Initial Training Program, that you must attend and complete to our satisfaction, in accordance with the Initial Training Program chart below. (Franchise Agreement, Section 8.1).

6. Provide advice and guidance, in preparing to open your Groovy Hues Business, including standards and procedures for obtaining inventory and supplies, providing approved services, advertising and promoting the business and otherwise operating the Groovy Hues Business during

the start-up phase. (Franchise Agreement, Sections 6.1 and 8.1).

7. Provide you with a dedicated phone number and email accounts which you must use in connection with your Groovy Hues Business and in all marketing items. (Franchise Agreement, Section 7.11).

8. Provide you with assistance in coordinating brand optimization and the other pre-opening and opening services. (Franchise Agreement, Section 3.6).

Operations Manual. Table of Contents of our Operations Manual, current as of the date of this Disclosure Document is attached as Exhibit G. The Operations Manual has a total of 250 pages.

B. Training

You (or your operating principal if you are an entity) and up to two (2) additional attendees, one of whom must be your general manager or Designated Manager, for a total of three (3) attendees, must attend and successfully complete our Initial Training Program, consisting of Phase I, Phase II, and Phase III Training, which may be conducted at a location of our choosing or via webinar/video-conferencing. You must complete all three phases of our Initial Training Program prior to commencing operations of your Groovy Hues Business. You must pay us our then current Tuition Fee for attendance to the Initial Training Program. As of the date of this Disclosure Document, the current Tuition Fee for the Initial Training Program is $4,995. All Phase I and Phase II Training occurs digitally or via webinar/video conferencing, while all Phase III Training is conducted at our facility in Omaha, Nebraska (or other facility that we may designate), at various times during the year, depending on the number of new franchisees entering our franchise system. The Phase I and Phase II Training will generally last 7 weeks but training time may vary depending upon the knowledge, qualifications, and experience of the franchisee. After Phase I and Phase II Training has been completed, you will attend Phase III training at our facility in Omaha, Nebraska (or other facility that we may designate), which generally will last 5 days. The Tuition Fee covers the costs of training, lodging, and certain meals during Phase III Training, however, the Tuition Fee does not include travel expenses, meals outside of the formal Initial Training Program hours, and other living or miscellaneous expenses you may incur during the time of training. In addition to these costs and expenses, you will also be responsible for paying an additional fee of $2,500 per attendee for the Initial Training Program for: (i) any individuals other than you and the two (2) additional representatives of your Groovy Hues Business that attend the Initial Training Program; and (ii) any replacement personnel that we may require attend our Initial Training Program. (Franchise Agreement, Section 8.1). We may also offer additional or refresher training and continuing education from time to time that may be elected, but is not required, by Franchisee, which will occur digitally, via webinar/video conferencing, at our Facility in Omaha, Nebraska, or any other location selected by us. If elected, you and any others who attend this training or continuing education courses must pay our then-current Assistance Training Fee for this type of training/education. As of the date of this Disclosure Document, the current Assistance Training Fee is $500 per person per day. You will not be compensated for your work at the franchised business and you must pay all your travel, living and miscellaneous or other associated expenses while attending field training.

If the franchisee is a business entity, each franchise owner must attend and successfully complete the Initial Training Program.

The primary materials used in connection with the Initial Training Program are contained in our Operations Manual, and we reserve the right to supplement and modify any training materials as

we deem necessary in our sole discretion. (Franchise Agreement, Section 8.1). We reserve the right to substitute any in-person training for virtual training at our discretion. All training materials we provide you with will remain our property, and you agree not to challenge our or our affiliates' title or rights in or to the training materials. You may not make any disclosure, duplication, or other unauthorized use of any portion of the training materials. (Franchise Agreement, Section 8.1). Failure to complete initial training to our satisfaction within the applicable period may result in termination of the Franchise Agreement. (Franchise Agreement, Section 8.1).

Any training provided by us or our affiliate to any of your workers will be limited to training or guidance regarding the delivery of approved services to clients in a manner that reflects the customer and client service standards of the System. You are, and will remain, the sole employer of your employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your workers. You are solely responsible for ensuring that your workers receive adequate training. (Franchise Agreement, Section 6)

The training schedule and activities of the training programs are described below:

INITIAL TRAINING PROGRAM

Phase I				
Subject	**Hours of Classroom Training**	**Hours of On-The-Job Training?**	**Location**	**Week**
Welcome Call	30 min	0	Virtual	1
Welcome and Business Formation	25 min	0	Virtual	self-paced
Initial 1:1 Onboarding Call	30 min	0	Virtual	1
IT Set Up and Processes	10 min	0	Virtual	self-paced
Insider Training	20 min	0	Virtual	self-paced
Finance	30 min	0	Virtual	self-paced
Securing a Location	30 min	0	Virtual	self-paced
Ops Manual Quest	30 min	0	Virtual	self-paced
Insurance 101	60 min	0	Virtual	self-paced
Crime and Cyber Liability (Optional)	20 min	0	Virtual	self-paced
Accounting	5 min	0	Virtual	self-paced
Recruiting	30 min	0	Virtual	self-paced
EOS	90 min	0	Virtual	
HPB - 2023 Annual Convention	12 hours	0	Virtual	self-paced
HPB - 2024 One Convention Speakers	12 hours	0	Virtual	self-paced
Onboarding Call #2	30 min	0	Virtual	3
Onboarding Call #3	30 min	0	Virtual	5
Onboarding Call #4-6	60 min	0	Virtual	6 - 12 *

Total	33 hours	0		

*Dependent on funding strategy

Phase II				
Subject	**Hours of Classroom Training**	**Hours of On-The-Job Training**	**Location**	**Week**
Watch Week 1 Videos	3.5	0	Virtual	1
Initiate/Continue search for Office/Warehouse space	2	0	Virtual	1
Vehicle Wrap	2	0	Virtual	1
Vendor Introduction	1	0	Virtual	1
Marketing Call	1	0	Virtual	1
Call with Overview of Phase 2 with DOT	1	0	Virtual	1
Schedule Onboarding Call with ZeeBooks	1	0	Virtual	1
Watch Week 2 Videos	2.5	0	Virtual	2
Interview and Hiring Process	1	0	Virtual	2
Complete EPA RRP	11	0	Virtual	2
Order House of Brands Starter Package	1	0	Virtual	2
Set up OSHA Class	11	0	Virtual	2
Virtual Training Equipment	1	0	Virtual	2
Marketing Call	1	0	Virtual	2
Watch Week 3 Videos Groovy University	4.5	0	Virtual	3
Marketing Call	1	0	Virtual	3
Selecting PPC/SEO/Social Vendor	1	0	Virtual	3
Certificate of Insurance	1	0	Virtual	3
Order Sherwin-Williams Sample Materials	1	0	Virtual	3
System Sign on	1	0	Virtual	3
Access new employee learning path	1	0	Virtual	3
Set up Customer Financing Account	1	0	Virtual	3
Watch Week 4 Videos	1.5	0	Virtual	4
Pronexis Onboarding Call	1	0	Virtual	4
Call to discuss 3rd Party Marketing	1	0	Virtual	4
Marketing Call	1	0	Virtual	4
Fill Out ACP Setup Form	1	0	Virtual	4
Watch Week 5 Videos	2	0	Virtual	5
Marketing Call	1	0	Virtual	5

Thumbtack (optional)	1	0	Virtual	5
Virtual Training Week 5	15	0	Virtual	5
Watch Week 6 Videos	4	0	Virtual	6
Virtual Training Week 6	15	0	Virtual	6
FBC Introduction	1	0	Virtual	6
Zeebooks (Payroll) - Register for State Income Tax ID	1	0	Virtual	6
Virtual Training Week 7	15	0	Virtual	7
Totals	112	0		

Phase III; Academy Week				
Subject	**Hours of Classroom Training**	**Hours of On-The-Job Training**	**Location**	**Day**
Welcome/Transfer-In	1	0	Omaha, NE	1
Marketing-Tactic Review	3	0	Omaha, NE	1
Sub/Staff Recruitment and Interview	4	0	Omaha, NE	1
Grow/Financial Trending	2	0	Omaha, NE	2
Game Time Sales Process (Role Play)	8	0	Omaha, NE	2
Interior Estimating	0	4	Omaha, NE	3
Exterior Estimating	0	3	Omaha, NE	3
Product Knowledge	0	2	Omaha, NE	3
POMP Process	0	4	Omaha, NE	4
POMP Role Play	0	4	Omaha, NE	4
Zee Panel Review	2	0	Omaha, NE	5
Block off Schedule Work Shop	2	0	Omaha, NE	5
Next Steps and Wrap up	1	0	Omaha, NE	5
Total	23	17		

The training program is typically held once per month, or whenever minimum class sizes are achieved.

You will receive training and instruction from our training managers , our employees, affiliate's personnel, and existing franchisees.

The instructor's experience, including the instructor's length of experience in the field and with the franchisor is listed in the chat below.

INSTRUCTOR	SUBJECTS TAUGHT	YEARS OF EXPERIENCE IN THE INDUSTRY	YEARS OF EXPERIENCE WITH FRANCHISOR
Mark Eschenbacher/ Clint Boatman	Financial Education, Accounting, Key Performance Indicators	27	2
Drew Koch	Estimating, Material Ordering, Scheduling Software/POS/CRM	8	2
Drew Koch	Business Management	3	1
Mark Eschenbacher/ Drew Koch	Sales	25	2
Chris Sanders	Marketing	12	1

Because of their experience in the industry, each of our instructors is uniquely equipped to train you in our franchise system, franchise operations, franchise business model, coaching, communication skills, support tools, resources, technology, reporting systems, compliance, and legal awareness. The minimum training that any instructor will have includes franchise system orientation, operations and business model training, coaching and communication skills, franchisee support tools and resources, technology and reporting systems, field training and shadowing, and compliance and legal awareness.

You must also attend, every year, at your expense, the annual training or conference event specified by us and currently referred to as the "Annual Conference" (see Item 6 for more detail), and any other training we designate as required. We may also require you to attend and complete a "refresher" training course or advanced training course if we determine that you are not current on all aspects of the System or are otherwise in need of training.

Opening of Franchise

Our franchisees typically open for business within 30 days after completing Phase III Training, which will generally take place 5 months after signing the Franchise Agreement. The Franchise Agreement requires you to open within 6 months after signing the Franchise Agreement. The factors that affect how quickly you can open your Business include the training schedule, your ability to obtain necessary financing, and any local requirements for permits or licenses (Franchise Agreement Section 7.3).

C. Site Selection Assistance

1. You must operate the Groovy Hues Business from an approved facility that meets our current standards and specifications (the "Approved Location"). You may use either a home office or leased commercial property as your Approved Location, however, if you elect to utilize a leased commercial property as your Approved Location, such proposed location must: (i) be secured within ninety (90) days after the date of execution of the Franchise Agreement; (ii) be located in a Protected Territory; (iii) be approved and consented to by Franchisor in writing within thirty (30) days, prior to execution of any lease thereon; and (iv) meet our current standards and specifications, including, but not limited to, square footage, design, layout, signage, equipment and inventory storage. The factors we consider in approving your location include but are not limited to: (i) the type of commercial space; (ii) the geographic location of the space and whether it is centrally located within your Protected Territory; (iii) whether there is enough space for office and storage; and (iv) whether the terms of the lease are favorable. We may also condition our approval of your lease upon, among other conditions, execution of a collateral assignment of lease (which is attached to the Franchise Agreement as Exhibit F) by you and your landlord, if any, under which your landlord shall grant us the rights to assume your rights and obligations under your lease in the

event that you breach your lease agreement or your Franchise Agreement is terminated or expires. You must continuously maintain an Approved Location throughout the Term of the Franchise Agreement without interruption. You may not relocate the Groovy Hues Business without our prior written consent. If you are unable to secure an Approved Location, you will be considered in default of the Franchise Agreement, and we may terminate the Agreement. If the Agreement is terminated due to failure to obtain an Approved Location, the Initial Franchise Fee is not refundable.

2. The Approved Location must be within the Protected Territory granted to you under the Franchise Agreement, unless consented to in writing by the Franchisor or as provided herein. You may not relocate your Groovy Hues Business without our written consent, which we will not unreasonably withhold provided that the new location meets our then-current criteria for an Approved Location. You are not required to have more than one Approved Location in the event that your purchase two or more contiguous Protected Territories.

3. We generally do not own sites and lease them to franchisees, lease sites and sublease them to franchisees, or select sites for franchisees.

4. We may (but are under no obligation to): (i) provide you with standards and/or guidelines for your office or leased commercial property, if any; and/or (ii) otherwise assist you in locating an office or leased commercial property, if any, to operate your Groovy Hues Business (Franchise Agreement, Section 1.3).

5. We do not provide assistance with conforming your Approved Location to local ordinances and building codes, obtaining any required permits, and/or constructing, remodeling, or decorating the premises, and/or hiring and training employees.

6. We do not provide assistance with providing equipment, signs, fixtures, opening inventory, and supplies.

7. If you elect to utilize a leased commercial property as your Approved Location, and such proposed location has not been approved as of date of execution of the Franchise Agreement, we will enter into our prescribed form of Site Selection Addendum (as attached as Exhibit E to the Franchise Agreement), the terms of which will govern the parties' site selection obligations.

8. We estimate that it will take between 150 and 180 days for you to commence operations of your Groovy Hues Business and complete our Initial Training Program and otherwise comply with all your other pre-opening obligations under your Franchise Agreement. The actual length of this period will depend upon factors such as whether you can acquire acceptable financing arrangements, our training schedules, and time necessary to obtain zoning permits, licenses, and variances in your area. You must successfully comply and complete all your pre-opening obligations and open your Groovy Hues Business within 180 days of executing your Franchise Agreement or we may terminate your Franchise Agreement upon notice to you. (Franchise Agreement, Sections 7.3 and 15.2.25).

In addition, based on examples from Groovy Hues businesses, we may, from time to time, make suggestions to you with regard to your pricing policies. Although you generally have the right to establish prices for the products and services you sell, we reserve the right to establish and enforce prices, both minimum and maximum, to the extent permitted by applicable law.

D. Post-Opening Obligations

After you open your Groovy Hues Business, we, or our affiliate or designee, will provide you with the following assistance:

1. You may elect to, but are not required to, request to attend, additional or remedial training courses. (Franchise Agreement, Sections 6.4 and 6.5). If so elected, you must pay our then-current Assistance Training Fee, which, as of the date of this Disclosure Document, is $500 per person per day, for you and any other persons that attend such additional or refresher training, and you will be solely responsible for any and all expenses associated with such training except as provided herein (including transportation, certain meals, living expenses, employee wages incurred during training, and employee benefits). We will provide this training to you and your employees digitally online; at our corporate headquarters or other training facility we designate. (Franchise Agreement, Section 8.2).

2. We reserve the right to provide you with remedial training if we determine, in our sole discretion after conducting an audit or inspection of your Groovy Hues Business, that you are not complying with our System standards and specifications. The purpose of remedial training is to get you back on track and in compliance with our standards and specifications. (Franchise Agreement, Section 8.2).

3. Updates or modifications to the System standards and specifications will be provided to you with updated lists of: (i) Approved Products and Services; (ii) Approved Suppliers; and (iii) items you must purchase in accordance with our System standards and specifications (i.e., equipment, fixtures, inventory, and supplies). (Franchise Agreement, Section 6.1)

4. Provide you with our list of all other Approved Products and Services, items and equipment, tools, supplies, and other items we require you to use in connection with the operation of your Groovy Hues Business, along with our proprietary list of Approved Suppliers or sources of supply for those items (as applicable). (Franchise Agreement, Section 6.2)

5. We or our designated vendor have established and may operate a Contact Center which will handle the management, processing, and routing of prospective and existing Groovy Hues customer contacts, communications, inquiries, and work orders. We or our designated vendor reserve the right to discontinue the Contact Center at any time. (Franchise Agreement, Sections 6.6).

6. We and our affiliates reserve the right to establish, administer and maintain the Brand Fund as described in further detail below. (Franchise Agreement, Section 12.3).

7. You may only offer for sale all products and services which we prescribe, and only those products and services. You must offer, use, and sell all private label products that we may now, or in the future, designate for sale by System franchises. (Franchise Agreement, Section 7.5).

8. We will review any alternate supplier or non-approved item you propose for use in connection with the Groovy Hues Business, and subsequently approve or deny these proposals as disclosed more fully in Item 8 of this Disclosure Document. (Franchise Agreement, Section 7.4).

9. We reserve the right to conduct periodic inspections and/or audits of your Groovy Hues Business and/or financial records, as we deem advisable in our sole discretion. (Franchise Agreement, Sections 7.7 and 11.1).

10. We will provide periodic advice and guidance regarding the ongoing operation of your Groovy Hues Business and/or the use of the Proprietary Marks and System in general. Our advice and

assistance may be provided through meetings, printed materials and/or other media that we may make available to you in the System from time to time, or otherwise by telephone, e-mail, electronically, or other manner of communication. In certain circumstances, we reserve the right to charge our then-current Assistance Training Fee in connection with providing such assistance. (Franchise Agreement, Section 6.3).

E. Advertising and Marketing

1. Brand Fund

As of the date of this Disclosure Document, we have not established a creative national brand fund (the "Brand Fund") for the common benefit of the System but reserve the right to do so at any time. If we establish the Brand Fund, you will be required to participate in and contribute up to 3% of your Gross Revenues Collected (the "Brand Fund Contribution"). Brand Fund advertising will be conducted in-house. However, the Brand Fund Contribution shall not exceed 3% of your monthly Gross Revenues Collected, nor shall the sum of the Brand Fund Contribution and the Royalty fee exceed the then-current Royalty fee immediately preceding establishment of the Brand Fund, as a percentage of monthly Gross Revenues Collected (Franchise Agreement, Section 12.3). The Brand Fund Contribution must be paid to us each month in the same manner as you are required to pay your Royalty. We reserve the right to modify the Brand Fund Contribution and/or modify the digital marketing and advertising requirements that you must use for your Groovy Hues Business, and to designate and/or change the amount, scope, or manner of payment of the Brand Fund Contribution, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

If established, Brand Fund Contributions will be payable monthly (or on such other recurring basis as we designate) directly to the Brand Fund via EFT for Gross Revenues Collected during the immediately preceding month. We will have the right to use Brand Fund Contributions, in our sole discretion, to develop, produce, and distribute national, regional and/or local marketing materials and to create advertising materials and public relations materials which promote, in our sole judgment, the services offered by System franchisees. (Franchise Agreement, Section 12.3). We may use Brand Fund Contributions to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including the cost of preparing and producing internet, television, radio, social media, magazine, and newspaper advertising campaigns; the cost of direct mail and outdoor billboard advertising; the cost of soliciting National and Regional Accounts (NORAs); the cost of public relations activities and advertising agencies; the cost of developing and maintaining an internet website; personnel and other departmental costs for advertising that we internally administer or prepare; and building partnerships with national and regional brands. Not all System franchisees will benefit directly or on a pro rata basis from such expenditures. (Franchise Agreement, Section 12.3). While we do not anticipate that any part of Brand Fund Contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Brand Fund Contribution for public relations or recognition of our brand, for the creation and maintenance of a web site, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available." (Franchise Agreement, Section 12.3).

If all Brand Fund Contributions are not spent by the end of each fiscal year, the funds will be carried forward into the next fiscal year. You will be required to contribute to the Brand Fund

regardless of amounts due from other System franchisees.

We will prepare on an annual basis and will have available for you within 120 days of the end of the fiscal year, an unaudited statement of contributions and expenditures for the Brand Fund. Upon your written request, we will provide you with the statement. There is no requirement that the Brand Fund be audited. (Franchise Agreement, Section 12.3).

If we establish a Brand Fund, the source of funding and advertising will be handled in-house. We have the right to incorporate the Brand Fund as a separate business entity. The Brand Fund is not a trust, or our asset and we are not a fiduciary to you with respect to, or a trustee of, the Brand Fund or the monies therein, and we assume no obligation or liability to you with respect to the maintenance, direction, or administration of the Brand Fund. (Franchise Agreement, Section 12.3). We may periodically assist franchises to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives ("Surveys"). The cost of such programs will be borne by the Brand Fund. The cost of these programs may be charged directly to you if your results from a Survey fall below System- established minimum standards for such Surveys, which will be determined at the time we conduct a Survey. (Franchise Agreement, Section 12.3).

We have the sole right to determine how to spend contributions to the Brand Fund, or any funds from any other advertising program, and the sole authority to determine the selection of the advertising materials and programs; provided, however, that we will make a good faith effort to expend such funds in the general best interests of the System on a national or regional basis. We are not required, under the Franchise Agreement, to spend any amount on advertising in your Protected Territory. Not all System franchisees will benefit directly or on a pro rata basis from our expenditures. Franchise Agreement, Section 12.3).

We have the right to reimbursement from the Brand Fund Contributions for reasonable costs and overhead, if any, as we may incur in activities which are reasonably related to directing and implementing the Brand Fund. (Franchise Agreement, Section 12.3).

Company or affiliate-owned Groovy Hues Businesses may contribute to the Brand Fund, but they are not required to do so. (Franchise Agreement, Section 12.3). We reserve the right to suspend or terminate the Brand Fund at any time and any surplus funds may only be used for marketing and advertising purposes until fully expended. (Franchise Agreement, Section 12.3). As we are a new franchisor, we have not collected any Brand Fund Contributions as of the close of the 2021 fiscal year.

2. Advisory Council

There is currently no Advisory Counsel, however, we reserve the right to form an Advisory Council for the purpose of exchanging ideas and problem-solving methods, advising us on expenditures for System-wide advertising, and coordinating franchisee efforts (an "Advisory Council"). In the event established and you are elected and accept, you must participate actively in the Advisory Council and participate in all Advisory Council meetings as we require. We reserve the right to prepare and amend the governing documents for the Advisory Council from time to time as we deem necessary, and we will determine the topic areas to be considered by the Advisory Council. The Advisory Council shall act in an advisory capacity only, and we shall have the right to form, change, or dissolve an Advisory Council at any time, as we deem necessary in our sole discretion. (Franchise Agreement, Section 12.6)

3. Initial Marketing Expenditure Requirement and Local Advertising Expenditure Requirement

You are required to spend at least $20,000 during the first ninety (90) days of operations of your Groovy Hues Business to satisfy your advertising requirements for the initial marketing expenditure requirement ("Initial Marketing Expenditure Requirement"). Additionally, after the first ninety (90) days of operations of your Groovy Hues Business, and for the remainder of the term of the Franchise Agreement, you must spend the greater of (i) $2,000 per month, or (ii) 5% of monthly Gross Revenue Collected on Local Advertising Expenditures within your Protected Territory (collectively, "Local Advertising Expenditure Requirement"), of which, a minimum of $2,000 per month must be spent on advertising, marketing, and/or related expenses, through our affiliate, or our Designated Vendor (as we designated) (however the above does not contemplate or include your required monthly Digital Management Fee, see section 11(e)(4) of this Disclosure Document). (Franchise Agreement, Section 12.5). You must submit to us, upon our request, evidence of your Initial Marketing Expenditure Requirement and Local Advertising Expenditure Requirement. We also have the right to review your books and records to determine these expenditures. We must approve all advertising and promotional materials prior to your use or distribution. If you do not meet the minimum Local Advertising Expenditure Requirement, we have the right to require you to pay the deficiency amount to us, which we may use to expend directly on local advertising for your Groovy Hues Business or contribute the deficiency amount to the Brand Fund Contribution, if established.

If you wish to use any advertising or promotional materials other than those currently approved for use by System franchisees, then you must submit the materials you wish to use to us for our prior written approval at least 30 days prior to your intended use or publication. We will use commercially reasonable efforts to notify you of our approval or disapproval of your proposed materials within 15 days of the date we receive the proposed materials from you. If you do not receive our written approval during that period, the proposed materials shall be deemed disapproved. Once approved, you may use the materials unless we withdraw or revoke our approval, which we may do at any time with written notice. All advertising must prominently display the Proprietary Marks and must comply with any standards we establish as specified in the Operations Manual or in any other writing. We may require you to discontinue using any advertising or marketing material within a specified time frame, and at your own cost and expense. (Franchise Agreement, Section 12.1).

The Local Advertising Expenditure Requirement is in addition to the $17,000 you must pay us or an affiliate for Brand Marketing Fee, and Digital Management Fees (first three months), as described below and in Item 7.

Within forty-five (45) days after execution of the Franchise Agreement, you must pay us or an affiliate (as we designate): (i) Brand Marketing Fee of $15,500 to cover the costs of creation, production and distribution of brand marketing assets.

4. Digital Management Fee

You must pay our affiliate, or Designated Vendor (as we designate), a monthly digital management fee (the "Digital Management Fee"). Currently, the Digital Management Fee is a monthly fee of $500 per month. The Digital Management Fee covers the costs of digital marketing and website management. We reserve the right to (a) modify the Digital Management Fee as new digital marketing and advertising technology and software becomes available or changes, and/or (b) modify the digital marketing and advertising requirements that you must use for the Groovy Hues Business, and (c) designate and/or change the amount, scope, or manner of payment of the Digital Management Fee, including the party to whom payment is made, at any time upon providing reasonable notice

(which need not exceed 30 days).

F. Website and Internet Presence

You must have and maintain adequate hardware and software in order to access the internet at the bit speed we require from time to time. We have the right, but not the obligation, to establish and maintain website(s) that provides information about the System and the products and services offered by Groovy Hues franchises. If we exercise our right to create such website(s), we will have sole discretion and control over it. We also have the right, but not the obligation, to create interior pages on our website(s) that contain information about your Groovy Hues Business and other Groovy Hues locations. If we do create such website(s), we may require you to prepare all or a portion of the website(s) page(s) for the Groovy Hues Business, at your sole expense, and may require you to use a template that we provide. (Franchise Agreement, Sections 12.2.1 and 12.2.2).

Unless you obtain our prior written consent, you are prohibited from establishing or maintaining a separate website, or otherwise maintaining a splash page or other presence on the internet through any social networking site in connection with the operation of your Groovy Hues Business, including without limitation, Facebook, Twitter, LinkedIn, YouTube, Pinterest, Instagram, Snapchat, or any other social media and/or networking site that uses any variation of the Proprietary Marks or references the System. If you seek and obtain our approval to create a separate website or other web presence, you must: (i) establish and operate the website or other web presence according to our standards and policies as we describe in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify your website(s) or other web presence. We may require you to update the content of any social media and/or networking site(s) at the times and in the manner we decide. (Franchise Agreement, Section 12.2.3).

We have the right to modify our policies regarding both our and your use of Internet websites as we deem necessary or appropriate for the best interests of the System. (Franchise Agreement, Section 12.2). We are currently the sole registrant of the domain name www.groovyhues.com and we will be the sole registrant of any other domain names we decide to register in connection with the System in the future. You are prohibited from registering any domain name that contains words used in, or similar to, any trademark or service mark owned or used by us or our affiliate, or any colorable variation thereof (including any abbreviation, acronym, phonetic variation or visual variation). (Franchise Agreement, Section 12.2.5).

G. Computer Hardware and Software

We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including without limitation: (a) a compatible computer system that complies with our standards and specifications as set forth in the Operations Manual, and is capable of operating financial and other business software; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; and (d) Internet access mode and bandwidth (collectively, the "Computer System"). (Franchise Agreement, Section 7.8).

Presently, you are required to purchase a computer system that meets our Computer System standards and specifications, which may include the following two packages:

Package 1: **RIVNT Basic - Microsoft Office E1 Package** **Total Cost:** $45/month per user **Includes:**	Package 2: **RIVNT Standard - Microsoft Office E3 Package** **Total Cost:** $60/month per user **Includes:**

• Microsoft Office E1 License
  o Web-based and Mobile/Tablet Office apps only (Word, Excel, PowerPoint, Outlook)
  o 50 GB Exchange mailbox
  o 1 TB OneDrive cloud storage
  o Microsoft Teams, SharePoint, and more.
• Avanan Advanced Email Security
  o Anti-phishing, anti-malware, and email threat protection
• Dropsuite for Microsoft 365
  o Backup and recovery for Exchange, OneDrive, SharePoint, and Teams
• Microsoft 365 Sign-In Security Audit
  o Real-time monitoring of sign-in logs and suspicious activity
  o Account Recovery
• IT Support (Business Hours)
  o IT Specialist support when you need it
	• Microsoft Office E3 License
	  o Full desktop & web/mobile/tablet Office apps (install on up to 5 devices)
	  o 100 GB Exchange mailbox + archive mailbox
	  o 1 TB+ OneDrive cloud storage 5TB max
	  o Microsoft Teams, SharePoint, and more.
	  o Advanced compliance features (eDiscovery, Litigation Hold, DLP)
	• Avanan Advanced Email Security
	  o Anti-phishing, anti-malware, and email threat protection
	• Dropsuite for Microsoft 365
	  o Backup and recovery for Exchange, OneDrive, SharePoint, and Teams
	• Microsoft 365 Sign-In Security Audit
	  o Real-time monitoring of sign-in logs and suspicious activity
	  o Account Recovery
	• IT Support (Business Hours)
	  o IT Specialist support when you need it

We also have the right, but not the obligation, to develop or have developed for us, or to designate: (a) computer software programs that you must use in connection with any component of the Computer System, including Microsoft software, CRM software, accounting or bookkeeping software such as Quickbooks, and proprietary software which you must license from us (collectively, the "Required Software") (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install at your expense; (c) the tangible media upon which you record data; and (d) the database file structure of the Computer System. At our request, you must purchase or lease, and thereafter maintain, the hardware necessary to support Required Software. You must purchase the components of the System and required software from Approved Suppliers or designated vendors or third-party suppliers (as we designate). You agree, at your own expense, to keep your Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to your Computer System or Required Software as we direct from time to time in writing. There currently are no maintenance and support contracts for your Computer System, but we reserve the right to require them at any time. (Franchise Agreement, Section 7.8).

There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems or programs. We have no obligations to maintain, repair, update or upgrade your computer and software.

We may, but are under no obligation to, modify the specifications and the components of the Computer System from time to time and may require you to obtain specified computer hardware and/or software, including a license to use proprietary software developed by us or others, as well as service and support contracts for the hardware and software. The Franchise Agreement does not impose a limit as to the number or cost of such changes to the Computer System. The estimated cost of purchasing the

Computer System is approximately $2,500 and includes one tablet for your salesperson/estimator, one mobile printer, and hotspot or data service for the tablet(s). We may require that your Computer System be programmed to automatically transmit data and reports about the operation of the Groovy Hues Business to us. (Franchise Agreement, Section 7.8). As of the date of this Disclosure Document, since we have not rolled out any required maintenance, or updates, there is not an annual cost for any optional or required maintenance updating, upgrading, or support contracts .

We have the right to independently access, monitor, and retrieve any data you input or collect electronically, including access to your Computer System or for any other purpose we deem necessary. Data collected by your Computer System includes but is not limited to customer names, addresses, phone numbers, emails, and type (residential or commercial). The franchise agreements do not impose upon us any contractual limitations to our access to your data. You must deliver to us all access codes, static internet protocol ("IP") addresses and other information to facilitate our access to the data within 30 days of opening the Groovy Hues Business (Franchise Agreement, Section 7.8). We are the sole owners of all databases, lists, templates, programs and any other software components that have been created and/or customized by us using the e-CCM System, Computer System and/or Required Software (the "Proprietary Software"). In the future, we may customize the Proprietary Software and create programs that conduct other activities. You are required to obtain the computer hardware that is necessary to implement the Proprietary Software and comply with all our specifications and standards as provided in the Operations Manual. This Proprietary Software will be our proprietary product and the information collected from it will be our confidential information. (Franchise Agreement, Section 7.8).

You are required to participate in any System-wide computer network, intranet system, or extranet system that we implement and may be required to use the computer network, intranet system, or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us on-line; (ii) view and print portions of the Manuals; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) to complete initial or ongoing training as we designate. You must use the computer network, intranet system or extranet system that strictly complies with the standards, protocols, and restrictions provided in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. You will be solely responsible for any licensing and/or maintenance fee(s) associated with any intranet or extranet described above. (Franchise Agreement, Section 7.8).

H. Pre-Opening and Post-Opening Progress Meetings

During the pre-opening phase(s) of the Franchised Business, you must participate in and complete thirty (30) minute pre-opening progress meetings with our designated representative at various stages or phases before you begin operation of the Franchised Business, as we designate or as set forth in the Operations Manual. These meetings are designed to evaluate Franchisee progress and performance, and our completion of our pre-opening requirements. You must also participate in thirty (30) minute post-opening progress meetings with us at various stages or phases after you begin operating the Franchised Business, as we determine or as set forth in the Operations Manual. The pre-opening and post-opening progress meetings may be held or conducted digitally, electronically, or as otherwise as we designate. (Franchise Agreement, Section 7.20).

I. Additional Investment

We have the right to require you to remodel, reequip, and otherwise refurbish your Groovy Hues Business to bring it into conformity with our then-current brand image. (Franchise Agreement, Section 7.17).

ITEM 12
TERRITORY

Approved Location

You must operate the Groovy Hues Business from an approved facility that meets our current standards and specifications (the "Approved Location"). You may use either a home office or leased commercial property as your Approved Location, however, if you elect to utilize a leased commercial property as your Approved Location, such proposed location must: (i) be secured within ninety (90) days after the date of execution of the Franchise Agreement; (ii) be located in a Protected Territory; (iii) be approved and consented to by Franchisor in writing within thirty (30) days, prior to execution of any lease thereon; and (iv) meet our current standards and specifications, including, but not limited to, square footage, design, layout, signage, equipment and inventory storage. The factors we consider in approving your location include but are not limited to: (i) the type of commercial space; (ii) the geographic location of the space and whether it is centrally located within your Protected Territory; (iii) whether there is enough space for office and storage; and (iv) whether the terms of the lease are favorable. We may also condition our approval of your lease upon, among other conditions, execution of a collateral assignment of lease (which is attached to the Franchise Agreement as Exhibit F) by you and your landlord, if any, under which your landlord shall grant us the rights to assume your rights and obligations under your lease in the event that you breach your lease agreement or your Franchise Agreement is terminated or expires. You must continuously maintain an Approved Location throughout the Term of the Franchise Agreement without interruption. You may not relocate the Groovy Hues Business without our prior written consent.

The Approved Location must be within the Protected Territory granted to you under the Franchise Agreement, unless consented to in writing by the Franchisor or as provided herein. You may not relocate your Groovy Hues Business without our written consent, which we will not unreasonably withhold provided that the new location meets our then-current criteria for an Approved Location. You are not required to have more than one Approved Location in the event that your purchase two or more contiguous Protected Territories.

Protected Territory

We will grant you a Protected Territory within which to develop your Groovy Hues Business.

The size of your Protected Territory may vary from other System franchisees based on the location and demographics surrounding your Approved Location. Typically, a single Protected Territory will consist of a population of approximately 200,000 individuals, depending upon geography, demographics, and other factors. The demographics, geography, and other factors we use in defining your Protected Territory are based upon information provided to us by third-party sources that we select in our sole discretion. If the cumulative general population figures used to calculate your Protected Territory exceed the cumulative general population figures set forth in Item 5, you are required to pay, in addition to your Initial Franchise Fee, an overage fee in an amount equal to the number of excess cumulative general population multiplied by thirty cents ($0.30) per individual.

If you purchase two (2) or more Groovy Hues Businesses, you will be granted separate Protected Territories under each Franchise Agreement you execute, which are generally, but not always, contiguous and immediately adjacent to each other.

For single-unit offerings, 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.

For multi-unit offerings, 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.

While you will not receive any exclusive rights to provide our Approved Products and Services within your Protected Territory, it will be protected in that we will not establish or allow another person to establish a Groovy Hues business utilizing the Proprietary Marks and System within your Protected Territory or allow another Groovy Hues franchise to provide Approved Products and Services within your Protected Territory excepted as stated below. As of the issuance date of this Disclosure Document and unless and until we designate otherwise, you must use the Contact Center, which will assign appointments based on several factors including your willingness or ability to perform these appointments in your Protected Territory. Appointments are not guaranteed to be assigned to you, including through your use of the Contact Center.

You may not solicit, advertise or attempt to service or service any customers outside of your Protected Territory without our prior written consent (which may be withheld for any reason). If you solicit, advertise or sell products or services outside of the Protected Territory without our prior written consent, in addition to all other rights and remedies available to us for a breach of this agreement, we will have the right to terminate the Franchise Agreement.

If, at any time during the term of your Franchise Agreement, more than 5% of your Gross Revenues are derived from operations from or within specific location(s) or area(s) that are outside of your Protected Territory, we may, among other conditions, require you to purchase an additional franchise and enter into our then-current franchise agreement and pay to us the then-current initial fees required under that agreement, however, under no circumstances shall this provision be interpreted to grant you an option, right of first refusal or other similar right to purchase additional franchises. You will not receive an option, right of first refusal, or other similar right to purchase additional franchises, and we are not required to offer you the opportunity to enter into a franchise agreement to continue operations in any area outside of your Protected Territory and we may revoke any prior granted approval allowing you to operate outside of the Protected Territory at any time, effective on notice to you.

Although you do not have a right to do so, we may permit qualified parties to establish another Groovy Hues Business, if they are in conformance with our standards and specifications set out in our Operations Manual, and otherwise in good standing under the terms of the Franchise Agreement. We have the absolute right to determine whether an existing franchisee is in conformance with our standards and specifications set out in our Operations Manual, and otherwise in good standing under the terms of the Franchise Agreement. As of the date of this Disclosure Document, the criteria we consider are, among other factors: a franchisee's compliance with the System, operational success (including your existing Franchised Business(es) meeting or exceeding certain performance thresholds), leadership ability and team development, financial stability and ability to expand and potential limits on the number of Businesses any franchisee owns.

You must meet and maintain the following monthly Minimum Royalty Fees per Protected Territory during the terms of your Franchise Agreements:

The monthly Minimum Royalty is: (i) $500 per month for the period beginning on the one-year anniversary of the Effective Date and continuing through the remainder of the Term. Notwithstanding the foregoing, after the expiration of the fifth year of the Term, Franchisor has the right to increase the monthly Minimum Royalty for each of the sixth, seventh, eighth, ninth, and tenth year of Term, in an amount not to exceed ten percent (10%) of the Minimum Royalty payable during the immediately

preceding year of the Term.

Failure to pay the required Royalty constitutes a material breach of your obligations under this Agreement. Without limiting your obligations under this Section and/or Franchisor's rights under this Agreement, at the end of each calendar year, Franchisor may conduct a review of the Royalty fees you paid to Franchisor during such calendar year and if Franchisor determines you failed to pay the required Royalty, you must pay the difference immediately upon your receipt of an invoice from Franchisor. Franchisor reserves the right to true-up all Royalty payments at any time and at any interval.

National and Regional Accounts

There is currently no National and Regional Account ("NORA") programs, however, we have the exclusive right to create NORA programs for a group of customers, a partnership or group of partners, that operate under common ownership or control, under the same trademarks or service marks through independent franchises, dealers or licensees, or some other association, located at multiple locations, Chain Customers (as defined below) and other similar organizations for the benefit of the System. We have the exclusive right to solicit and service NORA customers within or outside of your Protected Territory. You may not solicit, service or otherwise pursue any NORA relationships, whether the contacts for these relationships are in your Protected Territory or not, without our prior written consent. You may not service, solicit or otherwise pursue a relationship with a NORA or potential NORA or any of its members or associates, without notice to us and our prior written consent. A "Chain Customer" is a non-residential customer, a group of customers, a partnership or group of partners, that operate under common ownership or control, under the same trademarks or service marks through independent franchises, dealers or licensees, or some other association, located at multiple locations whose presence is not confined within any one particular territory.

Following the execution of a contract with or the acceptance of a bid by a NORA customer which contemplates the provision of services to one or more NORA locations within the Protected Territory, we may, at our sole option, provide you the option to perform such services pursuant to the terms and conditions of the NORA contract or on such terms and conditions as we determine in our sole discretion. In order to service any NORA customers, you must enter into our then-current form of NORA participation agreement, the terms of which will govern all NORA work. If we elect to exclusively service a NORA customer within the Protected Territory, if you are unable to service the NORA customer or are otherwise in default of your franchise agreement, or if you elect not to provide services to a NORA customer in conformity with the terms and conditions of the NORA bid or contract, we shall have the right, exercisable in its sole discretion, to:

1. provide, directly or through any other licensee or franchisee utilizing the Proprietary Marks, services to the NORA customer location(s) within the Protected Territory on the terms and conditions contained in the NORA bid or contract; and/or

2. contract with another party to provide such services to the NORA customer location(s) within the Protected Territory on the terms and conditions contained in the NORA bid or contract between us and the NORA customer, utilizing the Proprietary Marks or any other trademarks, service marks or trade names.

Neither the direct provision by us (or a System franchisee, licensee, or our agent) of services to NORA customers, nor our contracting with another party to provide such services shall constitute a violation of your rights in the Protected Territory. You disclaim any compensation or consideration for work performed by us or others in the Protected Territory on account of NORA customers within the Protected Territory.

Rights Reserved by Us

We and our affiliates also reserve the exclusive right to: (i) establish and operate, and license third parties the right to establish and operate, other Groovy Hues Businesses using the Proprietary Marks and System at any location outside of the Protected Territory; (ii) acquire, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind regardless of location, except for businesses that engage in painting services within your Protected Territory; (iii) sell and distribute, directly or indirectly, or license others to sell and distribute within or outside the Protected Territory, directly or indirectly, any products, services or merchandise, Approved Products and Services, from any location or to any purchaser or through any alternative channel or method of distribution including, but not limited to, via retail and wholesale distribution, in supermarkets, hardware stores, club stores and other retail facilities, via mail order and e-commerce channels, as long as these sales are not conducted from a Groovy Hues Business physically operated from a location within the Protected Territory; and (iv) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited under your Franchise Agreement. Although we reserve the right to open and operate, or license third parties the right to open or operate, businesses that offer products and services similar to the Groovy Hues Business under marks other than the Proprietary Marks at any location, we and/or our affiliates currently do not operate, have any plans to open and operate, license third parties the right to open or operate, or franchise businesses that offer products and services similar to the Groovy Hues Business that you will operate, under different trademarks.

Alternate Channels of Distribution

We, our affiliates, or third parties retain the right to distribute our and our affiliates' products and services in your Protected Territory using our Marks or other trademarks, including various painting products or services already developed and those yet to be developed, through any alternate channels of distribution that we may choose. These alternate channels of distribution will include, but are not limited to, the sale and distribution of the products and services via the internet, catalog, telemarketing, direct marketing, and through joint marketing with partner companies under terms and conditions that we deem appropriate. We do not have to pay you for exercising our rights. As a result, you will not receive an exclusive territory. You may face competition from other franchisees, from other outlets we or our affiliates may operate, or from other channels of distribution or competitive brands that we, our affiliates, or third parties control, operate, or franchise. You have no right to: (i) to distribute such products or services through alternative channels of distribution; or (ii) to share in any of the proceeds that a party received through these alternate channels.

Contact Center and Servicing Customers Within Your Protected Territory

Under the Franchise Agreement, you must ensure that initial calls, work order requests, or otherwise inquiries made to your Groovy Hues Business are processed by the Contact Center and/or Franchisor's customer relationship management ("CRM") platform or software, as required by Franchisor. All Franchised Business-related phone numbers, internet lead sources, and other work order requests, or otherwise inquiries are required to be ported to or directed to the Contact Center and/or Franchisor's CRM, as required by Franchisor.

Once a lead, prospect, or customer's call, inquiry, or order is routed to the Contact Center (or otherwise input by Franchisee into the CRM) and assigned to the Franchised Business, Franchisor's Contact Center and/or CRM Designated Vendor(s), including, but not limited to, software platforms that utilize artificial intelligence tools and programs (as designated by Franchisor), will route that customer's inquiry, order, or

work, to Franchisee if the customer's location (where the work is to be performed) is within the Protected Territory, unless: (i) we determine that the work is in the nature of an emergency, that all or a portion of the Protected Territory has been subjected to a disaster or catastrophe; (ii) the work is of such a large scope, complexity and/or commercial nature that we determine, in our sole discretion, that the Franchisee is not capable of performing the work requested in accordance with System standards and specifications and/or the prevailing standard of care in the industry for the type of work requested (in which case we may route the work order to Franchisee and additional franchisees, or other franchisees, or our affiliate, for completion); (iii) the inquiry, order, or work, is mistakenly routed to another franchisee or affiliate-owned business [due to either the customer providing incorrect information to a Contact Center representative or an inadvertent error on the part of the Contact Center representative when taking the information from the customer]; or (iv) Franchisee is not operating the Franchised Business in compliance with this Agreement.

It is important for us to have the rights as described in this Item in order to: (i) maintain uniformity across the System and ensure that all work performed under the Proprietary Marks meets our System Standards for customer service; and (ii) account for inadvertent mistakes by our customers and the Contact Center. You do not have any right to share in the Gross Revenue generated from customers that are serviced within the Protected Territory unless you are assigned, and subsequently provide services to, such customers.

ITEM 13
TRADEMARKS

You will have the limited right to use the following Proprietary Marks we have registered with the United States Patent and Trademark Office ("USPTO"), as well as any other Proprietary Marks we may now or in the future designate in connection with the System, provided you use these marks in accordance with our System standards and specifications:

We have registered with the USPTO for the following design mark:

MARK	REGISTRATION NO.	REGUSTRATION DATE	REGISTER
	7127148	August 1, 2023	Principal
"Groovy Hues Peace Love Paint Powerwash"	7614607	December 17, 2024	Principal

Additionally, we have applied to the USPTO for the following character and design marks:

MARK	SERIAL NO.	APPLICATION DATE	REGISTER
	98732016	September 04, 2024	Principal

"Groovy Hues Painting"	98716705	August 26, 2024	Principal

Additionally, we have secured a Nebraska, South Carolina, and Georgia trademark registration for the following design marks:

MARK	REGISTRATION DATE	STATE REGISTER
	July 29, 2022	Nebraska
	September 2, 2022	South Carolina
	September 12, 2022	Georgia

As of the date of this disclosure document, all required affidavits have been filed for the above Principal Mark, and it is not due for renewal as of the Issuance Date of this Disclosure Document.

We do not have a federal registration for certain of the above marks. Therefore, they do not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We and our principals derived the right to use the Proprietary Marks from a license agreement we entered into with our affiliate HPB Painting Holdings LLC (the "License Agreement"). Under the License Agreement, we have the right to use the Proprietary Marks and System, as well as license third parties the right to use the Proprietary Marks and System to operate the Groovy Hues Business(es), as part of our franchise system. Our affiliate may terminate the license agreement due to our material breach. Upon termination of the License Agreement, we will be required to cease all use of the Proprietary Marks and we will require you to do the same.

There are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; no pending interference, opposition or cancellation proceedings; nor any pending material litigation involving any of the Proprietary Marks that could materially affect your use of the Proprietary Marks. Currently, there is no litigation pending or otherwise that limits our ability to use or license the Proprietary Marks to you or any other franchisee. There are no other agreements that will affect our right to use, and license you to use, the Proprietary Marks in any manner material to the System and franchises offered in this Disclosure Document.

Your right to use the Proprietary Marks granted under the Franchise Agreement is non-exclusive, and we retain the right, among others: (i) to use the Proprietary Marks for selling products and services; (ii) to grant others licenses for the Proprietary Marks, in addition to those licenses already granted to existing

franchisees; and (iii) to develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises in those systems without providing any rights to you.

All your usage of the marks and any goodwill you establish will be for our exclusive benefit and you retain no rights in the Proprietary Marks on the termination or expiration of the Franchise Agreement. You may not use the Proprietary Marks as a part of any corporate or trade name or as part of a domain name, or an electronic address, nor may you use any trade name, trademark, service mark, emblem, or logo other than the Proprietary Marks, as we may designate. You must prominently display the Proprietary Marks on the items we designate, including signs and packaging materials. You must obtain fictitious or assumed name registrations we require or under applicable law. You must identify yourself as the owner of the Groovy Hues Business by placing your name on the Groovy Hues Business and on all checks, invoices, receipts, contracts, and other documents that bear any of the Proprietary Marks, and on all printed materials your name must be followed by the phrase "a Groovy Hues franchisee" or any other phrase as we direct. Upon termination or expiration of the Franchise Agreement, you are required to de-identify your Groovy Hues Business, removing all our trademarks, logos, or other proprietary or intellectual property items that we specify.

You must immediately notify us of any information that you acquire concerning any use by others of names or marks which are the same, or confusingly or deceptively similar to any of the Proprietary Marks. At our request, you must assist us to protect and maintain our interest in the Proprietary Marks, and we will pay or reimburse your reasonable costs incurred in rendering such assistance, unless we are required to take action to protect our interests because of your wrongful acts or those of any person under your control.

We are not obligated to protect you from the right to continued use of the Proprietary Marks. Although our right to pursue any third-party infringers of our Proprietary Marks is optional, as a company policy, we may elect to aggressively protect our rights under the Proprietary Marks. If at any time we consider it to be advisable (in our sole discretion) for us and/or you to modify or discontinue the use of any Proprietary Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice from us and at your expense. We are not obligated to reimburse you for the costs you incur in complying with our directions or the loss of revenue or expenses caused by any modification or discontinuance of a Proprietary Mark. We are required to and will defend and protect you against third party claims of arising out of the Proprietary Marks.

You must immediately notify us of any apparent infringement or challenge to your use of any Proprietary Mark, or any claim by any person of any rights in any Proprietary Mark. You agree not to communicate with any person other than us, our attorneys of choice and your attorneys in connection with any such claim or challenge. If we choose to take over or control the defense of any claim or challenge the cost of such defense will be paid by us, provided that if any claim or challenge is caused by your wrongful acts, we may request that you indemnify us for any claims or damages we incur. This includes paying all our attorneys', experts, or other professional fees we may incur to defend any claim or challenge resulting from any of your wrongful acts. In limited instances, if we take over any claim or challenge, we may reimburse you for the reasonable expenses you incur in connection with cooperating with us, as we deem necessary in our sole discretion.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We hold no patents and have no pending patent applications that are material to the franchise. We claim common law copyright and trade secret protection for several aspects of the System including, without

limitation, our Operations Manual, training materials, advertising, and business materials.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our patented and/or copyrighted materials, we request that you notify us of such unauthorized use. We may revise our System and any of our copyrighted materials in our discretion and may require that you cease using any outdated copyrighted material. In the event that we require you to discontinue use of any outdated copyrighted material and/or implement updated copyrighted material, the Franchise Agreement does not impose any obligation upon us concerning compensation to you. You will be responsible for printing any revised or new advertising, marketing, or other business materials.

During the term of the Franchise Agreement, you will receive information that we consider trade secrets and confidential information. You may not, during the term of the Franchise Agreement or any time after that, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any of these trade secrets, copyrighted materials, methods and other techniques and know-how concerning the operation of the Groovy Hues Business (the "Confidential Information"). You may divulge such Confidential Information only to your employees who must have access to it to perform their employment obligations.

You must require your managers and other key employees to sign our then-current form of Confidentiality and Restrictive Covenant Agreement, where these individuals agree that they will maintain the confidentiality of information they receive in connection with their employment and restrict their right to work for a competitor while they are employed by you. This agreement will identify us as a third-party beneficiary to the agreement and will give us independent enforcement rights.

The Franchise Agreement provides that if you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of any Groovy Hues Business, you will promptly notify us and provide us with all necessary related information, without compensation or consideration, including, but not limited to, bestowing any rights to you related thereto. Any new concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights, and other intellectual property rights whatsoever related to such new concepts. You and your principals will assign to us any rights you may have or acquire in new concepts you or your employees or contractors develop, including the right to modify such concept, process, or improvement, and otherwise will waive and/or release all rights of restraint and moral rights to any new concepts you or your employees or contractors develop. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process, or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process, or improvement. In the event that these provisions in the Franchise Agreement are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non- exclusive, fully paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent the Franchise Agreement, directly or indirectly infringe on your rights to the new concepts.

We may revise any of our copyrighted materials at our discretion and may require that you cease using any outdated item or portion of the Manuals.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

You (or your principals) must devote his or her personal attention, skill and best efforts to the management and operation of the Groovy Hues Business and to promote and increase the demand for our products and services within the Protected Territory. You agree that you may not, without our prior written consent, engage in any commercial activity that may be injurious to the Groovy Hues Business or the goodwill associated with the Proprietary Marks or System. Your (or your principals') violation of these terms will be a material breach of the Franchise Agreement, and we may terminate the Franchise Agreement with notice and without an opportunity to cure.

Upon your written request, we shall permit you to employ a manager to manage the day-to-day operations of the Groovy Hues Business (the "Designated Manager"), provided the Designated Manager: (i) is approved by us in writing prior to hiring; and (ii) successfully completes our Initial Training Program before assuming any managerial responsibility. The Designated Manager need not have any equity interest in the Groovy Hues Business. If we ask, the Designated Manager must sign a written statement to maintain confidentiality of the trade secrets described in Item 14 (see Item 14 for more details). The Groovy Hues Business must always be staffed with at least one individual who has successfully completed the Initial Training Program. If a Designated Manager resigns or is otherwise terminated, the replacement must be trained pursuant to our then-current standards. The new Designated Manager must successfully complete training within 30 days of hiring. The Designated Manager is not permitted to seek or maintain other employment or engage in any other business activities during the term of the Franchise Agreement.

You, your spouse, and your principal shareholders, members and/or owners must sign a Guaranty agreeing to pay and perform all obligations under the Franchise Agreement (attached to the Franchise Agreement as Exhibit A).

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale all products and services which we prescribe and only those products and services which we prescribe. You may only offer products and services that we have previously approved You may not offer any other products or services for sale without having received our prior written authorization. You must always maintain sufficient levels of inventory as specified in the Operations Manual, to adequately satisfy consumer demand. We reserve the right to require you to invest in additional infrastructure and/or equipment and staffing requirements, as may be set forth more specifically in the Operations Manual, to ensure adequate brand servicing in the Protected Territory, including in the event your accounts receivable grows in excess of 40% (or such other percentage as we may designate) of your overall Gross Collected Revenue or your backlog of jobs reaches 12 weeks (or such other time period as we may designate). You must offer, use, and sell all private label products which we may now or in the future designate for sale by System franchisees.

All products and services you use or offer for sale from your Groovy Hues Business must comply with our standards and specifications. Our standards and specifications are set forth in the Operations Manual, which is revised from time to time. You are responsible for ensuring that your Groovy Hues Business always meets these standards. We have the right to inspect your Groovy Hues Business or attend a project site for quality control purposes. We have the right to change our System, and the requirements thereunder, from time to time.

You must agree to offer and honor, at your own cost, a warranty on all materials and work sold by your

Groovy Hues Business to each of your customers in accordance with the terms we establish and modify from time to time.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise Agreement and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this Disclosure Document.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
A. Length of the franchise term	2.1	Ten (10) years, which will commence on the date we execute the Franchise Agreement.
B. Renewal or extension of term	2.2	One (1) successive ten (10) year term.
C. Requirements for franchisee to renew or extend	2.2.1 through 2.2.9	Renewal means the right to sign a successor franchise agreement. Subject to state law, you must: (i) provide notice of your renewal no fewer than 12 months and no greater than 18 months prior to the end of the term; (ii) demonstrate to our satisfaction that you have the right to operate the Groovy Hues Business at the Approved Location for the duration of the renewal term; (iii) complete to our satisfaction, no later 90 days prior to expiration of your then-current term, any updating as necessary to bring the Groovy Hues Business into full compliance with our then-current System standards and specifications for new franchisees; (iv) not be in breach of any provision of the Franchise Agreement, or any other agreement with us, our affiliates, approved/designated suppliers and vendors, and also have been in substantial compliance with these agreements during their respective terms; (v) satisfy all monetary obligations you have to us, our affiliates, and approved or

		designated suppliers/vendors; (vi) execute our then- current form of franchise agreement, the terms of which may materially vary from the terms and conditions of your current Franchise Agreement; (vii) satisfy our then- current training requirements; (viii) execute a general release in favor of us and our affiliates in the form we prescribe; and (ix) pay a renewal fee equal to 20% of the then-current Initial Franchise Fee.
D. Termination by franchisee	Not Applicable.	You may terminate under any grounds permitted by law.
E. Termination by franchisor without cause	Not Applicable.	Not Applicable. Subject to state law.
F. Termination by franchisor with cause	15.1 through 15.4	Subject to state law, we may terminate your agreement upon your default and, in some instances, failure to cure. Termination is effective upon delivery of written notice, except as otherwise provided in the Franchise Agreement.
G. "Cause" defined – curable defaults	15.3	The following are curable defaults under the Franchise Agreement, provided you cure the default within 15 days of our notice of: (i) If Franchisee or Franchisee's principals, including any shareholder, member, guarantors or agents, engage in activity or conduct which materially impairs that goodwill associated with the System or the Proprietary Marks and fails to cease and correct such activities or conduct within forty-eight (48) hours of Franchisee's receipt of written notice of a breach under this Section.
	15.4	Notwithstanding Sections 15.1, 15.2 and 15.3 of the Franchise Agreement, you will have 30 days to cure any other default under the Franchise Agreement,

		or any other agreement between us and our affiliates, from the date of our notice.
H. "Cause" defined – non-curable defaults	15.1	The Franchise Agreement will automatically terminate without notice or opportunity to cure upon the occurrence of any of the following: (i) if you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the Franchised Business; or (ii) if proceedings are commenced to have you adjudicated bankrupt or seek your reorganization under any state or federal bankruptcy or insolvency law and such proceedings are not dismissed within 60 days, or a trustee is appointed for you or the Franchised Business without your consent and the appointment is not vacated within 60 days.
	15.2	We have the right to terminate the Franchise Agreement upon notice and without opportunity to cure upon the occurrence of any of the following defaults: (i) you or one of your principal (s) are convicted of, or plead guilty or no contest to, a felony or other offense related to the operation of the Franchised Business or which we believe, in our sole discretion, is likely to have a material adverse effect on our Proprietary Marks or the goodwill associated therewith; (ii) you or your principal(s) commit any fraud or misrepresentation in the operation of the Franchised

		Business, including a material misrepresentation (financial or otherwise) made in completing your franchise application; (iii) If Franchisee or Franchisee's principals make any material misrepresentation or omission in connection with Franchisee's franchise application, including but not limited to any financial misrepresentation. (iv) If Franchisor sends Franchisee three (3) or more written notices of default pursuant to Sections 15.3 or 15.4 of this Agreement in any consecutive 12-month period, regardless of whether the defaults set forth in the notices were subsequently cured.; (v) If Franchisee or Franchisee's principals violate any provision hereof pertaining to Proprietary Marks or Confidential Information.; (vi) If Franchisee violates any law, ordinance or regulation or operates the Franchised Business in a manner that presents a health or safety hazard to customers, or the public and fails to cure such violation within 24 hours of Franchisee's receipt of written notice from Franchisor; provided that, if the breach cannot reasonably be cured within such time frame, Franchisee shall take immediate steps to cure the violation and complete the cure as soon as commercially practicable.; (vii) If Franchisee violates the in-term restrictive covenant contained in Section 17.1.; (viii) If a levy of writ of attachment or execution or any other lien is placed against Franchisee or any of Franchisee's principals or any of their assets which is not released or bonded against within sixty (60) days.; (ix) If Franchisee voluntarily or otherwise

		abandons the Franchised Business. The term "abandon" includes any conduct which indicates a desire or intent to discontinue operations of the Franchised Business. .Without limiting the foregoing, failure to operate the Franchised Business for seven (7) consecutive days will be deemed a abandonment of the Franchised Business.; (x) If Franchisee purports to sell, transfer or otherwise dispose of any interest in the Franchised Business in violation of Section 14 hereof.; (xi) If Franchisee fails to maintain insurance, purchase insurance from designated vendors, or to repay Franchisor for insurance paid for by it, or otherwise fail to adhere to the requirements of Section 9.; (xii) If Franchisee fails to pay Franchisor as and when due any sums owed to Franchisor, any of Franchisor's affiliates, or any of Franchisor's system suppliers or vendors, or if there are insufficient funds in Franchisee's bank account to cover a check or EFT payment to Franchisor two (2) or more times within any twelve (12) month period.; (xiii) If Franchisee operates the Franchised Business outside of the Protected Territory without Franchisor's prior written consent, as provided in Section 1.2 of this Agreement.; (xiv) If Franchisee fails to meet the Minimum Royalty Fee for any Territory granted hereunder in any period.
I. Franchisee's obligations on termination/non-renewal	16.1	Upon termination or expiration of the Franchise Agreement, your obligations include: (i) immediately cease all operations of the Groovy Hues Business: (ii) immediately pay all amounts owed to us, our affiliates and our major suppliers and vendors; (iii)

		immediately discontinue using the Proprietary Marks; (iv) immediately cease using the Groovy Hues System and Operations Manual, and within ten days return all proprietary and confidential materials; (v) immediately cease use of all telephone and facsimile numbers, and related listing, as well as any permitted domain names and/or Social Media Pages, that were used in connection with the Groovy Hues Business (collectively, the "Assigned Property") and take all necessary steps to assign the Assigned Property to us or our designee; (vi) immediately vacate the premises of the Groovy Hues Business: (vii) within ten days, return all stationery, printer matter, signs, advertising materials and other items containing our Proprietary Marks; (viii) cease holding yourself or the Groovy Hues Business out as part of our System; (ix) cease all contact with Groovy Hues customers; (x) take all actions necessary to amend or cancel any assumed name, business name or equivalent registration that contains any trade name or Proprietary Mark, and furnish evidence to us that you have complied with this obligation within 15 days; (xi) permit us to make a final inspection of your financial records, books and other accounting records within one (1) month of the termination/expiration of your Franchise Agreement; (xii) comply with your post-term restrictive covenants set forth in Section 17 of the Franchise Agreement; (xiii) cease advertising or using in other any other manner any methods,

		procedures or techniques associated with us or the System; (xiv) de-identify all vehicles used in connection with the Groovy Hues Business: and (xv) execute from time to time any necessary papers, documents, and assurances to effectuate Section 16 of the Franchise Agreement.
J. Franchisor's right to transfer	14.5	There are no restrictions on our right to sell, transfer, or assign the Franchise Agreement.
K. "Transfer" by franchisee-defined	14.1 and 14.4	Subject to state law, you, or any of your principals', assignment, sale, gift, pledge, or other disposition of any interest in the Franchise Agreement or the Groovy Hues Business (whether voluntary or involuntary, direct or indirect).
L. Franchisor approval of transfer by franchisee	14.1 and 14.4	Subject to state law, any transfer requires our prior written consent.
M. Conditions for franchisor approval of transfer	14.3.2	Subject to state law, our approval of a proposed transfer is conditioned upon the satisfaction of the following conditions, as applicable: (i) all of your accrued monetary obligations to us, our affiliates, suppliers, and vendors have been paid; (ii) you have cured all existing defaults under the Franchise Agreement, and any other agreement with us our affiliates and designated/approved suppliers, within the time period permitted for cure and have substantially complied with these agreements during their respective terms; (iii) you and your principals and the transferee (if it had any prior relationship with us or our affiliates) must execute a general release under seal in favor of us and our affiliates (including our officers, directors, shareholders and employees, in their corporate and individual capacities) in the form we prescribe; (iv) you or the

		transferee has provided us with a copy of the executed purchase agreement for the Groovy Hues Business, as well as all other documents relevant to the transaction, and we agree to the terms of the agreement; (v) transferee must satisfactorily demonstrate to us, in our sole discretion, that it meets our educational, managerial and business standards to operate the Groovy Hues Business: (vi) transferee must execute our then-current form of franchise agreement, which may contain materially different terms than your Franchise Agreement, and assume a full term as set forth in the then-current form of franchise agreement for new franchisees; or, at our option, entering into an assignment and assumption of the Groovy Hues Business and all rights and obligations thereunder; (vii) you and transferee must pay us our transfer fee (per agreement transferred) of 20% of our then-current Initial Franchise Fee and training fees; (viii) transferee must satisfactorily complete our Initial Training Program at its own expense within the time frame we set forth; (ix) you and your principals must comply with the post-termination provisions of the Franchise Agreement; (x) transferee must obtain and maintain all permits and licenses required for the operation of the Groovy Hues Business within the time limits we set; (xi) if you are operating from a lease location, the lessor of that location must approve the assignment of the lease to the transferee; (xii) the transfer must comply with any state and federal laws that apply to the transfer; (xiii) you must insure that all

		projects in progress at the time of the transfer will be continued without interruption, and the transferee must promptly notify all current customers of the change in ownership; (xiv) the purchase price and its terms are not overly burdensome; (xv) you must request that we provide the transferee with our current form of disclosure documents; (xvi) our approval of your transfer does not constitute a waiver of any claims we might have against you; (xvii) we may disclose to any prospective transferee financial information concerning you and your Groovy Hues Business which you have supplied to us under the Franchise Agreement; and (xviii) we may withhold or condition our consent to any transfer as we deem appropriate based on the circumstances of the transfer or otherwise.
	14.4	You do not need to pay a transfer fee if you are an individual and you wish to transfer the Franchise Agreement to a corporation or limited liability company, provided the following conditions are met: (i) the business entity is newly organized, and its activities are confined to operating the Groovy Hues Business; (ii) you remain, at all times, the owner of at least 51% of the outstanding shares of the corporation or limited liability company; (iii) the business entity agrees to assume all of your obligations under the Franchise Agreement; (iv) all stockholders of the corporation, or members of the limited liability company, personally guarantee all of the transferee entity's obligations under the Franchise Agreement will be performed; and (v) at our request,

		you provide all true and correct copies of any documents and contracts governing the rights, obligations, and powers of the owners.
N. Franchisor's right of first refusal to acquire franchisee's business	14.3.1	Subject to state law, we have the right to match any bona fide third-party offer to buy your franchise rights, assets or controlling interest that is the subject of a proposed transfer (other than a transfer from an individual franchisee to a business entity as described in Section 14.4 of the Franchise Agreement). We may exercise this right of first refusal within 30 days of the date you provide us with a copy of the third-party offer and any other information that we request. If we do not exercise this option, you must complete the transfer to the third-party within 60 days, subject to the conditions set forth in Section 14.3.2. Otherwise, we will once again have our right of first refusal.
O. Franchisor's option to purchase franchisee's business	16.2	Subject to state law, upon your termination, we may purchase personal property used in connection with the operation of the Groovy Hues Business by: (i) providing you with notice of our election to do so within 60 calendar days of the expiration/termination of your Franchise Agreement; and (ii) pay you the book value for such personal property within 60 days of providing you with this notice.

P. Death or disability of franchisee	14.2.1	Upon the death, disability, physical or mental incapacity of any person with an interest in the Franchise Agreement, the franchisee, or in all or substantially all of the assets of the Groovy Hues Business, the personal representative of such person shall have the right to continue operation of the Groovy Hues Business if: (i) within 180 days from the death/disability/incapacity, the representative meets our then-current standards to own a Groovy Hues Business, and has obtained our prior written approval and has executed our then-current form of franchise agreement for the unexpired terms of the franchise or has otherwise furnished a personal guaranty of any business entity franchisee's obligations to us and our affiliates; and (ii) this person successfully completes our then-current Initial Training Program, which will be provided at our then-current training Tuition Fee rate. In the case of a transfer by demise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the aforementioned conditions, the personal representative of the deceased franchisee will have a reasonable time, in our sole discretion and not to exceed 180 days from the date or transfer by demise or inheritance, to dispose of the deceased's interest in the Groovy Hues Business subject to all the terms of the Franchise Agreement. If the interest is not disposed of in the manner and time frame provided in the immediately preceding sentence, then we may terminate the Franchise Agreement.

	14.2.2	We may, but are not obligated to, operate the Groovy Hues Business during the 180-day period following the death/incapacity/disability, and we may pay ourselves a reasonable amount to reimburse us for providing management services and our other costs. Subject to state law.
Q. Non-competition covenants during the term of the franchise	17.1	During the term of the Franchise Agreement, neither you, nor your owners, officers, directors, principals or Designated Managers may directly or indirectly: (a) own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business that, directly or indirectly, by itself or through licensees or franchisees, offers commercial or residential painting services or any other products and/or services authorized or offered for sale by System franchisees (a "Competitive Business") regardless of location provided that Section 17.1.1 of the Franchise Agreement does not apply to: (i) your ownership of a Groovy Hues Business under a Franchise Agreement with us; or (ii) your ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing such services; (b) solicit any current, former, or prospective customer solicited by your Groovy Hues Business or any other customer that you become aware of as a result of access to our System and other franchisees for any competitive purpose. Subject to state law.

R. Non-competition covenants after the franchise is terminated or expires	17.2	For a period of two (2) years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your owners, officers, directors, or principals, nor any member of the immediate family of you or your owners, officers, directors, principals, or Designated Managers may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation: (1) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any Competitive Business (a) within the Protected Territory, (b) within a 25-mile radius of the Protected Territory or (c) within a 25-mile radius of any other protected territory franchised or licensed by us to a Groovy Hues Business as of the date of expiration/termination of the Franchise Agreement. This covenant does not apply to: (i) your ownership of a Groovy Hues Business under a Franchise Agreement with Franchisor; or (ii) your ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing Competitive Services; or (2) solicit any current, former, or prospective customer solicited by your Groovy Hues Business or any other customer that you have become aware of as a result of access to our System and other franchisees for any competitive purpose. Subject to state law.
S. Modification of the agreement	22.1	The Franchise Agreement may not be modified except by a written agreement that both of us

		sign.
T. Integration/ merger clause	22.1	Only the terms of the Franchise Agreement and the Franchise Disclosure Document are binding (subject to state law). Any representations or promises made outside of the disclosure document and franchise agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations we made in this Disclosure Document.
U. Dispute resolution by arbitration or mediation	18.2	You must first bring any claim that is between us to the attention of our management. You must first exhaust our internal dispute resolution procedures before you may bring your dispute before a third party, including, but not limited to, the requirement to travel to our headquarters in Omaha, NE for a meeting with the Chief Executive Officer and any other appropriate personnel. The requirement that you must first attempt to resolve disputes internally will survive the termination or expiration of your term. Subject to state law.
	18.3	Before commencing any legal action against us or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. Any and all disputes and claims that are not resolved by Internal Dispute Resolution must, be submitted to mediation, unless we provide in writing otherwise. The mediation will take place in Bucks County, Pennsylvania, under the auspices of the American Arbitration Association ("AAA") in accordance with the AAA's

		Commercial Mediation Rules then in effect. Any and all disputes and claims that are not resolved by mediation must, be submitted to arbitration, unless we provide in writing otherwise. The arbitration will take place in Bucks County, Pennsylvania, under the auspices of the American Arbitration Association ("AAA") in accordance with the AAA's Commercial Arbitration Rules then in effect. You may not commence any action against us or our affiliates regarding any claim or dispute in any court unless and until the occurrence of both: (a) mediation proceedings have occurred, or mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a written declaration by us; and then (b) arbitration proceedings have occurred, or such arbitration proceedings have been terminated either: (i) as the result of a written declaration of the arbitrator(s) that further arbitration efforts are not worthwhile; or (ii) as a result of a written declaration by us. Our right to mediation and arbitration may be specifically enforced by us. Each party shall bear its own cost of mediation and/or arbitration, except that we will share the mediator's fees with you equally. This agreement to mediate and arbitrate will survive any termination or expiration of the Franchise Agreement.

	18.3.1	The parties shall not be required to first attempt to mediate and arbitrate a controversy, dispute, or claim through mediation if such controversy, dispute, or claim relates to an allegation that Franchisee has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information; (ii) any of the restrictive covenants contained in the Franchise Agreement; or (iii) the indemnification provisions set forth in the Franchise Agreement.
V. Choice of forum	18.4	All claims not subject to mediation or arbitration must only be brought in a competent court of general jurisdiction located in Bucks County, Pennsylvania or, if appropriate, the United States District Court for the Eastern District of Pennsylvania (subject to applicable state law).
W. Choice of law	18.1	Subject to applicable state law, Pennsylvania law governs all claims arising out of the Franchise Agreement, without reference to its conflict of laws provisions.
X. Liquidated Damages	18.13	Franchisor and Franchisee agree that if this Agreement is terminated as a result of Franchisee's default before the expiration of the Term, it would be impossible to calculate with reasonable precision the losses that would be incurred by Franchisor because of the unpredictability of future business conditions, inflationary prices, the impact on Franchisor's reputation from having closed a franchised business, Franchisor's ability to replace the Franchised Business in the same market and

		other factors. Accordingly, if this Agreement is terminated as a result of any default by Franchisee, Franchisor will be entitled to recover as liquidated damages, and not as a penalty, an amount equal to the greater of: (a) $150,000; or (b) the aggregate royalty and other ongoing fees due to Franchisor under this Agreement (the "Continuing Fees") during the thirty-six (36) full calendar months during which the Franchised Business was open and operating immediately before the termination date (or, if the Franchised Business has not been open and operating for thirty-six (36)months before the termination date, the average monthly Continuing Fees due to Franchisor for all months during which the Franchised Business was open and operating) multiplied by thirty-six (36) or the number of months remaining in the then-current term of this Agreement, whichever is less. Notwithstanding anything contained herein to the contrary, if a court determines that this liquidated damages provision is unenforceable, then Franchisor may pursue all other available remedies, including claims for lost future royalty fees.

ITEM 18
PUBLIC FIGURES

We do not currently use any public figure to promote our System.

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.

HISTORICAL FINANCIAL PERFORMANCE REPRESENTATION

Background

As of December 31, 2024, ten (10) franchisees were open and operating across forty-six (46) Protected Territories, with six (6) franchisees in operation for the entire 2024 calendar year, operating across thirty-five (35) Protected Territories. This Item 19 discloses certain historical financial performance information for those six (6) franchisees (the "Reporting Businesses"). All six (6) Reporting Businesses operated in multiple Protected Territories. The four (4) franchisees that were excluded from this Item 19 were excluded because they were not operational for the entire 2024 calendar year.

2024 Financial Performance Information for the Reporting Businesses

This Item sets forth historical Gross Sales and operating results for the Reporting Businesses during the 2024 calendar year (the "Measurement Period"). We obtained these figures from information provided by the Reporting Businesses to us through our proprietary software (the "Software System") program for the Measurement Period. Franchisees are not required to use generally accepted accounting principles when reporting these figures.

Table 1 of this Item 19 discloses the Aggregate Gross Sales per Group, Average Gross Sales in Group, Highest Gross Sales in Group, Lowest Gross Sales in Group, Median Gross Sales per Group, Number Exceeding Group Average, and Percent Exceeding Group Average, for each "Group" (Top Half and Bottom Half), during the Measurement Period as reported to us through our Software System by the Reporting Businesses.

Table 2 of this Item 19 discloses the Gross Sales for commercial jobs and residential jobs, and Percentage of Gross Sales for commercial jobs and residential jobs, during the Measurement Period as reported to us through our Software System by the Reporting Businesses.

Table 3 of this Item 19 discloses the Average, Median, Lowest, and Highest performance of Franchisees in the group achieved during the Measurement Period, as it relates to Total Estimates, Close Ratio, and Average Job Size, as reported to us through our Software System by the Reporting Businesses.

We will provide you with written substantiation for the financial performance representation upon reasonable request.

TABLE 1

Half	# of Franchisees in Group	# of Territories	Aggregate Gross Sales for Group	Average Gross Sales per Group	Highest Gross Sales in Group	Lowest Gross Sales in Group	Median Gross Sales for Group	Number Exceeding Group Average	Percent Exceeding Group Average
Top Half	3	25	$5,288,608	$1,762,869	$3,300,230	$744,509	$1,243,869	1	33.3%
Bottom Half	3	10	$1,409,632	$469,877	$621,631	$353,106	$434,895	1	33.3%
Total System	6	35	$6,698,240	$1,116,373	$3,300,230	$353,106	$683,070	2	33.3%

Notes:

1. In some cases, a franchisee may have increased or decreased its number of Protected Territories during the fiscal year. For purpose of the Table, we include all of the territories operated by a franchise that were operated the entire time of the Measurement Period.

2. This Table 1 to Item 19 discloses Gross Sales for the Reporting Businesses, divided into groups based on the level of Gross Sales achieved during the Measurement Period (i.e. Top Half and Bottom Half).

3. **"Gross Sales"** is defined all revenue generated by the Reporting Businesses during the Measurement Period, as reported to us through our Software System by the Reporting Businesses. The term "Gross Sales" does not include (a) tips paid directly to subcontractors or other personnel, or (b) sales tax that is collected directly from customers and paid to the appropriate taxing authority.

4. **"Aggregate Gross Sales for Group"** is defined as the total Gross Sales achieved by the group for each half, as reported to us through our Software System by the Reporting Businesses.

5. **"Average Gross Sales per Group"** is defined as the average Gross Sales achieved by the Reporting Businesses within the respective half, as reported to us through our Software System by the Reporting Businesses.

6. **"Highest Gross Sales in Group"** is defined as the Gross Sales achieved by the top performing Item 19 Franchisee within the respective half, as reported to us through our Software System by the Reporting Businesses.

7. **"Lowest Gross Sales in Group"** is defined as the Gross Sales achieved by the lowest performing Item 19 Franchisee within the respective half, as reported to us through our Software System by the Reporting Businesses.

8. **"Median Gross Sales in Group"** is defined as the median Gross Sales achieved by the Reporting Businesses within the respective half, as reported to us through our Software System by the Reporting Businesses.

9. **"Number Exceeding Group Average"** is defined as the number of Reporting Businesses within each half who are exceeding the group average, as reported to us through our Software System by the Reporting Businesses.

10. **"Percent Exceeding Group Average"** is defined as the percentage of Reporting Businesses within each half who are exceeding the group average, as reported to us through our Software System by the Reporting Businesses.

TABLE 2

Segment	Gross Sales	Percentage of Sales
Residential	$5,013,491	74.8%
Commercial	$1,684,749	25.2%
Total System	$6,698,240	100.0%

Notes:

1. **"Gross Sales"** is defined all revenue generated by the Reporting Businesses during the Measurement Period, as reported to us through our Software System by the Reporting Businesses. The term "Gross Sales" does not include (a) tips paid directly to subcontractors or other personnel, or (b) sales tax that is collected directly from customers and paid to the appropriate taxing authority.

2. **"Residential"** is defined as the total gross sales for residential jobs performed during the Measurement Period, as reported to us through our Software System by the Reporting Businesses.

3. **"Commercial"** is defined as the total gross sales for commercial jobs performed during the Measurement Period, as reported to us through our Software System by the Reporting Businesses.

4. **"Total System"** is defined all revenue generated by the Reporting Businesses over the Measurement Period, from January 1, 2024, to December 31, 2024, as reported to us through our Software System by the Reporting Businesses. The term "Gross Sales" does not include (a) tips paid directly to subcontractors or other personnel, or (b) sales tax that is collected directly from customers and paid to the appropriate taxing authority.

TABLE 3

	Average Performance of Franchisees in Group	Median Performance of Franchisees in Group	Highest Performance of Franchisees in Group	Lowest Performance of Franchisees in Group	Number Exceeding Group Average	Percentage Exceeding Group Average
Total Estimates	565	529	981	351	3	50.0%
Close Ratio	45.7%	42.7%	53.9%	39.9%	1	16.7%
Average Job Size	$4,321	$3,569	$6,225	$1,496	2	33.3%

Notes:

1. **"Total Estimates"** is defined as the total number of estimates written during the Measurement Period, as reported to us through our Software System by the Reporting Businesses.

2. **"Close Ratio"** is defined as the percentage of total estimates written that turned into invoices, as reported to us through our Software System by the Reporting Businesses.

3. **"Average Job Size"** is defined as the average dollars spent per job performed during the Measurement Period, as reported to us through our Software System by the Reporting Businesses.

Assumptions and Additional Notes:

1. The Item 19 historical financial performance representation included in this Item includes certain reported performance information reported by the Reporting Businesses during the Measurement Period only.

2. The financial information presented in this Item 19 does not disclose any cost, expense or profit information.

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

Other than the preceding financial performance representation, HPB Painting LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting the Legal Department at 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164 and 1 (800) 490-8991, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

For purposes of this Item 20, each Protected Territory that a franchisee receives under a Franchise Agreement is considered an "Outlet."

Table No. 1: System-wide Outlet Summary For years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	34	+34
	2024	34	46	+12
Company-Owned and Affiliate-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	0	0	0
	2023	0	34	+34
	2024	34	46	+12

Table No. 2: Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor) For years 2022 to 2024

	Year	Number of Transfers
Total	2022	0
	2023	0
	2024	0

Table No. 3: Status of Franchised Outlets For years 2022 to 2024

State	Year	Outlets at Start of	Outlets Opened	Terminations	Non - Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
AZ	2022	0	0	0	0	0	0	0

	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
CO	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
	2024	3	0	3	0	0	0	0
IA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
NC	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
	2024	0	0	0	0	0	0	0
OK	2022	0	0	0	0	0	0	0
	2023	0	4	0	0	0	0	4
	2024	4	0	0	0	0	0	4
PA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	18	0	0	0	0	18
TN	2022	0	0	0	0	0	0	0
	2023	0	4	0	0	0	0	4
	2024	4	3	3	0	0	0	4
TX	2022	0	0	0	0	0	0	0
	2023	0	20	0	0	0	0	20
	2024	20	6	15	0	0	0	11
Totals	2022	0	0	0	0	0	0	0
	2023	0	34	0	0	0	0	34
	2024	34	33	21	0	0	0	46

Table No. 4:
Status of Company-Owned Outlets For years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Totals	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

Table No. 5: Projected Openings as of December 31, 2024, for the 2025 Fiscal Year

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Affiliate/Company-Owned Outlets in the Next Fiscal Year
AR	**0**	**2**	**0**
FL	**0**	**8**	**0**
SC	**3**	**2**	**0**
TX	**5**	**6**	**0**
Totals	**8**	**18**	**0**

Attached as Exhibit I are the names, addresses and telephone numbers of all franchisees as of the issuance date of this Disclosure Document. Except as provided herein, we have not had any franchisees who had a franchise terminated, cancelled and not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement as of the issuance date, or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During our last three fiscal years, some current or former franchisees signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no trademark-specific organizations formed by our franchisees that are associated with our System.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit E to this Disclosure Document are our audited financial statements as for our fiscal year ending December 31, 2024, December 31, 2023, December 31, 2022, and our auditor's report and our opening balance sheet as of July 18, 2022. Our fiscal year end is December 31. Also included in Exhibit E are our unaudited financial statements as of September 30, 2025.

ITEM 22
CONTRACTS

Attached to this Disclosure Document are the following contracts and their attachments:

Exhibit B:	Franchise Agreement and Exhibits
Exhibit C:	Multi-Unit Addendum
Exhibit D:	State Specific Addenda
Exhibit F	Sample Termination and Release Agreement
Exhibit H:	Confidentiality and Non-Disclosure Agreement
Exhibit J:	Franchisee Questionnaire/Compliance Certification

ITEM 23

RECEIPTS

Exhibit L of this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to HPB Painting LLC at 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164.

Exhibit A
to
HPB Painting LLC
Franchise Disclosure Document
List of State Administrators and Agents for Service of Process

LIST OF FRANCHISE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Department of Financial Protection and Innovation 651 Bannon Street, Suite 750 Sacramento, CA 95811 (866) 275-2677 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau

State	State Agency	Agent for Service of Process
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222 Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, State Capitol, 14th Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 (803) 734-2166	Legalinc Corporate Services Inc. 1591 Savannah Highway Suite 201 Charleston, SC 29407
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-0448	Commissioner of Securities of Wisconsin

Exhibit B
to
HPB Painting LLC
Franchise Disclosure Document

Franchise Agreement

HPB PAINTING LLC
FRANCHISEE AFFIRMATIONS AND ACKNOWLEDGEMENTS QUESTIONNAIRE

***Residents of Washington shall neither complete nor sign this questionnaire.**

As you know, HPB Painting LLC ("we", "us", "Groovy Hues" or "Franchisor"), and you are preparing to enter into a Franchise Agreement for the operation of a Groovy Hues franchise (a "Franchised Business"). The purposes of this Questionnaire are to: (i) fact find for internal purposes; (ii) confirm you are making an informed investment decision; (iii) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.**

1. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to the Franchise Agreement you intend to enter into with us?

   Yes/No: _____

2. Do you understand that this Questionnaire pertains and relates to each and every Franchise Agreement you intend to enter into with us?

   Yes/No: _____

   If "No," what part of this do you not understand?

   _____

   _____

   _____

3. Have you received and personally reviewed the Franchise Disclosure Document we provided?

   Yes/No: _____

4. Did you sign a receipt for the Disclosure Document indicating the date you received it?

   Yes/No: _____

5. Did you read and do you understand the information contained in the Disclosure Document?

   Yes/No: _____

   If "No," what parts of the Disclosure Document do you not understand?

   _____

   _____

_____

6. Did you read and do you understand the Franchise Agreement and your obligations under the Franchise Agreement?

   Yes/No: _____

   If "No," what parts of the Franchise Agreement do you not understand?

   _____

   _____

   _____

7. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating a Franchised Business with these professional advisor(s)?

   Yes/No: _____

8. Do you understand the success or failure of your Franchised Business will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

   Yes/No: _____

   If "No," what parts of this do you not understand?

   _____

   _____

   _____

9. Do you understand that the territory protection you are granted under the Franchise Agreement is limited and that we have reserved certain rights to engage in certain activities in your Protected Territory under the Franchise Agreement?

   Yes/No: _____

   If "No," what part of this do you not understand?

   _____

   _____

   _____

10. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under our mark or other marks, at any location outside your Protected Territory, regardless of how close these activities are to your Protected Territory?

    Yes/No: _____

    If "No," what part of this do you not understand?

    _____

    _____

    _____

11. Do you understand that the Franchisor first began offering franchises in 2023 and that the Groovy Hues franchise system is a newly launched franchise system with limited operating history?

    Yes/No: _____

    If "No," what part of this do you not understand?

    _____

    _____

    _____

12. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated and arbitrated in Bucks County, Pennsylvania?

    Yes/No: _____

    If "No," what part of this do you not understand?

    _____

    _____

    _____

13. Do you understand the Franchise Agreement limits the amount and type of damages you can recover, and that you are not entitled to any punitive, consequential or other special damages?

    Yes/No: _____

    If "No," what part of this do you not understand?

    _____

_____

_____

14. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is HPB Painting LLC?

    Yes/No: _____

    If "No," what part of this do you not understand?

    _____

    _____

    _____

15. Do you understand all persons whose names appear on the Franchise Agreement must successfully complete the appropriate initial training program(s) before we will allow the Franchised Business to open or consent to a transfer of that Franchised Business?

    Yes/No: _____

    If "No," what part of this do you not understand?

    _____

    _____

    _____

16. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?

    Yes/No: _____

    If "No," what part of this do you not understand?

    _____

    _____

    _____

17. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?

    Yes/No: _____

    If "No," what part of this do you not understand?

_____

_____

_____

18. Do you understand that we will send written notices, as required by your Franchise Agreement, to either your Franchised Business or home address until you designate a different address by sending written notice to us?

    Yes/No: _____

    If "No," what part of this do you not understand?

    _____

    _____

    _____

19. Do you understand that we will not approve your purchase of a Franchised Business, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?

    Yes/No: _____

    If "No," what part of this do you not understand?

    _____

    _____

    _____

20. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Franchised Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

    Yes/No: _____

    If "No," please describe the nature of the statements and by whom they were made by?

    _____

    _____

    _____

21. Is it true that no broker, employee or other person speaking on our behalf made any statement or

promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Franchised Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes/No: _____

If "No," please describe the nature of the statements and by whom they were made by?

_____

_____

_____

22. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

    Yes/No: _____

    If "No," please describe the nature of the statements and by whom they were made by?

    _____

    _____

    _____

23. Is it true that no broker, employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Franchised Business purchase with exception of those payments or loans provided in the Disclosure Document?

    Yes/No: _____

    If "No," please describe the nature of the statements and by whom they were made by?

    _____

    _____

    _____

24. Do you understand that the Item 19 financial performance disclosure contained in Item 19 of the Disclosure Document is not a representation of what you can expect to achieve in connection with the operation of a Franchised Business?

    Yes/No: _____

If "No," what part of this do you not understand?

_____

_____

_____

25. Do you understand that you will control and are entirely responsible for all employment related matters in connection with the operation of your Franchised Business and that we are not responsible for, and do not control, directly or indirectly, your employment practices or your employees?

    Yes/No: _____

    If "No," what part of this do you not understand?

    _____

    _____

    _____

26. Did you receive the Franchise Disclosure Document at least fourteen (14) days before you completed and signed this Questionnaire?

    Yes/No: _____

27. Did you receive the Franchise Agreement at least seven (7) days before you completed and signed this Questionnaire?

    Yes/No: _____

If any Illinois, Indiana, Michigan, Minnesota, North Dakota, Rhode Island, South Dakota, Virginia or Wisconsin franchisee completes this Questionnaire, it is adjusted or determined to be against the public policy of Illinois, Indiana, Michigan, Minnesota, North Dakota, Rhode Island, South Dakota, Virginia or Wisconsin, such Questionnaire will be considered void and unenforceable, and HPB PAINTING LLC will disregard and will not rely on this Questionnaire as a disclaimer, release, or otherwise defense, in any claim made pursuant to or under the relevant state anti-fraud or anti-waiver statutes, rules, regulations, or similar applicable laws.

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

_____
Franchisee, individually

Dated: _____

HPB PAINTING LLC

FRANCHISE AGREEMENT

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EXHIBITS

Exhibit A	Personal Guaranty and Guaranty of Spouses
Exhibit B	Conditional Assignment of Franchisee's Telephone Numbers, Facsimile Numbers and Domain Names
Exhibit C	Confidentiality and Restrictive Covenant Agreement for Employees
Exhibit D	Electronic Funds Withdrawal Authorization
Exhibit E	Site Selection Addendum
Exhibit F	Collateral Assignment of Lease
Exhibit G	Territory Map
Exhibit H	Multi-Unit Addendum
Exhibit I	State Specific Addenda
Exhibit J	Secured Promissory Note and General Security Agreement

DATA SHEET

Franchisee: _____

_____

Guarantors: _____

_____

Effective Date: _____, 2025

Approved Location: _____

_____

Protected Territory: See "Territory ____" set forth on the Map attached as Exhibit "G" to Franchise Agreement

Telephone Number: _____

E-Mail Address: _____

Initial Franchise Fee: $

The terms of this Data Sheet are incorporated into the attached Franchise Agreement.

HPB PAINTING LLC
FRANCHISE AGREEMENT

THIS AGREEMENT (the "Agreement" or "Franchise Agreement") is entered into and made effective this ____ day of MONTH, 2025, by and between HPB Painting LLC, a Pennsylvania limited liability company, with its principal place of business at 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164 ("Franchisor"), and _____, an individual with an address at _____, which is identified more fully in the attached Data Sheet ("Franchisee").

RECITALS

A. Through the expenditure of a considerable amount of time, effort, and money, Franchisor has developed a system for the operation of Groovy Hues businesses (each, a "Franchised Business") that offer, sell and perform "Painting Services" to residential and commercial customers within a defined Protected Territory (defined herein) on a year-round basis. Specifically, Painting Services include: (i) residential and commercial painting services; (ii) powerwashing services (an optional service); and (iii) other products, services and events that we may approve and modify from time to time (collectively, the "Approved Products and Services"). You do not need any specific prior experience in these areas of service to operate a Groovy Hues Business.

B. Franchised Businesses are established and operated using Franchisor's proprietary operating system, the distinguishing characteristics of which currently include: (i) Franchisor's proprietary standards and specifications for certain products and services used in connection with providing Franchisor's Approved Products and Services to customers; (ii) certain proprietary products developed by Franchisor; (iii) Franchisor's standards and specifications for sales techniques, marketing and advertising programs; (iv) proprietary initial and ongoing training programs; and (v) standards and specifications for operating the Franchised Business in the manner set forth in this Agreement and Franchisor's proprietary and confidential operations manual (the "Operations Manual") that franchisees have access to, which may be modified from time to time by Franchisor (collectively, the "System").

C. The System is identified by Franchisor's proprietary trademarks, service marks, trade dress, logos and other indicia of origin and intellectual property, including, without limitation, the "Groovy Hues Peace Love Paint Powerwash" design mark registered on the Principal Register of the United States Patent and Trademark Office, as well as the "Groovy Hues Peace Love Paint Powerwash" word mark pending registration on the Principal Register of the United States Patent and Trademark Office (collectively, the "Proprietary Marks"). The rights to all such Proprietary Marks as are now, or shall hereafter be, designated as part of the System will be owned exclusively by Franchisor or its affiliates and be used for the benefit of Franchisor, its affiliates and Franchisor's franchisees to identify to the public the source of the products and services marketed thereunder. Franchisor may continue to develop, expand, use, control, and add to the Proprietary Marks and System for the benefit of itself, its affiliates, and its franchisees and licensees in order to identify for the public the source of products and services marketed thereunder and to represent the System's high standards of quality and service.

D. Franchisor offers franchises for the development and operation of Franchised Businesses to be operated and promoted within a designated geographical territory.

E. Franchisee desires to establish and operate a Franchised Business within the Protected Territory hereinafter designated, to use in connection therewith the Franchisor's System and the Proprietary Marks and to derive the benefits of Franchisor's information, experience, advice, guidance and customer goodwill.

F. Franchisor wishes to grant Franchisee the limited right to open and operate a Franchised Business based on Franchisee's representations to Franchisor, including those representations set forth in Franchisee's franchise application, in accordance with the terms and conditions set forth in this Agreement.

G. Franchisee recognizes the importance to Franchisor, to its other franchisees and to the public of maintaining the integrity, standards, qualities and attributes of products and services associated with the Proprietary Marks and System, and is willing to adhere to certain uniform standards, procedures and policies to maintain such integrity, standards, qualities and attributes.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, Franchisor and Franchisee hereby agree as follows:

1 GRANT OF FRANCHISE

1.1 **Grant and Acceptance.** Franchisor hereby grants to Franchisee, upon the express terms and conditions contained in this Agreement, and Franchisee hereby accepts, a non-exclusive license to establish and operate one Franchised Business, under the System and Proprietary Marks identified below, and the right to use the System and Proprietary Marks in the operation of the Franchised Business. Except as otherwise provided in this Agreement, Franchisee may offer, sell and perform Franchisor's Approved Products and Services within the Protected Territory set forth in Section 1.2 herein. Franchisor has the right to supplement, improve or otherwise modify the System from time to time in Franchisor's discretion, and Franchisee agrees to comply with all changes which may include, without limitation, the offer and sale of new or different products or services as Franchisor may specify. Franchisee acknowledges and agrees that this Agreement does not grant Franchisee the option or right to purchase additional Franchised Businesses and/or additional Protected Territories.

1.2 **Protected Territory.** Except as otherwise provided in this Agreement and for so long as Franchisee is not in default of this Agreement, Franchisor shall not establish and operate, nor license any other third-party the right to establish and operate, any Franchised Business under the System and the Proprietary Marks within the protected area identified in the Data Sheet, the terms of which are incorporated herein by reference (the "Protected Territory") during the term of this Agreement. Franchisor and its affiliates retain all other rights, including without limitation, those rights set forth in Sections 1.4 through Section 1.7 of this Agreement. Franchisee is permitted to conduct the Franchised Business outside of the Protected Territory provided that (a) Franchisee will not be operating within another franchisee's Protected Territory, and (b) Franchisee received Franchisor's prior written consent, which may be withheld for any reason. Other than these operations, Franchisee is not permitted to operate the Franchised Business outside of the Protected Territory without Franchisor's prior written consent. All sales and other activities conducted within or outside the Protected Territory must be conducted in accordance with the terms of this Agreement and Franchisor's operating methods, standards and specifications as set forth in the Operations Manual (as defined in Section 6.1 herein). If, at any time during the term of this Agreement, more than 5% of Franchisee's Gross Revenues are derived from or within specific locations or areas that are outside of the Protected Territory, Franchisor may, among other conditions, require Franchisee to purchase an additional franchise, enter into Franchisor's then-current franchise agreement and pay to Franchisor its then-current initial franchise fee. Franchisor is not required to offer Franchisee the opportunity to enter into a franchise agreement to continue operations in any area outside of the Protected Territory and may revoke any prior granted approval allowing Franchisee permission to operate outside of the Protected Territory at any time, effective on notice to Franchisee.

1.3 **Approved Location.** Franchisee must operate the Groovy Hues Business from an approved facility that meets Franchisor's current standards and specifications (the "Approved Location"). Franchisee may use either a home office or leased commercial property as the Franchisee's Approved Location, however, if Franchisee elects to utilize a leased commercial property as Franchisee's Approved Location, such proposed location must: (i) be secured within ninety (90) days after the date of execution of the Franchise Agreement; (ii) be located in a Protected Territory; (iii) be approved and consented to by Franchisor in writing within thirty (30) days, prior to execution of any lease thereon; and (iv) meet Franchisor's current standards and specifications, including, but not limited to, square footage, design, layout, signage, equipment and inventory storage as more fully set forth in the Operations Manual. The factors Franchisor considers in approving Franchisee's location include but are not limited to: (i) the type of commercial space; (ii) the geographic location of the space and whether it is centrally located within Franchisee's Protected Territory; (iii) whether there is enough space for office and storage; and (iv) whether the terms of the lease are favorable. Franchisor may also condition Franchisor's approval of Franchisee's commercial lease upon, among other conditions, execution of a collateral assignment of lease (which is attached to the Franchise Agreement as Exhibit F) by Franchisee and Franchisee's landlord, if any, under which such landlord shall grant Franchisor the rights to assume Franchisee's rights and obligations under Franchisee's lease in the event that Franchisee breaches their lease agreement or Franchisee's Franchise Agreement is terminated or expires. Franchisee must continuously maintain an Approved Location throughout the Term of the Franchise Agreement without interruption. Franchisee may not relocate the Groovy Hues Business without Franchisor's prior written consent. If Franchisor has not approved a location from which Franchisee must operate the Franchised Business as of the date Franchisee signs this Agreement, the parties will enter into Franchisor's prescribed form of Site Selection Addendum (attached hereto as Exhibit E), the terms of which will govern the parties' site selection obligations.

1.4 **National and Regional Accounts.** Franchisor has the exclusive right to create National and Regional Account ("NORA") programs for a group of customers, a partnership or group of partners, that operate under common ownership or control, under the same trademarks or service marks through independent franchises, dealers or licensees, or some other association, located at multiple locations, Chain Customers (as defined below) and other similar organizations for the benefit of the System. Franchisor or any party Franchisor may designate has the exclusive right to solicit and service NORA customers within or outside of the Protected Territory, including, the right to offer and sell Approved Products and Services. Franchisee may not solicit, service or otherwise pursue any NORA relationships, whether the contacts for these relationships are in the Protected Territory or not, without Franchisor's prior written consent. Franchisee may not service, solicit or otherwise pursue a relationship with a NORA or potential NORA or any of its members or associates, without notice to Franchisor and Franchisor's prior written consent. Any dispute as to whether a particular customer is considered a NORA customer will be determined by Franchisor, and its determination will be final and binding. A Chain Customer´ is a non-residential customer, a group of customers, a partnership or group of partners, that operate under common ownership or control, under the same trademarks or service marks through independent franchises, dealers or licensees, or some other association, located at multiple locations whose presence is not confined within any one particular territory. Following the execution of a contract with or the acceptance of a bid by a NORA customer which contemplates the provision of services to one or more NORA locations within the Protected Territory, Franchisor may, at its sole option, provide Franchisee the option to perform such services pursuant to the terms and conditions of the NORA contract or on such terms and conditions as Franchisor determines in its sole discretion. In order to service any NORA customers, Franchisee must enter into Franchisor's then-current form of NORA participation agreement, the terms of which will govern all NORA work. Franchisee is not entitled to any right to compensation or consideration for work performed by others in the Protected Territory for NORAs.

1.4.1 Franchisor also shall have the right, exercisable in its sole discretion, to:

A. provide, directly or through any other licensee or franchisee utilizing the Proprietary Marks, services to the NORA customer location(s) within the Protected Territory on the terms and conditions contained in the NORA bid or contract; and/or

B. contract with another party to provide such services to the NORA customer location(s) within the Protected Territory on the terms and conditions contained in the NORA bid or contract between Franchisor and the NORA customer, utilizing the Proprietary Marks or any other trademarks, service marks or trade names.

Neither the direct provision by Franchisor (or a System franchisee, licensee, or Franchisor's agent or designee) of services to NORA customers, nor Franchisor's contracting with another party to provide such services shall constitute a violation of Franchisee's rights in the Protected Territory. Franchisee disclaims any compensation or consideration for work performed by others in the Protected Territory on account of NORA customers within the Protected Territory.

1.5 **Reservation of Rights.** Franchisee acknowledges that, except as otherwise provided in this Agreement, Franchisee's right to provide the Approved Products and Services, and otherwise use the Proprietary Marks and System, within the Protected Territory is non-exclusive and Franchisor and its affiliates expressly reserve the right to: (i) establish and operate, and license third parties the right to establish and operate, Franchised Businesses using the Proprietary Marks and System at any location outside of the Protected Territory; (ii) acquire, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind regardless of location; (iii) sell and distribute, directly or indirectly, or license others to sell and distribute within or outside the Protected Territory, directly or indirectly, any products, services or merchandise, including Approved Products and Services, from any location or to any purchaser or through any alternative channel or method of distribution including, but not limited to, via retail and wholesale distribution, in supermarkets, hardware stores, club stores and other retail facilities, via mail order and e-commerce channels; (iv) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System to engage in any other activities not expressly prohibited in this Agreement.

1.6 **Alternate Channels of Distribution.** Franchisee acknowledges and agrees that certain of Franchisor's or its affiliates' products and services, whether now existing or developed in the future, may be distributed in Franchisee's Protected Territory by Franchisor, Franchisor's affiliates, or other third parties that Franchisor designates, in such manner and through such channels of distribution as Franchisor, in its sole discretion, shall determine. Such alternate channels of distribution will include, but are not limited to, the sale and distribution of the products and services via the Internet and through joint marketing with partner companies under terms and conditions that Franchisor deems appropriate. Franchisee understands that this Agreement grants Franchisee no rights: (i) to distribute Approved Products and Services as described in this Section 1.6; or (ii) to share in any of the proceeds received by any such party therefrom.

1.7 **Right to Service Customers in Protected Territory; Use of Contact Center and CRM.**

1.7.1 Franchisee must ensure that all initial calls, work order requests, or otherwise inquiries made to the Franchised Business are processed by the Contact Center and/or Franchisor's customer relationship management ("CRM") platform or software, as required by Franchisor, on the terms

and conditions set forth in the Operations Manual or as otherwise directed by Franchisor in writing. All Franchised Business-related phone numbers, internet lead sources, and other work order requests, or otherwise inquiries are required to be ported to or directed to the Contact Center and/or Franchisor's CRM, as required by Franchisor.

Once a lead, prospect, or customer's call, inquiry, or order is routed to the Contact Center (or otherwise input by Franchisee into the CRM) and assigned to the Franchised Business, Franchisor's Contact Center and/or CRM Designated Vendor(s), including, but not limited to, software platforms that utilize artificial intelligence tools and programs (as designated by Franchisor), will route that customer's inquiry, order, or work, to Franchisee if the customer's location (where the work is to be performed) is within the Protected Territory, unless: (i) Franchisor determines that the work is in the nature of an emergency, that all or a portion of the Protected Territory has been subjected to a disaster or catastrophe; (ii) the work is of such a large scope, complexity and/or commercial nature that Franchisor determines, in its sole discretion, that the Franchisee is not capable of performing the work requested in accordance with System standards and specifications and/or the prevailing standard of care in the industry for the type of work requested (in which case Franchisor may route the work order to Franchisee and additional franchisees, or other franchisees, or Franchisor's affiliate, for completion); (iii) the inquiry, order, or work, is mistakenly routed to another franchisee or affiliate-owned business [due to either the customer providing incorrect information to a Contact Center representative or an inadvertent error on the part of the Contact Center representative when taking the information from the customer]; or (iv) Franchisee is not operating the Franchised Business in compliance with this Agreement.

Franchisee acknowledges and agrees that the Contact Center may support multiple communication channels, including, but not limited to phone calls, other voice-based communications, live chats, SMS, web-based inquiries, email, and social media, and that the Contact Center is integrated with Franchisor's CRM. Franchisee agrees to comply with Franchisor's standards and specifications for any such CRM and any other related customer management platform or software, as set forth in the Operations Manual or as otherwise directed by Franchisor in writing.

1.7.2 Franchisee agrees and acknowledges that Franchisor's rights under this Section are necessary to: (i) maintain uniformity across the System and ensure that all work performed under the Proprietary Marks meets Franchisor's System standards for customer service; and (ii) account for inadvertent mistakes by Franchisor's customers and the Contact Center. Franchisee further acknowledges that it does not have any right to share in the Gross Revenue generated from customers that are serviced within the Protected Territory unless Franchisee is assigned, and subsequently provides services to, such customers.

2 TERM AND RENEWAL

2.1 **Term.** The initial term of the Franchise is for a period of ten (10) years, which will commence on the date Franchisor executes this Agreement.

2.2 **Renewal.** Franchisee has the right to renew this Agreement for one successive, additional ten (10) year period, provided Franchisee has met the following conditions:

2.2.1 Franchisee has notified Franchisor of Franchisee's intention to renew this Agreement in

writing at least twelve (12) months, and no more than eighteen (18) months, prior to expiration of the current term;

2.2.2 Franchisee has demonstrated to Franchisor's satisfaction that Franchisee has the right to operate the Franchised Business at the Approved Location and within the Protected Territory for the duration of the renewal term; or, if Franchisee is unable to operate the Franchised Business at the Approved Location, Franchisee has secured a substitute location within the Protected Territory acceptable to Franchisor;

2.2.3 Franchisee has completed, to Franchisor's satisfaction, ninety (90) days prior to the expiration of the then-current term, any updates to all required equipment, tools, supplies, inventory, hardware and software, and vehicles to bring the Franchised Business into full compliance with Franchisor's then-current System standards and specifications and, Franchisee has completed all maintenance, refurbishing, renovating, updating and remodeling of the Franchised Business's Approved Location so that it satisfies Franchisor's then-current standards;

2.2.4 Franchisee is not in breach of any provision of this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's approved/designated suppliers and vendors, and Franchisee has substantially complied with all such agreements during their respective terms;

2.2.5 Franchisee has satisfied all monetary obligations Franchisee owes Franchisor, Franchisor's affiliates, Franchisor's approved/designated suppliers and vendors, and has timely met these obligations throughout the term of this Agreement;

2.2.6 Franchisee executes Franchisor's then-current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement (which may include, without limitation, increased royalty and other fees and insurance requirements);

2.2.7 Franchisee satisfies Franchisor's then-current training requirements for renewing franchisees at Franchisee's expense, if any, as of the date of such renewal, and Franchisee has otherwise obtained and maintained all licenses, permits and approvals required by federal and state law applicable to operating the Franchised Business or providing the Approved Products and Services at any location within the Protected Territory;

2.2.8 Franchisee and its principals execute a general release in the form Franchisor prescribes; and

2.2.9 Franchisee pays a renewal fee in the amount of twenty percent (20%) of the then-current initial franchise fee.

3 FEES AND MANNER OF PAYMENT

3.1 **Initial Franchise Fee.** In consideration of the franchise granted to Franchisee by Franchisor, Franchisee must pay Franchisor a lump sum initial franchise fee, calculated as follows (the "Initial Franchise Fee"):

Number of Territories	Cumulative Initial Franchise Fees	Individual Franchise Fee	Cumulative General Population

1	$59,500	$59,500	200,000
2	$99,500	$40,000	400,000
3	$134,500	$35,000	600,000
4	$164,500	$30,000	800,000
5	$194,500	$30,000	1,000,000

The Initial Franchise Fee is due upon execution of this Agreement. The Initial Franchisee Fee shall be deemed fully earned and non-refundable upon payment, in consideration of administrative and other marketing, sales, and expenses Franchisor incurs in granting the franchise, including fees and expenses paid by Franchisor to third-party networks, consultants, brokers, and HorsePower Nation LLC, and for Franchisor's lost or deferred opportunity to franchise others. If the cumulative general population figures used to calculate Franchisee's Protected Territory exceed the cumulative general population figures set forth in this Section 3.1, Franchisee shall pay, in addition to the Initial Franchise Fee set forth in this Section 3.1, an overage fee in an amount equal to the number of excess cumulative general population multiplied by thirty cents ($0.30) per individual.

3.2 **Royalty Fee.** Franchisee must pay Franchisor a monthly royalty fee (the "Royalty") deducted via the EFT Program in an amount equal to the greater of:

i. The applicable tiered percentage of Gross Revenue Collected during the immediately preceding month based on January 1 through December 31 Calendar year-to-date Gross Revenues (the "Royalty Percentage") (see table below); or

Tier	Year-to-Date Gross Revenue	Royalty Percentage
1	$0 - $1,000,000	6%
2	$1,000,001 - $3,000,000	5%
3	$3,000,001 and above	4%

ii. The applicable monthly minimum royalty fee ("Minimum Royalty"), as described below.

3.2.1 Minimum Royalty Fees. The monthly Minimum Royalty is: (i) $500 per month for the period beginning on the one-year anniversary of the Effective Date and continuing through the remainder of the Term. Notwithstanding the foregoing, after the expiration of the fifth year of the Term, Franchisor has the right to increase the monthly Minimum Royalty for each of the sixth, seventh, eighth, ninth, and tenth year of Term, in an amount not to exceed ten percent (10%) of the Minimum Royalty payable during the immediately preceding year of the Term.

If you are a party to more than one Franchise Agreement with Franchisor, you are required to pay the Minimum Royalty due under each such Franchise Agreement for each Protected Territory.

Failure to pay the required Royalty constitutes a material breach of your obligations under the Franchise Agreement. Without limiting your obligations under Franchise Agreement and/or Franchisor's rights under this Agreement, at the end of each calendar year, Franchisor may conduct a review of the Royalty fees you paid to Franchisor during such calendar year and if Franchisor determines you failed to pay the required Minimum Royalty, you must pay the difference immediately upon your receipt of an invoice from Franchisor. Franchisor reserves the

right to true-up all Royalty payments at any time and at any interval.

In addition to any and all other remedies available to Franchisor under this Agreement (including Franchisor's right to terminate) and applicable law, if Franchisee does not pay to Franchisor the required Royalty fee, Franchisor has the right to reduce, modify or eliminate the Protected Territory rights granted to Franchisee under this Agreement as an alternative remedy option.

If Franchisee elects to renew this Agreement after the expiration of the Term (which renewal is subject to Franchisee's compliance with the renewal conditions set forth in this Agreement) Franchisee acknowledges and agrees that the Royalty may be increased for the renewal term and will, in no event, be less than the Minimum Royalty Franchisee was required to pay to Franchisor during the last year of the Term; provided, however, the increase for the first year of the renewal term will be limited to a ten percent (10%) increase over the Royalty due during the last year of the Term (except as otherwise provided in any renewal agreement).

"Gross Revenues Collected" means any and all revenue or other compensation actually collected by Franchisee from customers of the Franchised Business.

"Gross Revenues" are defined in the Franchise Agreement to include all income of any type or nature and from any source that Franchisee derives or receives directly or indirectly from, through, by or on account of the operation of the Franchised Business at any time after the signing of the Franchise Agreement, in whatever form and from whatever source, including but not limited to cash, services, in kind from barter and/or exchange, on credit or otherwise as well as business interruption insurance proceeds. Gross Revenues shall also include the total amount of all sales for labor, material, equipment and/or services performed or rendered by: (a) Franchisee, or (b) any third-party subcontractors or agents of Franchisee who perform services for Franchisee's customers or clients as part of Franchisee's services. Gross Sales shall also include all commissions, finder's fees, referral fees, construction management fees or other compensation received by Franchisee on the value of any work performed. Franchisee agrees that all Royalty fees, including any Minimum Royalty fees, are non-refundable. However, the definition of Gross Revenues does not include sales tax that is collected from customers and transmitted to the appropriate taxing authorities.

3.2.2 Special Programs. Franchisor reserves the right, but not the obligation, to establish special programs that reward franchisees for meeting certain criteria. In the event Franchisor establishes any special programs, Franchisor will have the right, in Franchisor's sole discretion, to change, modify or dissolve any special programs upon notice to Franchisee.

3.2.3 Royalty Incentive Programs. Franchisor reserves the right, but not the obligation, to offer royalty incentive programs for the benefit of qualifying franchisees. To qualify for such programs, Franchisee must satisfy Franchisor's then-current specifications and standards as provided in the Operations Manual or otherwise in writing by Franchisor. Franchisor reserves the right to modify, supplement, or terminate any royalty incentive programs upon notice to Franchisee.

3.3 **Gross Revenue Reporting**. Franchisee agrees to report Gross Revenue in such form or format as Franchisor may specify from time to time. Franchisor may, at any time, and from time to time, modify the required form or format. Franchisor reserves the right to require Franchisee to provide Franchisor with verified Gross Revenue Reports in the event Franchisor is unable to process electronic funds transfer based upon information Franchisee inputs into the POS System. Each Gross Revenue Report must set forth: (i) Gross Revenues Collected generated during the previous month; (ii)

calculation of the Royalty; and (iii) any other information Franchisor may require. If a Gross Revenue Report is subsequently received and reflects: (i) that the actual amount of the fee due was more than the amount of the electronic funds transfer, then Franchisor may withdraw additional funds through an electronic funds transfer from Franchisee's designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the electronic funds transfer, then Franchisor will credit the excess amount to the payment of Franchisee's future obligations.

3.4 **Method of Payment**. With the exception of the Initial Franchise Fee, Franchisee shall pay all fees and other amounts due to Franchisor and/or its affiliates under this Agreement through an electronic funds transfer program (the "EFT Program"), under which Franchisor automatically deducts all payments owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor or its affiliates, via wire transfer or from the bank account Franchisee provides to Franchisor for use in connection with EFT Program (the "EFT Account"). Franchisee shall immediately deposit all revenues from operation of the Franchised Business into this bank account within two (2) days upon receipt, including cash, checks, and credit card receipts. At least ten (10) days prior to opening the Franchised Business, Franchisee shall provide Franchisor with: (i) Franchisee's bank's name, address and account number; and (ii) a voided check from such bank account. Contemporaneous with the execution of this Agreement, Franchisee shall sign and provide to Franchisor and Franchisee's bank, all documents, including Franchisor's form of EFT Authorization Form attached as Exhibit D to this Agreement, necessary to effectuate the EFT Program and Franchisor's ability to withdraw funds from such bank account via electronic funds transfer. Franchisee shall immediately notify Franchisor of any change in Franchisee's banking relationship, including any change to the EFT Account. Franchisor reserves the right to require Franchisee to pay any fees due under this Agreement by such other means as Franchisor may specify from time to time.

3.5 **Opening Package**. Prior to opening, Franchisee must purchase from Franchisor's Approved Suppliers, Designated Vendors (as Franchisor designates), or Third-Party Providers, the required opening package (the "Opening Package"), which includes items such as promotional materials, including brochures, yard signs, apparel, and other equipment, tools, and supplies related to the operation of your Groovy Hues Business. Franchisor estimates that that full purchase price of the entire Opening Package is approximately $5,930 to $7,710. If Franchisee purchases more than one Protected Territory, Franchisee shall only be required to pay one Opening Package.

3.6 **Brand Marketing Fee**. Within forty-five (45) days after execution of this Agreement, Franchisee must pay to Franchisor or its affiliate a brand marketing fee in the amount of $15,500 (the "Brand Marketing Fee"). The Brand Marketing Fee covers the costs of creation, production and distribution of brand marketing assets, strategies and other materials or activities in any medium, which may include, but not limited to, the internet, social media, search engine optimization, video production, photography, campaign development and related advertising or marketing expenses, including administration expenses, in accordance with Franchisor's brand standards and specifications, as more fully set forth in our Operations Manual. If Franchisee purchases more than one (1) Protected Territory, Franchisee shall only be required to pay one (1) Brand Marketing Fee. This is a one-time fee.

3.7 **Brand Fund Contribution**. As set forth more fully in Section 12.3 of this Agreement, Franchisor reserves the right to establish a national brand fund for advertising and brand promotion (the "Brand Fund"). If established, Franchisee shall be required to make monthly contributions of up to three percent (3%) of Gross Revenues Collected by the Franchised Business for sales made during the immediately preceding month (the "Brand Fund Contribution"). The Brand Fund Contribution shall not exceed three percent (3%) of Franchisee's monthly Gross Revenues Collected, nor shall the sum of the Brand Fund Contribution and the Royalty fee exceed the then-current Royalty fee

immediately preceding establishment of the Brand Fund, as a percentage of monthly Gross Revenues. If established, Franchisee must pay the Brand Fund Contribution to Franchisor each month in the same manner as Franchisee is required to pay their Royalty fees. Franchisor may require Brand Fund Contributions to be paid as directed by Franchisor via the EFT Program, or as otherwise required by the Operations Manual or in writing by Franchisor. Franchisor will have the right to expend the funds accumulated in the Brand Fund in Franchisor's sole discretion. Franchisor reserves the right to modify the Brand Fund Contribution and/or modify the digital marketing and advertising requirements that Franchisee must use in the operation of the Franchised Business, and to designate and/or change the amount, scope, or manner of payment of the Brand Fund Contribution, including the party to whom payment is made, at any time upon providing reasonable notice to Franchisee (which need not exceed 30 days).

3.8 **Technology Fee**. Franchisee must pay Franchisor a monthly technology fee (the "Technology Fee"), which Franchisor will collect on Franchisee's behalf and remit to its designated vendors. The current monthly Technology Fee is $792. Franchisor reserves the right to change the amount of the fee described in this Section (not to exceed a 10% increase) as changes are made to the System's hardware, software and other computer or technology requirements or as required by the third-party service provider(s) or by any regulatory agency. If Franchisee purchases more than one Protected Territory, Franchisee shall only be required to pay one Technology Fee.

3.9 **Special Software Fee.** Franchisee must pay Franchisor's Designated Vendor a monthly special software fee (the "Special Software Fee") for access to, and use of, special software platforms and programs, including, but not limited to artificial intelligence, as required by Franchisor, and in accordance with Franchisor's standards and specifications. The current monthly Special Software Fee is $300. Franchisor reserves the right to change the amount of the fee described in this Section as changes are made to the System's hardware, software and other computer or technology requirements or as required by the third-party service provider(s) or by any regulatory agency. If Franchisee purchases more than one Protected Territory, Franchisee shall only be required to pay one Special Software Fee.

3.10 **Contact Center Fee.** Franchisee must pay Franchisor's Designated Vendor(s) a monthly contact center fee (the "Contact Center Fee"). As of March 2025, the current monthly Contact Center Fee is $300 per month plus $23 per appointment. There is a one-time startup fee of $300. The Contact Center Fee covers the management, processing, and routing of prospective and existing Groovy Hues customer contacts, communications, inquiries, and work orders. Franchisor reserves the right to (a) modify the Contact Center Fee as new contact center, communication, or order processing technology and software becomes available or changes, and/or (b) modify the contact center requirements that Franchisee must use for the Groovy Hues Business, and (c) designate and/or change the amount, scope, or manner of payment of the Contact Center Fee, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days). If Franchisee purchases more than one Protected Territory, Franchisee shall only be required to pay one Contact Center Fee.

3.11 **Digital Management Fee.** Franchisee must pay Franchisor's affiliate or Franchisor's Designated Vendor (as Franchisor designates), a monthly digital management fee (the "Digital Management Fee"). Currently, the Digital management Fee is $500 per month. The Digital Management Fee covers the costs of digital marketing and website management. Franchisor reserves the right to modify the Digital Management Fee as Franchisor modifies the digital marketing and advertising requirements that Franchisee must use for the Franchised Business, and to designate and/or change the amount (not to exceed a 10% increase), scope, structure, or manner of payment of the Digital Management Fee, including the party to whom payment is made, at any time upon

providing reasonable notice (which need not exceed 30 days). If Franchisee purchases more than one (1) Protected Territory, Franchisee shall only be required to pay one Digital Management Fee.

3.12 **Late and/or Under Payments and Interest.** All fee payments, amounts due for purchases by Franchisee from Franchisor and/or its affiliated company, and other amounts which Franchisee owes to the Franchisor and/or its affiliated company, not received on or before the due date, shall be deemed past due. If any payment or contribution is past due, Franchisee shall pay to the Franchisor immediately upon demand, in addition to the past due amount, Franchisor's then- current late fee per incident, plus interest on the past due amount from the date it was due until paid at the rate of one and one half percent (1.5%) per month, or the maximum rate permitted by law, whichever is greater. Nothing contained in this Section shall prevent Franchisor from exercising, in Franchisor's sole judgment, any other rights or remedies available to Franchisor under this Agreement.

3.13 **No Right to Off Set.** Franchisee shall not be entitled to set off any payments required to be made under this Section 3 against any monetary claim it may have against Franchisor.

3.14 **Non-Exclusive Remedies**. Franchisor's right to recover interest and late payment fees under this Section shall not prevent Franchisor from obtaining, or otherwise waive, any other remedy available to Franchisor for Franchisee's breach of this Section as set forth in this Agreement or under applicable law.

3.15 **Taxes on Payments**. In the event any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment Franchisee makes to Franchisor, Franchisee must, in addition to all payments due to Franchisor, pay such tax, levy or assessment.

3.16 **Outstanding A/R Collection Fee**. Franchisor has the right to assist Franchisee in collecting outstanding balances from Franchisee's customers for amounts more than 60 days past due. If Franchisor assists in collecting such outstanding amounts, Franchisee must pay Franchisor a fee in the amount of 15% of the amount collected.

3.17 **Memberships and Subscriptions**. Franchisee must participate in all membership and subscription services that franchisor requires and pay all dues associated with such programs and memberships.

3.18 **Accounting Services Fee**. Franchisee must pay Franchisor's designated affiliate HPB Accounting LLC d/b/a ZeeBOOKS, a monthly fee for bookkeeping, payroll, and certain billing services, excluding the monthly subscription fees set forth below ("Accounting Services Fee"). As of April 2024, the current monthly Accounting Services Fee is $440 per month. Franchisor reserves the right to increase Franchisee's required spend on the Accounting Services Fee up to 0.5% of Franchisee's total Gross Revenues Collected. The Accounting Services Fee does not include the costs of: (i) Franchisee's required monthly subscription to online accounting software, which is currently $60 per month per user; (ii) Franchisee's required monthly payroll fee, which is currently $70 per month; and (iii) a one-time setup fee of $399. All Accounting Services Fees and other fees that Franchisee must pay are subject to change at any time. Franchisor reserves the right to modify the Accounting Services Fee as new bookkeeping resources and technology becomes available or changes, and/or modify the bookkeeping requirements that Franchisee must use for the Groovy Hues Business at any time upon providing reasonable notice. Franchisor also reserves the right to designate and/or change the amount (not to exceed a 10% increase), scope, structure, or manner of payment of the Accounting Services Fee, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days). Franchisor also reserves the right to require franchisees to use our affiliate or designated vendors for payroll, sales tax filing, and other

related services. If Franchisee purchases more than one Protected Territory, Franchisee shall only be required to pay one Accounting Services Fee.

3.19 **Annual Conference Fee**. Franchisee must pay to Franchisor an annual fee for Franchisee's registration and attendance to Franchisor's annual conference for the System (the "Annual Conference"), if held by Franchisor, and as further described in Section 6.8. Franchisee and Franchisee management (if applicable) must register for and attend the Annual Conference and pay Franchisor the then-current registration and attendance fee (the "Annual Conference Fee"), which shall not exceed $1,000 per attendee. If Franchisee does not register for the Annual Conference, Franchisee must pay Franchisor a fee of $1,000.

3.20 **ZeePartnerships Fee.** Within forty-five (45) days after execution of this Agreement, Franchisee must pay Franchisor a one-time zeepartnerships fee (the "ZeePartnerships Fee") of $5,000. The ZeePartnerships Fee covers the costs of building, developing, and maintaining national and regional strategic partnerships that assist in promoting brand awareness and creating lead generation opportunities. If Franchisee purchase more than one (1) Protected Territory, Franchisee shall only be required to pay one ZeePartnerships Fee.

4 PROPRIETARY MARKS

4.1 Franchisee's Use of the Proprietary Marks and Other Proprietary Material.

4.1.1 Franchisee shall use only the Proprietary Marks which Franchisor designates and shall use them only in the manner Franchisor authorizes and permits.

4.1.2 Franchisee shall use the Proprietary Marks only for the operation of the Franchised Business and only in the Protected Territory and in sales and marketing for the Franchised Business.

4.1.3 Franchisee shall use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "TM," "SM," "S," or "®," as applicable. Franchisee may not use the Proprietary Marks in connection with the offer or sale of any services or products which Franchisor has not authorized for use in connection with the System. Franchisee may not use the Proprietary Marks as part of Franchisee's corporate or other legal name. Franchisee's corporate name and all fictitious names under which Franchisee proposes to do business must be approved by Franchisor in writing before use. Franchisee must use Franchisee's corporate or limited liability company name either alone or followed by the initials "D/B/A" and a business name approved in advance by Franchisor. Franchisee must promptly register at the office of the county in which Franchisee's Franchised Business is located, or such other public office as provided for by the laws of the state in which Franchisee's Franchised Business is located, as doing business under such assumed business name.

4.1.4 Franchisee must identify itself as the owner of the Franchised Business (in the manner Franchisor prescribes) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, customer forms and questionnaires, business stationery, and advertisements, as well as at such conspicuous locations as Franchisor may designate in writing at the Franchised Business premises.

4.1.5 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights.

4.1.6 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on Franchisor's behalf.

4.1.7 Franchisee shall execute all documents Franchisor deems necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

4.1.8 Franchisee must promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks that Franchisor may now or hereafter designate for use in connection with the System, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor's ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks and Operations Manual (collectively the "Proprietary Material"). Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Material, including any settlement thereof. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Franchisor's rights to the Proprietary Material. Franchisor shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Material. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has used the Proprietary Material in accordance with this Agreement, Franchisor shall bear the cost of such defense, including the cost of any judgment or settlement. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has not used the Proprietary Material in accordance with this Agreement, Franchisee shall bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to Franchisee's use of the Proprietary Material, Franchisee shall execute any and all documents and do such acts as may, in Franchisor's opinion, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Material in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for Franchisee's out-of-pocket costs in performing such acts.

4.1.9 Franchisee expressly understands and acknowledges that:

4.1.9.1 Franchisor or its affiliates or licensors own all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Proprietary Marks;

4.1.9.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

4.1.9.3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of, or Franchisor's ownership of, or right to use and to license others to use, the Proprietary Marks or any other Proprietary Material;

4.1.9.4 Franchisee's use of the Proprietary Material does not give Franchisee any ownership interest or other interest in or to the Proprietary Material;

4.1.9.5 Any and all goodwill arising from Franchisee's use of the Proprietary Material shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System, the Proprietary Marks, or any other Proprietary Material;

4.1.9.6 Except as specified in this Agreement, the license of the Proprietary Marks granted to Franchisee hereunder is non-exclusive and Franchisor retains the right, among others, to: (i) use

the Proprietary Marks itself in connection with selling products and services; (ii) grant other licenses for the Proprietary Marks; and (iii) develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee; and

4.1.9.7 Franchisor reserves the right, in Franchisor's sole discretion, to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. Franchisee shall discontinue using all Proprietary Marks which Franchisor has notified Franchisee, in writing, have been modified or discontinued within ten (10) days of receiving written notice and, at Franchisee's sole cost and expense, shall promptly begin using such additional, modified or substituted Proprietary Marks.

5 CONFIDENTIAL INFORMATION

5.1 **Nondisclosure**. During the term of this Agreement, Franchisee will receive information which Franchisor considers its trade secret and confidential information. Franchisee may not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any Confidential Information, as defined in Section 5.2. Upon termination or expiration of this Agreement, regardless of reason, Franchisee shall return all copies of such Confidential Information to Franchisor immediately and Franchisee may not use the Confidential Information for any purpose other than operating the Franchised Business in accordance with Franchisor's standards and specifications.

5.2 **Confidential Information**. Confidential Information hereby includes, without limitation, any and all confidential, proprietary, and trade secret information relating to the operation of a Franchised Business, such as: all financial, operational, technical and marketing information; the Operations Manual and Franchisor's System policies or procedures, and franchising materials, brochures, marketing plans, forecasts, and related information; cost data; pricing information; business plans; financial records and results of Franchisor's operations and other persons or entities operating a Franchised Business; photographs, devices, samples, models, and illustrations; software developed by or for Franchisor; customer lists and any information relating to Franchisor's customers or the customers of other System franchisees; patent, trademark, service mark, and copyright applications; information relating to inventions, discoveries, software and any other research and development information; methods of conducting the Franchised Business developed by Franchisor or other franchisees, and any forms, memoranda, outlines, protocol, presentations, proposals, software, or other documents or information related to such methods; any information of a customer not generally known or available to the public; any Trade Secrets (as defined in Section 5.3 of this Agreement), or of a customer of Franchisor, or of any other franchisee; and any information about or originating from any Franchisee which, if it was information of Franchisor, are expressly deemed Confidential Information pursuant to the foregoing (collectively, "Confidential Information"). Any and all information, knowledge, know-how, techniques, and other data which Franchisor designates as confidential will be deemed Confidential Information for purposes of this Agreement.

5.3 **Trade Secrets**. Notwithstanding Section 5.2, trade secret means information (including, but not limited to, components of the System, product marketing and promotional techniques, confidential business information, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, list of actual or potential customers or suppliers) that: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are

reasonable under the circumstances to maintain its secrecy (collectively, "Trade Secrets"). To the extent that applicable law mandates a definition of "trade secret" inconsistent with the foregoing definition, then the foregoing definition shall be construed in such a manner as to be consistent with the mandated definition under applicable law.

5.4 **Employees and Subcontractors**. All of Franchisee's employees and subcontractors must execute covenants that they will maintain the confidentiality of information they receive in connection with their employment or engagement by Franchisee at the Franchised Business. Such covenants shall be in a form satisfactory to Franchisor and substantially similar to the Confidentiality Agreement attached as Exhibit C to this Agreement.

5.5 **New Concepts.** If Franchisee, or Franchisee's employees, principals or subcontractors, develop(s) any new concept, process or improvement in the operation or promotion of the Franchised Business, including, but not limited to, any modifications or additions to the Proprietary Material, Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process or improvement shall become Franchisor's sole property and Franchisor shall be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. Franchisee and Franchisee's principals and agents hereby assign to Franchisor any rights they may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and Franchisee's principals and agents agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries, and further agree to execute and provide Franchisor with all necessary documentation for obtaining and enforcing such rights. Franchisee and Franchisee's principals and agents hereby irrevocably designate and appoint Franchisor as their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 5.5 are found to be invalid or otherwise unenforceable, Franchisee and Franchisee's principals and agents hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee's rights therein.

5.6 **Customer Privacy**. Franchisee understands and acknowledges that Franchisee is responsible for complying with all applicable laws, rules and regulations, including those applying to customer privacy. Subject to this obligation, Franchisee further agrees to adhere to the terms of Franchisor's customer privacy policies, which Franchisor may now or in the future develop. Franchisee may not divulge personal information regarding any customers, except as permissible under applicable law and except as absolutely necessary to operate the Franchised Business.

6 FRANCHISOR'S OBLIGATIONS

6.1 **Operations Manual**. Prior to commencing operation of the Franchised Business, Franchisor will provide Franchisee with secure access to its operations manual and intranet system, which contains mandatory and suggested specifications, standards and operating procedures for the System, which may be modified and/or supplemented by Franchisor at any time as Franchisor deems advisable in its sole discretion, including Franchisor's proprietary and confidential operations manual for operating a Franchised Business ("Operations Manual"). The Operations Manual may cover such topics as approved location, pre-opening procedures, systems and procedures, personnel policies, specifications for vehicles and vehicle wraps, supplies, equipment and inventory, marketing,

accounting and bookkeeping and related matters as may be incorporated from time to time. The Operations Manual will remain confidential and the property of the Franchisor, constituting a trade secret of Franchisor, and may not be, shared, loaned out, duplicated, distributed or copied in whole or in part in any manner. The provisions of the Operations Manual constitute provisions of this Agreement as if fully set forth herein. Franchisor will have the right to add to and otherwise modify the contents of the Operations Manual from time to time in writing in any manner, including through the Operations Manual, email, Franchisor's website, or any other means. Franchisee must always follow the directives in the Operations Manual, as they may be modified by Franchisor from time to time. Such compliance by Franchisee is necessary to protect the integrity and reputation of the System.

6.2 **Opening Requirements; Initial Equipment, Tools and Supplies**. Franchisor, or its affiliates or designated vendors, as determined by Franchisor in its sole discretion, will provide Franchisee with an Opening Package upon Franchisee's payment of the required fees. Franchisor will also provide a list of all items, equipment, tools, and supplies required to open and operate the Franchised Business, along with the proprietary list of Approved Suppliers for those items (as applicable), which may include Franchisor its affiliates, and designated third-party suppliers, with which Franchisee must comply.

6.3 **Ongoing Assistance**. Franchisor may provide Franchisee continuing consultation and advice, as Franchisor deems necessary and appropriate in its sole discretion, regarding the management and operation of the Franchised Business. Franchisor will provide such assistance, in Franchisor's discretion, by telephone, facsimile, intranet communication, digitally, via webinar/video conferencing. Franchisor may also use the Operations Manual, as defined in Section 6.1, to provide some self-serve training materials.

6.4 **Additional Training**. As set forth more fully in Section 8.2, Franchisor may, in Franchisor's sole discretion, hold refresher and ongoing training courses, or training courses to provide additional information and/or updates regarding Franchisor's System and/or the operation of the Franchised Business. Except as otherwise provided in this Agreement, Franchisor may require Franchisee and Franchisee's personnel to attend such additional training at a location to be selected by Franchisor and pay Franchisor's then current additional assistance or refresher training fee ("Assistance Training Fee"). All expenses, including Franchisee's and Franchisee's employees' transportation, meal, and lodging expenses to attend such training shall be Franchisee's sole responsibility. If training is conducted at Franchisee's Approved Location or in Franchisee's Protected Territory, Franchisee will be responsible for all of Franchisor's employees' expenses to conduct such training, including transportation, meal, and lodging expenses.

6.5 **Remedial Training**. In the event Franchisor determines that Franchisee is not operating the Franchised Business as required under the Franchise Agreement or in compliance with the System standards, Franchisor may require Franchisee to remedial training (in addition to any required training under Section 6.4). Franchisor has the right to schedule remedial training at its corporate headquarters or other designated training facility, or Franchisor may provide such training on-site at the Franchised Business. In either case, Franchisor may charge Franchisee its then-current Assistance Training Fee to provide such remedial training. All expenses, including Franchisee's and Franchisee's employees' transportation, meal, and lodging expenses to attend such training shall be Franchisee's sole responsibility. If training is conducted at Franchisee's Approved Location or in Franchisee's Protected Territory, Franchisee will be responsible for all of Franchisor's employees' expenses to conduct such training, including transportation, meal, and lodging expenses.

6.6 **Contact Center.** Franchisor's Designated Vendor has established and currently maintains the Contact Center, which will handle the management, processing, and routing of prospective and

existing Groovy Hues customer contacts, communications, inquiries, and work orders. Franchisee agrees to comply with Franchisor's standards and specifications for using the Contact Center as Franchisor specifies in the Operations Manual or otherwise in writing. Franchisee acknowledges and agrees that the Contact Center may support multiple communication channels, including, but not limited to phone calls, other voice-based communications, live chats, SMS, web-based inquiries, email, and social media, and that the Contact Center is integrated with Franchisor's CRM. Franchisee agrees to comply with Franchisor's standards and specifications for any such CRM and any other related customer management platform or software, as set forth in the Operations Manual or as otherwise directed by Franchisor in writing. Franchisor's Designated Vendor reserves the right to change the amount, scope, or manner of payment of the Contact Center Fee.

6.7 **Pricing**. Franchisor may advise Franchisee from time to time concerning suggested retail prices. Franchisor and Franchisee agree that any list or schedule of prices furnished to Franchisee by Franchisor is a recommendation only and is not to be construed as mandatory upon Franchisee. Nothing contained herein shall be deemed a representation or warranty by Franchisor that the use of Franchisor's suggested prices will result in a profit. Franchisee may charge whatever prices it deems appropriate without regard to Franchisor's suggested pricing.

6.8 **Annual Conference**. Franchisor may, in Franchisor's discretion, hold an annual conference at a location to be selected by Franchisor (the "Annual Conference"). Franchisor will determine the topics and agenda for such conference to serve the purpose, among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and Franchisor's personnel regarding operations and programs, and recognizing franchisees for their achievements. Franchisor may require Franchisee to attend the Annual Conference and pay Franchisor's then-current registration fee if it chooses to charge a registration fee in its sole discretion. Franchisor reserves the right to charge Franchisee a fee to cover convention expenses in the event the Franchisee chooses not to attend. All expenses, including Franchisee's and Franchisee's employees' transportation to and from the Annual Conference, as well as lodging, meals, and salaries during the Annual Conference, are Franchisee's sole responsibility. Franchisor may use Brand Fund Contributions for purposes related to the Annual Conference, including costs related to productions, programs, and materials.

6.9 **Pre-Opening and Post-Opening Progress Meetings.** During the pre-opening phase(s) of the Franchised Business, Franchisee agrees to participate in thirty (30) minute pre-opening progress meetings with Franchisor at various stages or phases prior to the commencement of operations of the Franchised Business, as designated by Franchisor or as otherwise set forth in the Operations Manual (the "Pre-Opening Progress Meetings"). The purpose of the Pre-Opening Progress Meetings is to evaluate Franchisee's progress and performance in the pre-opening phase, Franchisor's completion of its pre-opening obligations, and to allow Franchisor and Franchisee the opportunity to identify any challenges, concerns and/or issues. Franchisee must also participate in various thirty (30) minute post-opening progress meetings (the "Post-Opening Progress Meetings"), as Franchisor designates in its sole discretion. Franchisor reserves the right to suspend or eliminate the Pre-Opening Progress Meetings and/or Post-Opening Progress Meetings at any time, effective upon notice to Franchisee. The Pre-Opening Progress Meetings and Post-Opening Progress Meetings shall be held or conducted digitally, electronically, or as otherwise specified by Franchisor.

7 FRANCHISEE'S OBLIGATIONS

7.1 **Site Location and Lease Approval.** Franchisee shall operate the Franchised Business from an approved facility that meets Franchisor's then-current standards and specifications for an Approved

Location. Franchisee may use either a home office or leased commercial property as the Franchisee's Approved Location, however, if Franchisee elects to utilize a leased commercial property as Franchisee's Approved Location, such proposed location must: (i) be secured within ninety (90) days after the date of execution of the Franchise Agreement; (ii) be located in a Protected Territory; (iii) be approved and consented to by Franchisor in writing within thirty (30) days, prior to execution of any lease thereon; and (iv) meet Franchisor's current standards and specifications, including, but not limited to, square footage, design, layout, signage, equipment and inventory storage. The factors Franchisor considers in approving Franchisee's location include but are not limited to: (i) the type of commercial space; (ii) the geographic location of the space and whether it is centrally located within Franchisee's Protected Territory; (iii) whether there is enough space for office and storage; and (iv) whether the terms of the lease are favorable. Franchisor may also condition Franchisor's approval of Franchisee's commercial lease upon, among other conditions, execution of a collateral assignment of lease (which is attached to the Franchise Agreement as Exhibit F) by Franchisee and Franchisee's landlord, if any, under which such landlord shall grant Franchisor the rights to assume your rights and obligations under Franchisee's lease in the event that Franchisee breaches the lease agreement or the Franchise Agreement is terminated or expires. Franchisee must continuously maintain an Approved Location throughout the Term of the Franchise Agreement without interruption. Franchisee may not relocate the Groovy Hues Business without our prior written consent. If Franchisor has not approved a location from which Franchisee must operate the Franchised Business as of the date Franchisee signs this Agreement, the parties will enter into Franchisor's prescribed form of Site Selection Addendum (attached hereto as Exhibit E), the terms of which will govern the parties' site selection obligations.

7.1.1 *Relocation*. If, for any reason, the Lease term is shorter than the term of this Agreement and the Lease cannot be renewed or extended, or Franchisee cannot continue for any other reason to occupy the Location, Franchisee must relocate Franchisee's Franchised Business to a mutually acceptable site within Franchisee's Protected Territory to complete the unexpired portion of the term of this Agreement. Franchisee must notify Franchisor of Franchisee's intention to relocate, procure a site acceptable to Franchisor within ninety (90) days prior to closing operations at Franchisee's current Approved Location, and open for business at the new Approved Location within forty-five (45) days of closing business at Franchisee's existing Approved Location. Franchisor may require Franchisee to reimburse Franchisor for its reasonable costs and expenses associated with evaluating Franchisee's relocation request and/or any locations proposed by Franchisee for relocation.

7.1.2 *Franchised Business Appearance and Approved Location Construction*. Franchisee agrees that the Franchised Business must conform to Franchisor's standards and specifications for the appearance, layout, and design of a Franchised Business as set forth in the Operations Manual. Franchisee is solely responsible for the preparation of architectural and working drawings necessary to complete construction and/or build-out at the Approved Location and must ensure that plans meet with applicable ordinances, building codes, permits requirements, and any other applicable local, state, or federal law.

7.1.3 *Use of Premises*. The location of Franchisee's Approved Location approved by Franchisor in accordance with this Agreement shall be used solely for the purpose of operating the Franchised Business, unless otherwise approved in writing by Franchisor. Franchisee must obtain Franchisor's prior written consent to conduct any other business or commercial activity from the Approved Location.

7.2 **Training**. Franchisee (or if Franchisee is an entity, then Franchisee's principals) must attend and successfully complete Franchisor's Initial Training Program as set forth more fully in Section 8 of this Agreement. Franchisor has the right to require up to two (2) individuals to attend in addition to Franchisee, one of which must be Franchisee's general manager or Designated Manager.

7.3 **Opening Requirements**. Franchisee shall open and commence operating the Franchised Business within one hundred eighty (180) days of executing this Agreement. In addition to any other pre-opening obligations set forth in this Agreement, Franchisee is required to complete the following prior to commencing operations: (i) obtain all required licenses, certifications, permits and other governmental approvals necessary to operate the Franchised Business in the Protected Territory, and provide Franchisor with written proof thereof; (ii) purchase all required vehicles, equipment, tools, supplies, and inventory in accordance with Franchisor's standards and specifications and, if appropriate, from Franchisor's Approved Suppliers, that Franchisee is required to purchase prior to opening; (iii) attend and successfully complete Franchisor's Initial Training Program as described defined in this Agreement, as well as any other pre-opening training Franchisor may prescribe; and (iv) provide Franchisor with any and all documents and information necessary for Franchisor to effectuate the EFT Program to automatically withdraw all payments due and owing Franchisor and its affiliates under the Franchise Agreement.

7.4 **Purchasing Requirements**.

7.4.1 *Compliance with Standards.* Franchisee acknowledges and agrees that Franchisee's obligations set forth in this Agreement and the Operations Manual are reasonable and necessary for the operation of the Franchised Business and to maintain uniformity throughout the System. Franchisee shall adhere to the standards and specifications set forth in this Agreement and the Operations Manual and any revisions or amendments to same. Franchisee shall use the furnishings, supplies, fixtures, equipment, computer hardware and software, and product samples and promotional materials that comply with Franchisor's then-current standards and specifications, which Franchisor will establish and modify at Franchisor's discretion. Franchisee acknowledges that Franchisee may incur an increased cost to comply with such changes at Franchisee's expense.

7.4.2 *Designated and Approved Suppliers.* Franchisee must currently use Franchisor's designated suppliers to purchase certain items and/or services necessary to operate the Franchised Business as determined by Franchisor and as set forth in the Operations Manual. Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of Franchisor's trade dress, Franchisee agrees to purchase those certain goods, services, furnishings, fixtures, computer hardware and software, including CRM Software and Microsoft Office365 accounts with support for applications such as Outlook email, OneDrive file sharing, and Teams communication tools, and other equipment, tools, supplies, and inventory, from approved or designated suppliers as Franchisor shall specify, from time to time, in the Operations Manual and otherwise in writing (each an "Approved Supplier"). Franchisee hereby acknowledges that Franchisor, Franchisor's affiliates and/or a third party may be one of several, or the only, Approved Supplier of any particular good or service. Franchisee further acknowledges and agrees that Franchisor and/or Franchisor's affiliates have the right to realize a profit or otherwise derive revenue and other material consideration on any products and/or services that Franchisor, Franchisor's affiliates and/or Franchisor's Approved Suppliers supply and/or provide to Franchisee. Franchisor has the irrevocable right to modify, supplement or otherwise change its lists of Approved Suppliers and any items that must be purchased from such Approved Suppliers at any time, as Franchisor deems advisable in its sole discretion. Franchisor may provide Franchisee with notice of such modifications to these lists via the Operations Manual or any other manner Franchisor deems appropriate.

7.4.3 *Supplier Approval.* In the event Franchisee wishes to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, if known. At

Franchisor's request, Franchisee must provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole, as well as the maintenance of Franchisor's Confidential Information. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier) for any purposes Franchisor deems appropriate. Nothing herein shall require Franchisor to approve an unreasonable number of suppliers for a given item, which approval might, in Franchisor's reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers.

7.4.3.1 Franchisee, or the proposed supplier, must pay Franchisor in advance for Franchisor's reasonable costs that Franchisor estimates it will incur in connection with inspecting the alternate supplier, its facilities, and/or the previously non-approved item(s) proposed by Franchisee. If the costs Franchisor incurs are more than the amount Franchisee or the proposed supplier advanced, then Franchisor may withdraw additional funds through the EFT Program from Franchisee's designated bank account for the difference, or if the actual amount Franchisor incurs is less than the amount of the advancement, then Franchisor shall credit the excess amount to the payment of Franchisee's future obligations.

7.4.3.2 Franchisor will use commercially reasonable efforts to notify Franchisee in writing whether or not Franchisee's request is approved or denied within thirty (30) days of: (i) Franchisor's receipt of all supporting information from Franchisee regarding Franchisee's request under this Section; and (ii) if applicable, Franchisor's completion of any inspection or testing associated with Franchisee's request. If Franchisor does not provide written approval within this time period, then Franchisee's request will be deemed denied.

7.4.3.3 Franchisor may, but is not obligated to, provide Franchisee's proposed supplier or provider with its specifications for the item that Franchisee wishes the third-party to supply, provided that third-party executes Franchisor's prescribed form of non-disclosure agreement.

7.4.3.4 Each supplier that Franchisor approves of must comply with Franchisor's requirements regarding insurance, indemnification and non-disclosure. If Franchisor approves any supplier, Franchisee may enter into supply contracts with such third party, but under no circumstances will Franchisor guarantee Franchisee's performance of any supply contract.

7.4.3.5 Franchisor may re-inspect and revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier.

7.4.4 *System Suppliers.* Franchisor may establish business relationships, from time to time, with suppliers, including affiliates of Franchisor, who may produce and/or provide certain goods or services that Franchisee is required to purchase from only that supplier (each a "System Supplier"). These System Suppliers may provide, among other things, supplies, fixtures, technology, software, and equipment, all in accordance with Franchisor's proprietary standards and specifications, or private label goods that Franchisor has authorized and prescribed for sale by System franchisees. Franchisee recognizes that such products and services are essential to the operation of the Franchised Business and to the System generally. Franchisee further recognizes that Franchisee's failure to pay

System Suppliers may interfere with such suppliers' willingness to supply the System and may result in other System franchisees' inability to obtain product or ability to obtain product only on less favorable credit terms. Accordingly, Franchisee agrees to pay System Suppliers as and when due. Franchisee must use products purchased from Approved Suppliers solely in connection with the operation of the Franchised Business and not for any competitive business purpose.

7.4.5 *Rebate Program*. Franchisor and/or its affiliates and/or designated suppliers reserve the right to establish one or more rebate programs for qualifying purchases of certain products and/or services, and/or use of Franchisor's approved suppliers or designated vendors (the "Rebate Program") which may include discounted pricing, special terms, rebates, or other incentives or benefits (individually and collectively, the "Rebate"). Franchisee may, but is not required to, participate in the Rebate Program. Franchisor, or its affiliate, approved supplier, or designated vendor, shall provide a Rebate to Franchisee upon Franchisee's election to participate in the Rebate Program and Franchisee's compliance with the terms and conditions of the Rebate Program, on the terms and conditions set forth by Franchisor, in its sole discretion. Franchisor and/or its affiliates and/or third party suppliers reserve the right to (but are not contractually required to) establish and offer Franchisee an opportunity to participate in one or more Rebate Programs and to condition Franchisee's participation in any such Rebate Program on, among other conditions Franchisor may designate, Franchisee: (i) meeting certain eligibility requirements; (ii) executing Franchisor's designated form of Rebate Program participation agreement or amendment, which may include, among other terms, a general release of any and all claims in favor of Franchisor and its owners, officers, directors, affiliates, parents, subsidiaries, predecessors, successors and assigns; and (iii) compliance with purchasing requirements. Franchisor, its affiliates and third-party suppliers are not required to establish or offer Rebate Programs but may do so at any time. The determination of qualifying purchases of certain products or services, or use of Franchisor's approved suppliers or designated vendors for the Rebate Program shall be made by Franchisor in its sole discretion. If Franchisee elects to participate in the Rebate program, Franchisee's participation in the Rebate Program may require Franchisee to meet certain conditions, which shall be communicated to Franchisee by Franchisor in writing. The terms and conditions of the Rebate Program, including the administration and/or establishment or continuance thereof, shall be determined by Franchisor in its sole discretion and may change at any time, upon reasonable notice to Franchisee. Franchisee must comply with all of the terms and conditions of the Rebate Program to receive the Rebate. Franchisee acknowledges, understands, and agrees that regardless of Franchisee's election to participate in the Rebate Program, Franchisee shall meet the purchasing requirements, terms, and conditions set forth in the disclosure document, Franchise Agreements, Operations Manual, or Franchisor policies and procedures. All fees or Rebates that are not provided to Franchisee under the Rebate Program may retained by Franchisor, or its affiliate, approved supplier or designated vendor, to cover administrative costs, promotion of Franchisor's System, or Franchisor's brand. Additionally, if established, Franchisor, its affiliates and third-party suppliers reserve the right to discontinue or terminate any Rebate Program at any time effective upon reasonable notice to Franchisee. Franchisee acknowledges, understands, and agrees that Franchisor, and/or its affiliates, may derive revenue or receive a commission or fee from the Rebate Program and hereby consents thereto.

7.5 **Authorized Products and Services**. Franchisee shall offer for sale all products and services which Franchisor prescribes and only those products and services which Franchisor prescribes. Franchisee may not offer any other products or services for sale without having received Franchisor's prior written authorization. Franchisee shall at all times maintain sufficient levels of inventory, as specified in the Operations Manual, to adequately satisfy consumer demand. Franchisee must offer, use and sell all private label products which Franchisor may now or in the future designate for sale by System franchisees. In the event Franchisee wishes to offer any Approved Products or Services that Franchisor indicates requires additional training or certification from Franchisor or its designee, then

Franchisee must complete such training and/or obtain such certification, at Franchisee's sole expense, prior to providing these specialized Approved Products and Services.

7.6 **Operations**.

7.6.1 *Hours of Operation.* Franchisee must operate the Franchised Business for at least those days and number of hours set forth in the Operations Manual.

7.6.2 *Maintenance of Premises and Project Sites.* Franchisee must maintain the Franchised Business and all project sites in a clean, safe and attractive manner, and in accordance with all applicable requirements of law, including all federal, state and local health laws, as well as this Agreement and the Operations Manual. Franchisee and Franchisee's employees must give prompt, courteous and efficient service to the public and otherwise operate the Franchised Business so as to preserve, maintain and enhance the reputation and goodwill of the System.

7.6.3 *Personnel/Staffing.* Franchisee must employ a sufficient number of qualified, competent personnel, offer prompt, courteous and efficient service to the public, and otherwise operate the Franchised Business in compliance with the System so as to preserve, maintain and enhance the reputation and goodwill of the System. All employees engaged in the operation of the Franchised Business during working hours shall dress conforming to Franchisor's standards and shall present a neat and clean appearance in conformance with Franchisor's reasonable standards and shall render competent, efficient service to the customers of the Franchised Business.

7.6.4 *Compliance with Operations Manual and Training of Employees.* Franchisee agrees to conduct the Franchised Business in accordance with the Operations Manual. Franchisee shall immediately train and instruct Franchisee's employees in accordance with the Operations Manual and shall continue such training and instruction as long as each employee is employed. Franchisee shall cause any third-party subcontractor engaged by Franchisee to perform work on behalf of Franchisee with respect to the Franchised Business to comply with all applicable requirements of this Agreement, including, but not limited to, Franchisor's quality and performance standards. The Operations Manual shall set forth the practices, procedures and methods to be utilized in the Franchised Business and Franchisor may require Franchisee to conform Franchisee's practices to national programs, which Franchisor has designed as part of Franchisor's System.

7.6.5 *Management Participation.* Franchisee (or at least one of Franchisee's principals if Franchisee is a corporation or partnership) must devote his or her personal full-time attention and best efforts to the management and operation of the Franchised Business. Upon Franchisee's written request, Franchisor shall permit Franchisee to employ a manager to manage the day-to-day operations of the Franchised Business (the "Designated Manager"), provided the Designated Manager: (i) is approved by Franchisor in writing prior to hiring; and (ii) successfully completes Franchisor's Initial Training Program before assuming any managerial responsibility. The Franchised Business must, at all times, be staffed with at least one (1) individual who has successfully completed Franchisor's Initial Training Program as set forth in Section 8.1. In the event that Franchisee operates more than one Franchised Business, Franchisor may require Franchisee to have a properly trained Designated Manager who has been approved by Franchisor at each location. Franchisee will keep Franchisor informed at all times of the identity of any employee acting as Designated Manager of the Franchised Business. In the event that a Designated Manager resigns or is otherwise terminated from the Franchised Business, the replacement must be trained pursuant to Franchisor's then-current standards. The new Designated Manager must successfully complete training within thirty (30) days of hiring. Franchisor reserves the right, without the obligation, to train the new Designated Manager directly.

7.6.6 *Working Capital.* Franchisee must at all times maintain such working capital as may be reasonably necessary to enable Franchisee to properly and fully carry out and perform all of Franchisee's duties, obligations and responsibilities hereunder and to operate the business in a businesslike, proper and efficient manner.

7.6.7 *Equipment and Inventory.* Prior to commencement of operations, Franchisee shall adequately supply the Franchised Business with representative vehicles (each wrapped in accordance with Franchisor's specifications), equipment, tools, supplies, and inventory as prescribed by the Franchisor, and any other items of the type, quantity and quality as specified by the Franchisor. Franchisee must, at all times, maintain sufficient levels of inventory, including Franchisor's proprietary products and other equipment, tools, and supplies used at project sites, as required by Franchisor to adequately meet consumer demand. Franchisor reserves the right to require Franchisee to invest in additional infrastructure and/or equipment and staffing requirements, as may be set forth more specifically in the Operations Manual or otherwise in writing, to ensure adequate brand servicing in the Protected Territories, including in the event Franchisee's accounts receivable grows in excess of 40% (or such other percentage as Franchisor may designate) of Franchisee's overall Gross Revenues Collected or Franchisee's backlog of jobs reaches 12 weeks (or such other time period as Franchisor may designate).

7.6.8 *Products with Proprietary Marks*. Franchisee shall in the operation of its Franchised Business, use and display labels, forms, vehicles, supplies, equipment and inventory imprinted with the Proprietary Marks and colors as prescribed by the Franchisor. Franchisee must wrap each vehicle used in connection with the operation of the Franchised Business in accordance with Franchisor's specifications.

7.6.9 *Market Research*. Franchisor may, from time to time, conduct market research and testing to determine the viability of new products and services. Franchisee must cooperate by participating in such programs and by purchasing and promoting the sale of such test products and services, if required by the Franchisor.

7.7 **Franchised Business Inspection.** Franchisee agrees that, in order to maintain the high quality and uniform standards associated with the Franchise System and to protect its goodwill and reputation, Franchisee will permit Franchisor, during business hours, to inspect Franchisee's Franchised Business or attend a project site, confer with Franchisee and Franchisee's employees and customers, observe and evaluate Franchisee's sales techniques and operation methods, and perform any other inspection which Franchisor deems necessary to protect the standards of quality and uniformity of the franchise System and Franchisee's performance under this Agreement, the Operations Manual, and other standards and specifications required by Franchisor. Franchisee is obligated to make changes to Franchisee's operations based upon any inspections by Franchisor. Franchisor is not required to provide Franchisee with any notice prior to conducting such an inspection.

7.8 **Computer Software and Hardware**.

7.8.1 *Computer System.* Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, applications, and hardware be used by Franchisee, including without limitation: (a) a compatible computer system that complies with Franchisor's standards and specifications and is capable of operating financial and other business software; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; and (d) Internet access mode and bandwidth (collectively, the "Computer System").

7.8.2 *Required Software.* Franchisor shall have the right, but not the obligation, to develop or designate: (a) computer software programs that Franchisee must use in connection with any component of the Computer System, including Franchisor's proprietary software (collectively, the "Required Software"), which Franchisee must license from Franchisor; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee must install at its expense; (c) the tangible media upon which Franchisee records data; and (d) the database file structure of the Computer System.

7.8.3 *Compliance with Requirements.* At Franchisor's request, Franchisee shall purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software. Franchisee expressly agrees to strictly comply with Franchisor's standards and specifications for all items associated with Franchisee's Computer System and any Required Software. Franchisee agrees, at its own expense, to keep its Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to Franchisee's Computer System or Required Software as Franchisor directs from time to time in writing. Franchisee agrees that its compliance with this Section 7.8.3 shall be at Franchisee's sole cost and expense.

7.8.4 *Franchisor's Access.* Franchisor may require that Franchisee's Computer System be programmed to automatically transmit data and reports about the operation of the Franchised Business to Franchisor. Franchisor shall also have the right to, at any time without notice, electronically connect with Franchisee's Computer System to monitor or retrieve data stored on the Computer System or for any other purpose Franchisor deems necessary. There are no contractual limitations on Franchisor's right to access the information and data on Franchisee's POS system and Computer System. Franchisee shall deliver to Franchisor all access codes, static internet protocol ("IP") addresses and other information to facilitate Franchisor's access to the data described in this Section 7.8 within thirty (30) days of opening the Franchised Business.

7.8.5 *Proprietary Software.* Franchisor has a proprietary interest in all databases, lists, templates, programs and any other software components that have been created and/or customized by Franchisor using the Computer System and/or Required Software (the "Proprietary Software"). In the future, Franchisor may further customize the Proprietary Software and create programs that conduct, among other things, scheduling, accounting, inventory, and related activities. Franchisee must obtain the computer hardware necessary to implement the Proprietary Software into the Franchised Business and comply with all specifications and standards prescribed by Franchisor regarding the Proprietary Software as provided in the Operations Manual. This Proprietary Software will be Franchisor's proprietary product and *the* information collected therefrom will be deemed Franchisor's confidential information.

7.8.6 *Computer Network*. Franchisee is required to participate in any System-wide computer network, intranet system, or extranet system that Franchisor implements and may be required by Franchisor to use such computer network, intranet system, or extranet system to, among other things: (i) submit Franchisee's reports due under this Agreement to Franchisor on-line; (ii) view and print portions of the Operations Manual, including any updates or modifications thereto; (iii) download approved marketing materials; (iv) communicate with Franchisor and other System franchisees; and (v) to complete any initial or ongoing training, in the event Franchisor makes such training accessible through this medium. Franchisee agrees to use the facilities of any such computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that Franchisor included in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. Franchisee understands and agrees that it is solely responsible for any licensing and/or maintenance fee(s) associated with any intranet or extranet described in this

Section.

7.9 **Personal Conduct**. Franchisee agrees to refrain from committing any act or pursuing any course of conduct that tends to bring Franchisor's Proprietary Marks into disrepute. Franchisee agrees to adhere to good business practices, observing high standards of civility, honesty, integrity, fair dealing and ethical business conduct and good faith in all social media content, as well as all business dealings with customers, vendors, Franchisee's employees, Franchisor's employees and other franchisees. Franchisee must not engage in deceptive, misleading, unethical, abusive or derogatory practices or conduct that may have a negative impact on the reputation and goodwill associated with the Marks and the System.

7.10 **Best Efforts**. Franchisee (or Franchisee's principals or designated manager) must devote his or her personal full-time attention, skill and best efforts to the management and operation of the Franchised Business and to promote and increase the demand for the Franchisor's products and services within the Protected Territory. Franchisee agrees that Franchisee may not, without the prior written consent of Franchisor, engage in any commercial activity that may be injurious to the Franchised Business or the goodwill associated with the Proprietary Marks and System. Franchisee acknowledges that Franchisee's (or Franchisee's principals' or designated manager) violation of the terms in this Section 7.10 will be a material breach of this Agreement, and Franchisor may terminate this Agreement with notice and without an opportunity to cure. The foregoing remedy shall be in addition to any other legal or equitable remedies that the Franchisor may possess.

7.11 **Telephone and Email Access.** Franchisor reserves the right to procure and supply dedicated telephone numbers and email accounts associated with the Franchised Business.

7.12 **Payment of Debts**. Franchisee is solely responsible for: selecting, retaining and paying Franchisee's employees; the payment of all invoices for the purchase of goods and services used in connection with operating the Franchised Business; and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the conduct of the Franchised Business. Franchisee agrees to pay all current obligations and liabilities to suppliers, lessors, and creditors on a timely basis. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for debts owed by Franchisee if Franchisor elects to pay any of Franchisee's obligations in order to preserve the relationship between System suppliers and System franchisees. Franchisee agrees to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, personal property and real estate taxes arising from Franchisee's operation of the Franchised Business. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for these taxes.

7.13 **Compliance with Applicable Laws.** Franchisee must comply with all applicable federal, state and local laws, ordinances and regulations regarding the operation of the Franchised Business (including, without limitation, all government regulations relating to occupational hazards and health, trademark and copyright infringement, fair marketing laws, consumer protection, trade regulation, workers' compensation, unemployment insurance, withholding and payment of Federal and State income taxes and social security taxes and sales, use and property taxes, and the applicable provisions of the Americans with Disabilities Act ("ADA") regarding the operation of the Franchised Business). Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and

discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.

7.14 **Trade Secrets and Confidential Information**. Franchisee and all employees and subcontractors must maintain the confidentiality of all Confidential Information as set forth in Section 5 of this Agreement.

7.15 **Image**. Franchisee acknowledges that Franchisor has developed the System to offer and sell products and services which will distinguish the Franchised Business from other painting service businesses that offer similar products and services valued at different prices and with less attention paid to product quality and customer service. Franchisee agrees to offer products and services and to conduct the Franchised Business in such a manner which will serve to emulate and enhance the image Franchisor intended for the System. Franchisee further acknowledges and agrees that each aspect of the System is important not only to Franchisee, but also to Franchisor and to other System franchisees in order to maintain the highest operating standards, achieve System-wide uniformity and increase the demand for the products sold and services rendered by System franchisees. Franchisee agrees to comply with the standards, specifications and requirements Franchisor set forth in order to uniformly convey the distinctive image of a Groovy Hues franchised business. Franchisee shall, in the operation of the Franchised Business, use only displays, bags, labels, forms, stationery and other products Franchisor designates that are imprinted with the Proprietary Marks and colors, as prescribed from time to time by Franchisor.

7.16 **Pending Actions.** Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding and the issuance of any order, suit or proceeding of any court, agency or other government instrumentality, including the receipt of any notice or citation, which may adversely affect the operation or financial condition of Franchisee or the Franchised Business.

7.17 **Standard Maintenance and System Conformity.** Franchisee agrees to repair, refinish, replace, and/or otherwise refurbish the Franchised Business's Computer System, POS System, Required Software, vehicle(s), trailer(s), equipment, tools and the Approved Location's furnishings, fixtures, decor, and any other tangible part or property of the Franchised Business at Franchisee's sole expense at such times as Franchisor may reasonably direct. Franchisor has the right to direct Franchisee to remodel, re-equip, and otherwise refurbish the Approved Location in the manner necessary to bring it into conformance with other franchises of the type Franchisor's franchisees are opening at the time of such direction. If at any time, in Franchisor's judgment, the general state of repair or the appearance of the premises of the Approved Location or its vehicles or equipment, does not meet Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within fifteen (15) days after receipt of such notice Franchisor shall have the right, in addition to all other remedies, to enter upon the premises of the Approved Location and affect such maintenance on behalf of Franchisee, and Franchisee shall pay the entire costs thereof on demand.

7.18 **Customer Service**. Franchisee must comply with any standards, specifications or methodologies that Franchisor establishes in the Operations Manual or otherwise in writing regarding customer service requirements, warranties on any Approved Products or Services offered or sold by the Franchised Business, refund policies and other standards and specifications.

7.19 **Warranty**. Franchisee agrees to offer and honor such warranty on all materials and workmanship sold by Franchisee as Franchisor may designate from time to time in the Operations Manual or otherwise in writing. Franchisee shall cooperate with Franchisor warranty claims and shall

make no statements or admissions as to liability. Franchisee shall promptly report all warranty claims to Franchisor and shall undertake all warranty work under the Proprietary Marks. All costs associated with administering and honoring the warranty service shall be borne by Franchisee. Franchisee agrees that it shall remain liable during the Term or upon the termination or expiration of this Agreement for all warranties issued by Franchisee. If Franchisee does not remedy, in full, any warranty claim made by a customer within a reasonable amount of time after receiving notice of such claim, as determined by Franchisor in its sole discretion, Franchisee and its principals acknowledge and agree that Franchisor may thereafter address such warranty claim, and Franchisee and principals are required to promptly reimburse Franchisor for all warranty costs or customer reimbursements incurred by Franchisor.

7.20 **Pre-Opening and Post-Opening Progress Meetings**. During the pre-opening phase(s) of the Franchised Business, Franchisee agrees to participate in thirty (30) minute pre-opening progress meetings with Franchisor at various stages or phases prior to the commencement of operations of the Franchised Business, as designated by Franchisor or as otherwise set forth in the Operations Manual (the "Pre-Opening Progress Meetings"). The purpose of the Pre-Opening Progress Meetings is to evaluate Franchisee's progress and performance in the pre-opening phase, Franchisor's completion of its pre-opening obligations, and to allow Franchisor and Franchisee the opportunity to identify any challenges, concerns and/or issues. Franchisee must also participate in various thirty (30) minute post-opening progress meetings (the "Post-Opening Progress Meetings"), as Franchisor designates in its sole discretion. Franchisor reserves the right to suspend or eliminate the Pre-Opening Progress Meetings and/or Post-Opening Progress Meetings at any time, effective upon notice to Franchisee. The Pre-Opening Progress Meetings and Post-Opening Progress Meetings shall be held or conducted digitally, electronically, or as otherwise specified by Franchisor.

8 TRAINING

8.1 **Initial Training Program**. Franchisee and up to two (2) additional attendees that Franchisee designates, and whom are approved by Franchisor, must attend and successfully complete Franchisor's then-current initial training program, consisting of Phase I, Phase II, and Phase III Training (the "Initial Training Program"), which may be conducted at a location of Franchisor's choosing, or occurring digitally or via webinar/video-conferencing. Franchisee must complete all three phases of the Initial Training Program prior to commencing operations of the Groovy Hues Business. All Phase I and Phase II Training occurs digitally or via webinar/video conferencing, while all Phase III Training is conducted at Franchisor's facility in Omaha, Nebraska (or other facility that Franchisor may designate), at various times during the year, depending on the number of new franchisees entering the franchise system. After Phase I and Phase II Training has been completed, Franchisee will attend Phase III training at Franchisor's facility in Omaha, Nebraska (or other facility that Franchisor may designate). Within forty-five (45) days after execution of this Agreement, Franchisee must pay Franchisor its then-current initial training tuition fee for the Initial Training Program. The current training tuition fee for the Initial Training Program is $4,995. The training tuition fee covers the costs of training, lodging, and certain meals during the Phase III Training, however, the training tuition fee does not include travel expenses, meals outside of the Initial Training Program hours, and other living or miscellaneous expenses Franchisee or Franchisee's attendees may incur during the time of training. Any additional personnel, replacement personnel, or otherwise attendees Franchisee wishes to attend Initial Training Program must pay an additional $2,500 per attendee to attend the Initial Training Program (subject to class availability and the schedule/availability of Franchisor personnel). Franchisee must attend and successfully complete the Initial Training Program to Franchisor's satisfaction at Franchisor's facility in Omaha, Nebraska, or other location that Franchisor may designate, prior to commencing operations of the Franchised Business. If Franchisee is a business entity, each franchise owner must attend and successfully

complete the Initial Training Program. Except as expressly set forth above or herein, Franchisee will be solely responsible for all out-of-pocket expenses (including travel costs, if any) Franchisee and its attendees incur in connection with attending the Initial Training Program. Franchisor reserves the right to substitute any in-person training for virtual training at its discretion.

8.1.1 *Timing for Completion.* Franchisee and its designated trainees must participate in and complete the Initial Training Program to Franchisor's satisfaction prior to opening the Franchised Business and within one hundred eighty (180) days from the date this Agreement is fully executed. In the event Franchisee does not complete the Initial Training Program to Franchisor's satisfaction, then Franchisor may terminate this Agreement.

8.1.2 *Additional Employees.* In the event Franchisee wishes for more than two (2) additional persons to participate in the Initial Training Program (other than Franchisee or Franchisee's partner or principal shareholder), Franchisor may provide the Initial Training Program to such additional persons, subject to the availability of Franchisor's personnel, and charge Franchisee its then-current training tuition fee.

8.1.3 *Replacement Personnel*. In the event Franchisee or Franchisee's employee(s) or attendee(s) fail to complete the Initial Training Program to Franchisor's satisfaction, the respective persons may repeat the course, or, in the case of an employee or attendee, Franchisee may send a replacement (the "Replacement Personnel") to the next available training session. Franchisor may charge its then-current training tuition fee for such Replacement Personnel to attend the Initial Training Program. Failure by Franchisee, an employee, attendee, or any Replacement Personnel to complete the Initial Training Program to Franchisor's satisfaction within the time period prescribed in this Agreement shall constitute default of this Agreement and Franchisor may terminate the Agreement.

8.1.4 *Employee Training*. Franchisee must ensure that any and all employees of the Franchised Business that do not attend the Initial Training Program are properly trained to perform their respective duties in connection with the Franchised Business prior to such employee(s) undertaking these duties.

8.1.5 *Training Materials.* Franchisor may provide Franchisee with training materials for Franchisee to use in training Franchisee's personnel. Only Franchisor's provided training materials may be used by Franchisee in training Franchisee's personnel. Updated training materials may be available to Franchisee in the Operations Manual or by other means in Franchisor's sole discretion. All training materials provided to Franchisee by Franchisor shall at all times remain Franchisor's property, and Franchisee agrees not to challenge Franchisor's or Franchisor's affiliates' title or rights in or to the training materials. Franchisee may not make any disclosure, duplication or other unauthorized use of any portion of the training materials.

8.2 **Additional and Remedial Training.** Franchisor may conduct, and require Franchisee, Franchisee's Designated Manager (if applicable), estimators, installers, and other employees to attend additional and/or refresher training courses that Franchisor develops for the benefit of the System, as Franchisor deems advisable in its sole discretion. Franchisor may charge Franchisee its then-current Assistance Training Fee for Franchisee and any other persons that attend such additional or refresher training, and Franchisee will be solely responsible for any and all expenses associated with such training (including travel, lodging, meals, and employee wages incurred). Additional and/or refresher training may take place at Franchisor's facility in Omaha, Nebraska, or any other location that Franchisor may designate, including occurring digitally or via webinar/video conferencing. Franchisor will provide Franchisee with thirty (30) days' notice of any upcoming additional or refresher training that Franchisee is required to attend.

8.3 **Reasonable Training and Assistance Requests**. Upon Franchisee's written request, Franchisor may provide Franchisee with additional training and/or assistance, as Franchisor deems necessary in its sole discretion, subject to the availability and schedules of Franchisor's personnel. Franchisor may charge Franchisee its then-current Assistance Training Fee for any training or assistance that Franchisor provides at Franchisee's request, and Franchisee is solely responsible for any expenses and costs incurred: (i) by Franchisee and its representatives in connection with attending such additional training; and (ii) by Franchisor in connection with providing such training or assistance, whether at the Franchisor's facility in Omaha, Nebraska, or other facility that Franchisor may designate . Additional assistance may be provided by Franchisor digitally, via webinar/video conferencing, over the phone, via email or Franchisor's Operations Manual.

9 INSURANCE

9.1 **General**. Franchisee must maintain, at Franchisee's expense, in full force and effect throughout the term of this Agreement, the types of insurance and the minimum policy limits specified in the Operations Manual or otherwise in writing. In determining and modifying such requirements, Franchisor agrees to use reasonable business judgment and only require such insurance and minimum policy limits that are reasonable and customary in the painting services (and optional powerwashing services) industry. Franchisee must obtain the required insurance from Franchisor's designated vendor. The insurance policy or policies must be in effect upon the earlier of: (a) thirty (30) days prior to opening the Franchised Business; or (b) upon signing a lease agreement for the premises of the Franchised Business. The insurance policy or policies must protect Franchisee, Franchisor, and Franchisor's respective, past, present, and future officers, directors, owners, managers, members, stockholders, affiliates, employees, consultants, attorneys, and agents against any loss, liability, personal injury, death, property damage or expense whatsoever arising out of or occurring upon or in connection with the condition, operation, use, or occupancy of the Franchised Business. Franchisee shall have HPB Painting LLC, and its subsidiaries, affiliates, and respective officers, directors, members, shareholders and employees as additional insureds under each policy, except for policies required by statute in Franchisee's jurisdiction, including, but not limited to, workers' compensation and employer's liability insurance policies. The employment practices liability policy is required to: (a) have an endorsement as listed on Form CG 20 29 or its equivalent; and (b) name Franchisor as Co-Defendant. Franchisor reserves the right to amend, modify, and/or supplement additional types of coverage and/or increase the required minimum amount of coverage upon providing Franchisee reasonable notice (which need not exceed 30 days) through the Operations Manual or otherwise in writing by Franchisor. Franchisee's obligation to obtain coverage is not limited in any way by insurance that Franchisor maintains. Franchisee must provide Franchisor with certificates of insurance evidencing the required coverage at least 30 days prior to opening. Franchisee shall continue to provide Franchisor with certificates of insurance evidencing the required coverage and any other documentation in connection therewith on an annual basis or as otherwise specified in the Operations Manual.

9.2 **Designation of Carrier; Insurance Rating, Approval, and Certification.** Franchisor has the sole right, exercisable at any time and upon notice to Franchisee, to designate a vendor or supplier, which may include an affiliate of Franchisor, from whom Franchisee must purchase all insurance policies required by Franchisor to operate the Franchised Business. All insurance carriers must be approved by Franchisor in advance and in writing. All insurance policies must be issued by insurance companies with a rating of A-VII or better as reported in the most recent edition of A.M. Best's Insurance Report. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier will be capable of meeting claims during the

term of the insurance policy. Franchisee agrees to carry such insurance as may be required by the lease of the Approved Location or by any of Franchisee's lenders or equipment lessors, and such workers' compensation insurance as may be required by applicable law. Franchisee must deliver a certificate of insurance to Franchisor at least thirty (30) days prior to opening the Franchised Business and ten (10) days prior to any renewal of the required policies, as evidence that all insurance requirements have been met. All insurance policies held by Franchisee will be primary and non-contributory to any policy or policies held by Franchisor or its affiliates.

9.3 **Designees.** All policies will list Franchisor, its subsidiaries, affiliates, and respective officers, directors, members, shareholders and employees as additional insureds and contain a waiver of subrogation in favor of Franchisor and any parties Franchisor designates and will be primary and non-contributory to any insurance Franchisor might carry. Franchisor reserves the right to modify required insurance coverage during the course of Franchisee's agreement based on changes in risk factors for which Franchisee must comply with upon written notice from Franchisor.

9.4 **Claims Cancellation.** Franchisee must provide Franchisor with copies of any insurance claims or insurance cancellations within twenty-four (24) hours of Franchisee's receipt of said claims or cancellations. Franchisee has a twenty-four (24) hour opportunity to cure any lapses in insurance coverage. No insurance policy must be subject to cancellation, termination, non-renewal or material modification, except upon at least thirty (30) calendar days' prior written notice from the insurance carrier to Franchisor. Franchisee must submit a certification of insurance which demonstrates compliance with this Section 9.

9.5 **Failure to Maintain Insurance.** If Franchisee fails to comply with the minimum insurance requirements set forth herein, Franchisor has the right to obtain such insurance and keep same in force and effect and Franchisee shall pay Franchisor, on demand, the premium cost thereof and a reasonable administrative fee for the costs incurred in connection with Franchisor obtaining the insurance.

9.6 **Modification of Requirements.** Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon thirty (30) days' prior written notice to Franchisee, and Franchisee shall comply with any such modification within the time specified in said notice.

9.7 **Third Party Subcontractors - Insurance**. Franchisee agrees not to permit any third party subcontractor to perform any work or offer any services on behalf of Franchisee in respect of the Franchised Business unless such subcontractor maintains insurance coverage in such amounts and types as Franchisee is required to maintain under the provisions of this Section 9, with the specific addition that subcontractors cannot exclude principals from its Workers' Compensation coverage and that liability policies name Franchisor as an additional insured. Franchisee agrees to maintain evidence that such insurance by its subcontractors is in effect and to provide such proof of insurance as Franchisor may require, in its sole discretion, from time to time.

10 FINANCIAL RECORDS AND REPORTS

10.1 **Reporting.** Franchisee must maintain, for at least five (5) fiscal years from their preparation, full, complete accurate records of all sales, marketing activities, contracts, estimates, authorizations, receipts, payroll and accounts payable and any other documents and records used in connection with the Franchised Business, in accordance with the standard accounting system described by the Franchisor in the Operations Manual or otherwise specified in writing. Franchisee must also provide Franchisor with complete financial records for the operation of the Franchised Business as described in this Section 10.1 in accordance with generally accepted accounting principles.

10.1.1 Franchisee will, at its expense, submit to the Franchisor within sixty (60) days of the end of each calendar year of the Franchised Business during the term of this Agreement, a complete financial statement for the said calendar year, including, without limitation, both an income statement and balance sheet, which may be unaudited, together with such other information in such form as the Franchisor may require.

10.1.2 Each financial statement shall be signed by Franchisee or by an individual authorized by the Franchisee, attesting that the statement is true and correct and prepared in accordance with the Franchisor's requirements.

10.1.3 Franchisee must also provide Franchisor with access to the information generated by any software Franchisor requires Franchisee to use in connection with its accounting, reporting, disclosure, and otherwise obligations under this Agreement, CRM software, accounting or bookkeeping software, and Franchisor's proprietary software provider.

10.1.4 Franchisee shall provide Franchisor any other data, information and supporting records that Franchisor designates from time to time, including all reports set forth in the Operations Manual.

10.2 **Tax Returns.** In addition to the information and materials set forth in Section 10.1, Franchisee agrees to maintain, and furnish to Franchisor upon Franchisor's request: (i) complete copies of all federal, state and local tax returns, including those detailing income, sales, value added, use and service taxes, as well as employee withholding, workers' compensation, and similar reports filed by Franchisee reflecting financial activities of the Franchised Business; and (ii) Franchisee's (or Franchisee's principals') personal federal, state and local tax returns.

10.3 **Right to Disclose Information.** Franchisor has the right to disclose data derived from the reports Franchisee furnishes.

10.4 **Bookkeeping/Accounting Service**. To ensure Franchisee is properly reporting to Franchisor financial records and reports, Franchisee must use the services of Franchisor, its affiliate, or designated and preferred bookkeeping service providers. Franchisee is required to pay the bookkeeping service its then current fee which is subject to future increases.

10.5 **Monthly Profit and Loss Statements**. Franchisee must send Franchisor finalized profit and loss statements by the 21st of the following month. Failure to do so upon 15 days' written notice is grounds for termination of the Franchise Agreement under Section 15.3.8.

11 BOOKS AND RECORDS

11.1 **Records and Audits**. Franchisee must maintain accurate business records, reports, accounts, books and data relating to the operation of the Franchised Business, including a complete listing of all work performed by any subcontractors. Franchisor and Franchisor's designees have the right to inspect and/or audit Franchisee's business records at any time during normal business hours, to determine whether Franchisee is current with suppliers and otherwise operating in compliance with the terms of this Agreement and the Operations Manual. Moreover, Franchisee must also provide Franchisor with access to the information generated by any software Franchisor requires Franchisee to use in connection with its accounting, reporting, disclosure, and otherwise obligations under this Agreement, including, but not limited to, any CRM software, accounting or bookkeeping software, and Franchisor's proprietary software provider(s). If any audit reveals that Franchisee has

misrepresented or misstated Franchisee's financial information, or if Franchisee has failed to submit timely reports and/or remittances for any two (2) reporting periods within any twelve (12) month period, Franchisee must pay the reasonable cost of such audit and/or inspection, including the cost of outside auditors and attorneys (to the extent Franchisor incurs such costs), and other fees as a result of such misreporting and/or failure to submit reports, along with all late fees and interest which may otherwise be due under this Agreement.

11.2 **Corporate or Limited Liability Company Franchisee Records**. If Franchisee becomes a corporation, limited liability company or other business entity either prior to executing this Agreement, or at any time during the term of this Agreement, the following requirements, when applicable, shall apply:

11.2.1 Copies of Franchisee's Articles of Incorporation or Charter, minutes of the annual meeting, by-laws, operating agreement, and other governing documents, and any amendments thereto, copies of initial shareholder certificates and Shareholder Agreements, if any, and the Resolutions of the Board of Directors authorizing entry into this Agreement as required by the Franchisor and as set forth in the Operations Manual shall be promptly furnished to Franchisor.

11.2.2 Franchisee shall maintain a current list of all owners or members of record and all beneficial owners of any class of stock of Franchisee and shall furnish such list to Franchisor annually.

11.2.3 All members with or shareholders of Franchisee shall jointly and severally guarantee Franchisee's performance hereunder and shall bind themselves to the terms of a Personal Guaranty in a form approved by the Franchisor (see Exhibit "A" to this Agreement). All members and/or shareholders shall also be individually subject to the non-disclosure and confidentiality provisions as set forth in this Agreement, as well as any and all in-term and post-term restrictive covenants. However, the requirements of this subsection shall not apply to any corporation registered under the Securities Exchange Act of 1934 (hereinafter known as a "Publicly Held Corporation").

11.2.4 The majority equity owner in the entity that becomes the Franchisee must complete the Initial Training Program and all other training required by the Franchisor and work directly in the day-to-day operations of the business and devote his or her personal full-time attention, skill and best efforts to the management and operation of the Franchised Business, unless Franchisor agrees otherwise in writing.

11.2.5 All issued and outstanding stock certificates of such corporation shall bear the following legend:

EXAMPLE: "Transfers of these shares is subject to certain restrictions contained in a Franchise Agreement between _____and HPB Painting LLC, dated _____.

12 ADVERTISING

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotion programs to further the goodwill and public image of the System, the parties agree as follows:

12.1 **Generally**. With regard to advertising generally for the Franchised Business, Franchisee will only use or display the advertising materials Franchisor approves in writing. If Franchisee wishes to use any advertising or promotional materials other than those currently approved for use by System

franchisees, then Franchisee must submit Franchisee's proposed materials to Franchisor for approval at least thirty (30) days prior to its intended use. Franchisor will use commercially reasonable efforts to notify Franchisee of Franchisor's approval or disapproval of the proposed materials within fifteen (15) days of the date such materials are received. If Franchisee does not receive Franchisor's written approval within fifteen (15) days, proposed materials shall be deemed disapproved. All advertising must prominently display the Proprietary Marks and will comply with any standards for use of the Proprietary Marks that Franchisor establishes, as set forth in the Operations Manual or otherwise in writing. Franchisor may require Franchisee to discontinue the use of any advertising or marketing material, within time frames prescribed by Franchisor, at Franchisee's sole cost and expense.

12.2 **Internet Website**. Franchisee must have and maintain adequate hardware and software in order to access the Internet at the bit speed Franchisor requires from time to time. Franchisee is prohibited, however, from establishing any website or other presence on the Internet, except as provided herein. Franchisor may unilaterally modify the provisions of this Section 12.2 from time to time in its sole discretion.

12.2.1 Franchisor may, but is not obligated to, establish an Internet website that provides information about the System and the products and services offered by franchised businesses. In the event Franchisor exercises its right to create such a website, Franchisor shall have sole discretion and control over the website (including timing, design, content and continuation).

12.2.2 Franchisor may, but is not obligated to, create interior pages on its website(s) that contain information about Franchisee's Franchised Business and other franchised businesses. If Franchisor does create such pages, Franchisor may require Franchisee to prepare all or a portion of the page for Franchisee's Franchised Business, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting.

12.2.3 Except as approved in advance in writing by Franchisor, Franchisee must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Franchised Business, including any profile on Facebook, Twitter, LinkedIn, YouTube, Pinterest, Instagram, Snapchat, or any other social media and/or networking site. If such approval is granted by Franchisor, Franchisee must: (i) establish and operate such site or page in accordance with System standards and any other policies Franchisor designates in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that Franchisor provides to Franchisee to create and/or modify such site(s). Notwithstanding anything to the contrary contained in this Section 12 of the Franchise Agreement, Franchisor and Franchisee acknowledge and agree that Franchisee may generally share and promote Franchisor's, and Franchisor's affiliate's, social media content and posts with Franchisee's personal social media account(s) in accordance with the social media policies, practices, and standards set forth in the Operations Manual or as otherwise set forth or directed by Franchisor.

12.2.4 Franchisor may use a portion of the Brand Fund Contribution to pay or reimburse itself for the costs incurred in connection with the development, maintenance and update of its website.

12.3.5 Franchisee acknowledges that Franchisor and/or Franchisor's affiliates are the lawful, rightful and sole owner of the Internet domain name www.groovyhues.com, as well as any other Internet domain names registered by Franchisor and/or Franchisor's affiliates, and unconditionally disclaims any ownership interest in such Internet domain names and any Internet domain names similar thereto. Franchisee agrees not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by Franchisor or Franchisor's

affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

12.3 **Brand Fund**. Franchisor reserves the right to establish and administer a Brand Fund for the common benefit of System franchisees. If established, Franchisee will be required to participate in and contribute monthly (or on such other recurring basis as Franchisor may designate) up to three percent (3%) of the Franchised Business's Gross Revenues Collected to the Brand Fund. However, the total sum of the Brand Fund Contribution and the Royalty fee shall not exceed the then-current Royalty fee, as a percentage of monthly Gross Revenues Collected. If established, Franchisee will be required to pay the Brand Fund Contribution directly to the Brand Fund via EFT on a monthly basis on the same basis as the Royalties. Franchisor reserves the right to modify the frequency, manner, or method of payment upon providing reasonable notice to Franchisee (which need not exceed 30 days).

12.3.1 If established, Franchisor may use the Brand Fund, in Franchisor's sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs which promote, in Franchisor's sole judgment, the services offered by System franchisees. Franchisor has the sole right to determine contributions and expenditures from the Brand Fund, or any other advertising program, and sole authority to determine, without limitation, the selection of the advertising materials and programs, provided, however, that Franchisor will make a good faith effort to expend the Brand Fund in the general best interests of the System on a national or regional basis. Franchisor may use the Brand Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including: the cost of preparing and producing internet, television, radio, magazine and newspaper advertising campaigns; the cost of direct mail and outdoor billboard advertising; the cost of soliciting NORAs; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet website; personnel and other departmental costs for advertising that Franchisor internally administers or prepares; and the costs of building partnerships with national or regional brands. Nevertheless, Franchisee acknowledges that not all System franchisees will benefit directly or on a pro rata basis from such expenditures. If established, the Brand Fund will not be used for the direct solicitation of franchise sales, but Franchisor reserves the right to include a notation in any advertisement indicating "Franchises Available." Franchisor also reserves the right to use the Brand Fund for public relations or recognition of the Groovy Hues brand.

12.3.2 Franchisor may periodically assist franchises to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives ("Surveys"). The cost of such programs will be borne by the Brand Fund. The cost of these programs may be charged directly to Franchisee if Franchisee's results from a Survey fall below System established minimum standards for such Surveys.

12.3.3 Franchisor has the right to reimburse itself from the Brand Fund for such reasonable costs and overhead, if any, as Franchisor may incur in activities reasonably related to the direction and implementation of the Brand Fund.

12.3.4 In Franchisor's sole discretion, businesses owned and operated by Franchisor or its affiliates may, but are not obligated to, contribute to the Brand Fund. Franchisee acknowledges that the use of the Brand Fund or other advertising funds or accounts and the expenditures made thereby, may benefit Franchisor and its businesses, even though the businesses operated by Franchisor or its affiliates may or may not contribute to the Brand Fund or other advertising funds or accounts.

12.3.5 Franchisor will prepare on an annual basis and will have available for Franchisee within one hundred twenty (120) days of the end of the fiscal year, a statement of contributions and

expenditures for the Brand Fund. The statement will be presented to Franchisee upon Franchisee's written request. The Brand Fund is not required to be independently audited.

12.3.6 Franchisor has the right to require that an advertising cooperative and/or franchisee advisory council be formed, changed, dissolved or merged.

12.3.7 Franchisor assumes no obligation or liability to Franchisee with respect to the maintenance, direction or administration of the Brand Fund or any other advertising funds or accounts maintained in connection with this Agreement, except as expressly set forth in this Section. Franchisor also has the right to cause the Brand Fund to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity will have all of the rights and duties specified herein.

12.3.8 Franchisee acknowledges that the Brand Fund is not a trust, or an asset of Franchisor and that Franchisor is not a fiduciary to Franchisee with respect to, or a trustee of, the Brand Fund or the monies therein.

12.3.9 Franchisor may suspend or terminate the Brand Fund at any time, and any surplus funds may only be used for marketing and advertising purposes until fully expended.

12.4 **Regional Advertising and Promotional Cooperative**. Franchisor may, in Franchisor's discretion, designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the Franchised Business. If a Cooperative is established applicable to the Franchised Business, Franchisee must participate in the Cooperative. Cooperative contributions will be credited towards the Local Marketing Requirement discussed in Section 12.5 below. The following provisions will apply to each Cooperative:

12.4.1 Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by Franchisor;

12.4.2 Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Franchisor's approval, standardized advertising materials for use by the members in local marketing;

12.4.3 No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without Franchisor's prior approval. All such plans and materials must be submitted to Franchisor in accordance with the procedure set forth in Section 12.1 hereof;

12.4.4 Each Cooperative will have the right to require its members to make contributions to the Cooperative in such amounts as determined by the Cooperative; however, the Cooperative may, by a two-thirds majority vote of its members, require a Cooperative contribution in excess of the Local Marketing Requirement;

12.4.5 Each member franchisee must submit to the Cooperative its respective contribution together with such other statements or reports as Franchisor may require or as may be required by the Cooperative with Franchisor's approval;

12.4.6 Franchisor may grant to Franchisee, in its sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request from Franchisee stating reasons supporting such exemption. Franchisor's decision concerning such request for

exemption will be final; and

12.4.7 Franchisor will have the power to require any Cooperative to be formed, changed, dissolved, or merged at any time.

12.5 **Initial Marketing Expenditure Requirements and Local Advertising Expenditure Requirements.**

12.5.1 *Initial Marketing Expenditure Requirements*. Franchisee is required to spend a minimum amount of twenty thousand dollars ($20,000) no later than ninety (90) days after the commencement of operations or opening of the Franchised Business to satisfy Franchisee's initial marketing expenditure requirements ("Initial Marketing Expenditure Requirements"). Any Initial Marketing Expenditures must be conducted in accordance with Franchisor's standards and specification, as described in the Operations Manual or this Agreement. Franchisee must submit to Franchisor, upon Franchisor's request, evidence of Franchisee's Initial Marketing Expenditures.

12.5.2 *Local Advertising Expenditure Requirements*. In addition to the Brand Fund Contributions (if any) described above in Section 12.3, and the Initial Marketing Expenditure Requirements describe above in Section 12.5.1, after the first ninety (90) days of operations of the Franchised Business, for each month during the Term, Franchisee shall be required to spend the greater of: (i) $2,000 per month; or (ii) at least five percent (5%) of Gross Revenues Collected during the immediately preceding calendar month, on local advertising and promotion in accordance with Franchisor's standards and specifications (the "Local Advertising Expenditure Requirements") of which, a minimum of $2,000 per month must be spent on advertising, marketing, and/or related expenses, through Franchisor's affiliate, or Franchisor's Designated Vendor (as Franchisor designates) (however the above does not contemplate or include Franchisee's required monthly Digital Management Fee, see Section 3.11 of this Franchise Agreement) or Designated vendors. Franchisee must spend the Local Advertising Expenditures as Franchisor prescribes in the Operations Manual or otherwise in writing, which may include, without limitation, requirements for placing a certain number and/or type(s) of media advertisements or engaging certain public figures to assist the Franchisee in promoting its Franchised Business. The Local Advertising Expenditures must be expended within Franchisee's Protected Territory. Franchisee acknowledges and agrees that Franchisee's Local Advertising Expenditures must be expended regardless of the amount(s) spent by other System franchisees on local marketing. Franchisee may spend any additional sums Franchisee wishes on local marketing. Franchisee must submit, for Franchisor's approval, all proposed advertising and promotional materials prior to Franchisee's use or distribution. Franchisee must submit to Franchisor, upon Franchisor's request, evidence of Franchisee's Local Advertising Expenditures. Franchisor shall have the right to review Franchisee's books and records to determine these expenditures. If Franchisee does not meet the minimum Local Advertising Expenditures requirement, Franchisor shall have the right to require Franchisee to pay to Franchisor any such deficiency amount (the "Local Advertising Expenditure Deficiency"). Franchisor shall have the right to spend the Local Advertising Expenditure Deficiency on local advertising for the Franchised Business, or, if applicable, require that the Local Advertising Expenditure Deficiency be paid to the Brand Fund as an additional contribution. All phone numbers used in local advertising by the Franchised Business of any form must be forwarded to Franchisor's Contact Center. If Franchisee desires to use any advertising or promotional materials other than those currently approved for use by System franchisees, then Franchisee must submit the materials Franchisee desires to use to Franchisor for prior written approval at least 30 days prior to Franchisee's intended use or publication. Franchisor will use commercially reasonable efforts to notify Franchisee of Franchisor's approval or disapproval of Franchisee's proposed materials within 15 days of the date Franchisor received the proposed materials from Franchisee. If Franchisee does not receive

Franchisor's written approval during that period, the proposed materials shall be deemed disapproved. Once approved, Franchisee may use the materials unless Franchisor withdraws or revokes approval, which Franchisor may do at any time upon written notice. All advertising must prominently display the Proprietary Marks and must comply with any standards Franchisor establishes, as specified in the Operations Manual or in any other writing. Franchisor may require Franchisee to discontinue using any advertising or marketing material within a specified time frame, and at Franchisee's own cost and expense.

12.5.3 *Brand Marketing Fee*. Within forty-five (45) days after execution of this Agreement, Franchisee must pay to Franchisor or its affiliate (as designated by Franchisor) a Brand Marketing Fee of $15,500. The Brand Marketing Fee covers the costs of creation, production and distribution of brand marketing assets, strategies and other materials or activities in any medium, which may include, but not limited to, the internet, social media, search engine optimization, video production, photography, campaign development and related advertising or marketing expenses, including administration expenses, in accordance with Franchisor's brand standards and specifications, as more fully set forth in our Operations Manual. If Franchisee purchases more than one (1) Protected Territory, Franchisee shall only be required to pay one (1) Brand Marketing Fee. This is a one-time fee.

12.6 **Advisory Council**. Franchisor reserves the right to establish a Groovy Hues Advisory Council for the purpose of exchanging ideas and problem-solving methods, advising Franchisor on expenditures for System-wide advertising, and coordinating franchisee efforts ("Advisory Council"). If established, elected franchisee(s) must participate actively in the Advisory Council as Franchisor designates and participate in all Advisory Council meetings approved by Franchisor. Franchisor reserves the right to prepare and amend the governing documents for the Advisory Council from time to time, in its sole discretion, at any time. Franchisor, in its sole discretion, will determine the topic areas to be considered by the Advisory Council. The purposes of the Advisory Council shall include, but are not limited to, exchanging ideas and problem-solving methods, advising Franchisor on expenditures for System-wide advertising, and coordinating franchisee efforts. Amounts and expenditures may vary from time to time due to variations in Advisory Council participation and costs, as determined by the Advisory Council, and as approved by Franchisor. The Advisory Council shall act in an advisory capacity only. Franchisor will have the right to form, change, or dissolve any Advisory Council at any time in its sole discretion.

13 INDEPENDENT CONTRACTOR; INDEMNIFICATION

13.1 **Independent Contractor Status**. Franchisee is an independent contractor responsible for full control over the internal management and daily operation of the Franchised Business, and neither party to this Agreement is the agent, principal, partner, employee, employer or joint venture partner of the other party. Franchisee may not act or represent itself, directly or by implication, as Franchisor's agent, partner, employee or joint venture partner, and Franchisee may not incur any obligation on Franchisor's behalf or in Franchisor's name. All stationery, business cards and contractual agreements entered into by Franchisee shall contain Franchisee's corporate or fictitious name and a conspicuously displayed notice, in the place Franchisor designates, that Franchisee operates the Franchised Business as an independently owned and operated Groovy Hues business, and that Franchisee independently owns and operates the Franchised Business as a System franchisee. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, nor shall Franchisor be liable by reason of any of Franchisee's acts or omissions in the operation of the Franchised

Business or for any claim or judgment arising therefrom against Franchisee or Franchisor. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractors. It is understood and agreed by the parties hereto that this Agreement does not establish any fiduciary relationship between them.

13.2 **Indemnification**. Franchisee and Franchisee's principals agree to indemnify, defend and hold Franchisor, Franchisor's affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part, or related to (in any way): (i) the operation of the Franchised Business, including, without limitation, the use, condition, or construction, equipping, maintenance or operation of the Franchised Business (including any allegations of any act of negligence on the part of Franchisor or any Franchisor Related Party), Franchisee's advertising, and/or the sale or provision of any Approved Products by Franchisee, its employees or subcontractors, and all warranty claims; (ii) the unauthorized use of the Proprietary Marks and other Proprietary Material; (iii) the transfer of any interest in this Agreement or the Franchised Business in any manner not in accordance with this Agreement; (iv) the infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's principals of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; or (v) libel, slander or any other form of defamation of Franchisor, the System or any franchisee or developer operating under the System, by Franchisee or by any of Franchisee's principals. For purposes of this indemnification, "Claims" shall mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through Franchisee to Franchisor. Franchisor shall have the right to defend any such claim against it in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. Such an undertaking by Franchisor shall, in no manner or form, diminish Franchisee's and each of Franchisee's principals' obligations to indemnify the Indemnitees and to hold them harmless. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration, transfer, or termination of this Agreement.

14 SALE OR TRANSFER

14.1 **Transfer**. Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber Franchisee's interest in the Franchise Business without Franchisor's prior written consent. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to termination as specified herein.

14.2 **Death or Disability**.

14.2.1 *Representative's Right to Continue as Franchisee*. In the event of Franchisee's death, disability or incapacitation (or the death, disability or incapacitation of Franchisee's partners or personal guarantors), Franchisee's legal representative, or Franchisee's partner's or guarantor's respective legal representative, as applicable, will have the right to continue the operation of the Franchised Business as franchisee under this Agreement if: (i) within one hundred eighty (180) days from the date of death, disability or incapacity (the "180 Day Period"), such person (a) meets Franchisor then-current standards to become a franchisee, as described in Section 14.3.2.5, and (b)

has obtained Franchisor's prior written approval and has executed Franchisor's then-current franchise agreement for the unexpired term of the franchise, or has furnished a personal guaranty of any partnership, corporate or limited liability company franchisee's obligations to Franchisor and Franchisor's affiliates; and (ii) such person successfully completes Franchisor's training program (which Franchisor will provide at Franchisor's then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the Franchise Agreement and are acceptable to Franchisor. However, in the case of a transfer by demise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions contained in this Agreement, the personal representative of the deceased Franchisee will have a reasonable time, in Franchisor's sole discretion, which shall not exceed one hundred eighty (180) days from the date or transfer by demise or inheritance, to dispose of the deceased's interest in the Franchised Business and such disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of in the manner and time frame provided in the immediately preceding sentence, then Franchisor may terminate this Agreement.

14.2.2 *Franchised Business Operation During and After 180 Day Period.* Franchisor is under no obligation to operate the Franchised Business or incur any obligation on behalf of any incapacitated franchisee, during or after the 180 Day Period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) shall appoint a previously approved acting interim manager to operate the Franchised Business during the 180 Day Period. In the event of Franchisee's death, disability, absence or otherwise, Franchisor may (but is not required to) operate Franchisee's Franchised Business on Franchisee's behalf and at Franchisee's expense for such period of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Franchised Business to cover any or all past, current and/or future obligations of the Franchised Business (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines from time-to-time in Franchisor's sole and absolute discretion. Franchisor may pay itself a reasonable amount to reimburse Franchisor for Franchisor's management services and other costs. Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorneys' fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of the Franchised Business. Franchisee (and/or Franchisee's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of the Franchised Business.

14.3 **Ownership Changes**. A sale, transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur: (i) if Franchisee is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership, (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Franchisee is a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company. Any new partner, shareholder, or member or manager will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to (i) and (iii) above shall not be subject to Franchisor's right of first refusal as set forth in Section 14.3.1.

14.3.1 *Right of First Refusal.* If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Franchised Business or any interest in Franchisee's lease to any third party (other than a corporation or limited liability company as set forth in Section 14.4 hereof), Franchisee shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee shall obtain from the third

party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 14.3.2 hereof. Franchisee shall affect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section 14.3.1. Any material change in the terms of the offer shall be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner, shareholder, or member, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor's first right of refusal. In the event the consideration, terms and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within thirty (30) days on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by the third party, an independent appraiser shall be designated by Franchisor at Franchisor's expense, and the appraiser's determination shall be binding.

14.3.2 *Conditions for Approval*. Franchisee shall notify Franchisor in writing of any proposed transfer of this Agreement, any direct or indirect interest in Franchisee, or in all or substantially all of the assets of the Franchised Business, at least thirty (30) days before such transfer is proposed to take place. Franchisor may condition Franchisor's approval of any proposed sale or transfer of the Franchise Business or of Franchisee's interest in this Agreement upon satisfaction of the following occurrences:

14.3.2.1 All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated/approved suppliers and vendors, are satisfied;

14.3.2.2 Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's designated/approved suppliers and vendors, within the period permitted for cure and have substantially complied with such agreements during their respective terms;

14.3.2.3 Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities; provided, however, the release shall not be inconsistent with any applicable state statute regulating franchising;

14.3.2.4 That the transferor and transferee have executed a mutual general release, relieving all claims against each other, excluding only such claims relating to any provision or covenant of this Agreement which imposes obligations beyond the expiration of this Agreement;

14.3.2.5 Franchisee or transferee shall provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to faithfully perform all of Franchisee's obligations under this Agreement;

14.3.2.6 The transferee shall demonstrate to Franchisor's satisfaction that he or she meets

Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business or chain which is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of ours;

14.3.2.7 That, at Franchisor's option, the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) either: (i) enter into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement; or (ii) execute Franchisor's then-current franchise agreement, and will receive a full then-current initial term for a franchisee, which term will commence on the date the transferee executes the then-current Franchise Agreement;

14.3.2.8 Franchisee shall pay Franchisor a transfer fee equal to twenty percent (20%) of Franchisor's then-current Initial Franchise Fee per Protected Territory that is being transferred to transferee. In the event Franchisee transfers multiple Protected Territories at once, Franchisor reserves the right, but not the obligation, in Franchisor's sole discretion, to reduce the transfer fee for any of the Protected Territories being transferred, by any amount;

14.3.2.9 The transferee shall satisfactorily complete Franchisor's training program at the transferee's expense within the time frame Franchisor sets forth;

14.3.2.10 Franchisee (and Franchisee's principals if Franchisee is a partnership, corporation or limited liability company), must comply with the post-termination provisions of this Agreement;

14.3.2.11 The transferee must obtain, within the time limits set by Franchisor, and maintain thereafter, all permits, and licenses required for the operation of the Franchised Business;

14.3.2.12 To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;

14.3.2.13 The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

14.3.2.14 Franchisee must ensure that all projects in progress at the time of the transfer will be continued without interruption, and the transferee must promptly notify all current customers of the change in ownership;

14.3.2.15 The purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Business and performance under the transferee's franchise agreement;

14.3.2.16 Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of disclosure document and Franchisor shall not be liable for any representations not included in the disclosure document;

14.3.2.17 Franchisor's approval of the transfer shall not constitute a waiver of any claims Franchisor may have against the transferring party;

14.3.2.18 Franchisor shall have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Franchisee's Franchised Business as Franchisee has supplied Franchisor hereunder; and

14.3.2.19 In any event, Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise.

14.4 **Transfer to a Corporation or Limited Liability Company**. If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fee set forth in Sections 14.3.2.8, and such assignment will not be subject to Franchisor's right of first refusal in Section 14.3.1:

14.4.1 The corporation or limited liability company is newly organized, and its activities are confined to operating the Franchised Business;

14.4.2 Franchisee is, and at all times remains, the owner of at least fifty- one percent (51%) of the outstanding shares of the corporation or a controlling interest in the limited liability company;

14.4.3 The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder;

14.4.4 All stockholders of the corporation, or members and managers of the limited liability company, as applicable, must execute Franchisor's prescribed form of personal guaranty; and

14.4.5 At Franchisor's request, Franchisee will furnish true and correct copies of all documents and contracts governing the rights, obligations, and powers of Franchisee's owners and agents (such as articles of incorporation or organization and partnership, operating or shareholder agreements and similar documents).

14.6 **Franchisor's Right to Transfer**. Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.

15 BREACH AND TERMINATION

15.1 **Automatic Termination**. This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

15.1.1 *Voluntary Bankruptcy.* If Franchisee or any principal makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Franchised Business.

15.1.2 *Involuntary Bankruptcy.* If proceedings are commenced to have Franchisee or any of its principals adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the Franchised Business without Franchisee's

consent, and the appointment is not vacated within 60 days.

15.2 **With Notice and Without Opportunity to Cure**. Franchisor has the right to terminate this Agreement upon notice without providing Franchisee an opportunity to cure for any of the following breaches or defaults:

15.2.1 *Criminal Acts.* If Franchisee or Franchisee's principals are convicted of or plead guilty or no contest to a felony or other offense related to the operation of the Franchised Business or that Franchisor believes, in its sole discretion, is likely to have a material adverse effect on the Proprietary Marks or the goodwill associated therewith.

15.2.2 *Fraud.* If Franchisee or Franchisee's principals commit any fraud or misrepresentation in the operation of the Franchised Business, including but not limited to, any material misrepresentation made in Franchisee's franchise application.

15.2.3 *Misrepresentation.* If Franchisee or Franchisee's principals make any material misrepresentation or omission in connection with Franchisee's franchise application, including but not limited to any financial misrepresentation.

15.2.4 *Repeated Breaches.* If Franchisor sends Franchisee three (3) or more written notices of default pursuant to Sections 15.3 or 15.4 of this Agreement in any consecutive 12-month period, regardless of whether the defaults set forth in the notices were subsequently cured.

15.2.5 *Misuse of the Proprietary Marks or Confidential Information*. If Franchisee or Franchisee's principals violate any provision hereof pertaining to Proprietary Marks or Confidential Information.

15.2.6 *Violation of Law.* If Franchisee violates any law, ordinance or regulation or operates the Franchised Business in a manner that presents a health or safety hazard to customers, or the public and fails to cure such violation within 24 hours of Franchisee's receipt of written notice from Franchisor; provided that, if the breach cannot reasonably be cured within such time frame, Franchisee shall take immediate steps to cure the violation and complete the cure as soon as commercially practicable.

15.2.7 *Violation of In-term Restrictive Covenant.* If Franchisee violates the in-term restrictive covenant contained in Section 17.1.

15.2.8 *Liens.* If a levy of writ of attachment or execution or any other lien is placed against Franchisee or any of Franchisee's principals or any of their assets which is not released or bonded against within sixty (60) days.

15.2.9 *Abandonment.* If Franchisee voluntarily or otherwise abandons the Franchised Business. The term "abandon" includes any conduct which indicates a desire or intent to discontinue operations of the Franchised Business. .Without limiting the foregoing, failure to operate the Franchised Business for seven (7) consecutive days will be deemed a abandonment of the Franchised Business.

15.2.10 *Unauthorized Transfer*. If Franchisee purports to sell, transfer or otherwise dispose of any interest in the Franchised Business in violation of Section 14 hereof.

15.2.11 *Insurance.* If Franchisee fails to maintain insurance, purchase insurance from designated vendors, or to repay Franchisor for insurance paid for by it, or otherwise fail to adhere to the requirements of Section 9.

15.2.12 *Non-Payment or Insufficient Funds.* If Franchisee fails to pay Franchisor as and when due any sums owed to Franchisor, any of Franchisor's affiliates, or any of Franchisor's system suppliers or vendors, or if there are insufficient funds in Franchisee's bank account to cover a check or EFT payment to Franchisor two (2) or more times within any twelve (12) month period.

15.2.13 *Operating Outside of Protected Territory*. If Franchisee operates the Franchised Business outside of the Protected Territory without Franchisor's prior written consent, as provided in Section 1.2 of this Agreement.

15.2.14 *Failure to Meet Minimum Royalty Fees.* If Franchisee fails to meet the Minimum Royalty Fee for any Territory granted hereunder in any period.

15.3 **Upon 15 Days' Notice to Cure**. Franchisor has the right to terminate this Agreement if any of the following defaults remains uncured after Franchisor provides Franchisee with notice of such default(s) and fifteen (15) days to cure:

15.3.1 *Other Actions.* If Franchisee or Franchisee's principals, including any shareholder, member, guarantors or agents, engage in activity or conduct which materially impairs that goodwill associated with the System or the Proprietary Marks and fails to cease and correct such activities or conduct within forty-eight (48) hours of Franchisee's receipt of written notice of a breach under this Section.

15.4 **Upon 30 Days' Notice to Cure**. Franchisor has the right to terminate this Agreement if Franchisee fails to perform or comply with any other term or condition of this Agreement, or any ancillary agreements between Franchisee and Franchisor, and Franchisee fails to cure such default(s) within thirty (30) days after being provided with notice thereof.

15.5 **Step in Rights**. In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right, or any other rights, Franchisor may have against Franchisee, upon a failure to cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, to enter upon the Franchised Business premises and exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines, in Franchisor's sole discretion that the default has been cured, and Franchisee is otherwise in compliance with this Agreement. In the event Franchisor exercises the rights described in this Section, Franchisee must reimburse Franchisor for all reasonable costs and overhead, if any, incurred in connection with its operation of the Franchised Business including, without limitations, costs of personnel for supervising and staffing the Franchised Business and their travel and lodging accommodations. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee agrees to indemnify and hold Franchisor (and Franchisor's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of Franchisor's operation of the Franchised Business.

15.6 **Nonwaiver**. Franchisor's delay in exercising or failing to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

16 RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

16.1 **Franchisee's Obligations**. Upon termination of this Agreement, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee must, at Franchisee's cost and expense:

16.1.1 Immediately cease all operations under this Agreement;

16.1.2 Immediately pay Franchisor all unpaid fees, and pay Franchisor, Franchisor's affiliates, Franchisor's major suppliers and vendors, all other monies owed;

16.1.3 Discontinue immediately the use of the Proprietary Marks;

16.1.4 Immediately cease using the proprietary software and the Operations Manual, and return all Proprietary Materials and Confidential Information, including, without limitation, all customer lists and data, within ten (10) calendar days and immediately and permanently cease use of such information and materials;

16.1.5 Immediately cease using all telephone and facsimile numbers and listings, as well as any permitted domain names and/or Social Media Pages used in connection with the operation of the Franchised Business (collectively, the "Assigned Property"), and direct the telephone company and/or domain name registrar to transfer all such Assigned Property to Franchisor or Franchisor's designee pursuant to the Conditional Assignment of Telephone Numbers and Domain Name attached hereto as Exhibit B, and transfer all usernames and passwords for all Social Media Pages to Franchisor;

16.1.6 Immediately vacate the Franchised Business premises, and if Franchisor exercised Franchisor's rights pursuant to Franchisor's prescribed form of Collateral Assignment of Lease attached as Exhibit F, arrange for transfer of the lease to Franchisor within fifteen (15) calendar days of termination or expiration of this Agreement;

16.1.7 Immediately surrender all stationery, printed matter, signs, advertising materials, supplies and other items containing the Proprietary Marks as Franchisor directs and all items which are a part of the trade dress of the System-immediately, no later than ten (10) calendar days after the termination or expiration of this Agreement;

16.1.8 Immediately cease holding itself out as Franchisor's Franchisee;

16.1.9 Immediately cease to communicate with all Groovy Hues customers;

16.1.10 Take such action as shall be necessary to amend or cancel any assumed name, business name or equivalent registration, which contains any trade name or other Proprietary Mark Franchisor licensed to Franchisee, and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within fifteen (15) calendar days after the termination, expiration or transfer of this Agreement;

16.1.11 Permit Franchisor to make final inspection of Franchisee's financial records, books, and other accounting records within one (1) month of the effective date of termination, expiration, or transfer;

16.1.12 Comply with the post-termination covenants set forth in Section 17 hereof, all of which

shall survive the transfer, termination or expiration of this Agreement;

16.1.13 Cease to use in advertising or in any other manner, any methods, procedures or techniques associated with Franchisor or the System; and

16.1.14 Immediately remove Franchisor's Proprietary Marks from vehicles used in connection with the Franchised Business, and otherwise de-identify the vehicles from being associated with Franchisor or the System;

16.1.15 Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 16.

16.2 **Option to Purchase Personal Property.** Upon the termination or expiration of this Agreement, Franchisor, or Franchisor's designee shall have the option, but not the obligation, to purchase any personal property used in connection with operation of the Franchised Business by providing Franchisee written notice of Franchisor's election within sixty (60) calendar days after such termination or expiration and paying Franchisee the book value for such personal property within sixty (60) calendar days of such notice. For purposes of this paragraph, "book value" means the amount Franchisee actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a ten (10) year depreciation schedule irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises Franchisor's right to purchase any personal property that is subject to a lease or finance agreement, the purchase price of such personal property shall equal the amount of Franchisee's remaining obligations under the lease or finance agreement, as applicable. Franchisor shall be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt. If Franchisor exercises Franchisor's option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Franchised Business, or Franchisor may require that Franchisee close the Franchised Business during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase the Franchised Business. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise.

16.3 **Exclusions.** Franchisor may exclude from the personal property purchased under Section 16.2 cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Franchised Business's operation or that Franchisor has not approved as meeting standards for the Franchised Business.

16.4 **Damages, Costs, and Expenses.** In the event of termination for any default by Franchisee, Franchisee shall promptly pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of Franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Franchised Business.

17 COVENANTS

Franchisee acknowledges that as a participant in Franchisor's System, Franchisee will receive proprietary and Confidential Information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore, to protect Franchisor and Franchisor's other franchisees, Franchisee agrees as follows:

17.1 **During the Term of This Agreement.** During the term of this Agreement, neither Franchisee, Franchisee's owners, officers, directors, principals, will, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.1.1 Own, maintain, engage in, be employed as an officer, director, principal or of, lend money to, extend credit to or have any interest in any other business that, directly or indirectly, by itself or through licensees or franchisees, offers commercial or residential painting services or related products, or any other products and/or services authorized or offered for sale by System franchisees (a "Competitive Business") regardless of location provided that this Section 17.1.1 does not apply to: (i) such person's ownership of a Franchised Business under a Franchise Agreement with Franchisor; or (ii) such person's ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing such services; or

17.1.2 Solicit any current, former, or prospective customer solicited by Franchisee's Franchised Business or any other customer of whom Franchisee has become aware as a result of access to Franchisor's System or other franchisees for any competitive purpose.

17.2 **After the Term of This Agreement.** For a period of two (2) years after the expiration, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee's owners, officers, directors, principals will, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.2.1 Own, maintain, engage in, be employed as an officer, director, principal, or of, lend money to, extend credit to or have any interest in any Competitive Business (a) within the Protected Territory, (b) within the Protected Territory of any other Franchised Business or any other Groovy Hues business, or within a twenty-five (25) mile radius of the Protected Territory of any other Franchised Business, or (c) within a twenty-five (25) mile radius of any Groovy Hues business operated by Franchisor or its affiliate, provided that this Section 17.2.1 does not apply to: (i) such person's ownership of a Franchised Business under a Franchise Agreement with Franchisor; or (ii) such person's ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing services the same as or similar to a Competitive Business; or

17.2.2 Solicit any current, former, or prospective customer solicited by Franchisee's Franchised Business or any other customer of whom Franchisee has become aware as a result of access to Franchisor's System or other franchisees for any competitive purpose.

17.3 **Intent and Enforcement**. It is the parties' intent that the provisions of this Section 17 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 17 by Franchisee, any of Franchisee's principals, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee acknowledges that the covenants contained herein are necessary to protect the goodwill of the Franchised Business, other Groovy Hues franchisees, and the System. Franchisee further acknowledges that covenants contained in this Section 17 are necessary to protect Franchisor's

procedures and know-how transmitted during the term of this Agreement. Franchisee agrees that in the event of the actual or threatened breach of this Section 17, Franchisor's harm will be irreparable, and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees on Franchisee's own behalf and on behalf of the persons who are liable under this Section 17 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 17 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitations of this Section 17 shall be tolled during any default under this Section.

17.4 **Employees.** Franchisee shall ensure that Franchisee's principals, managers, employees, and anyone else who will have access to Franchisor's Confidential Information, execute a Confidentiality and Restrictive Covenant Agreement, in the form attached as Exhibit C to the Franchise Agreement, or as Franchisor, in Franchisor's sole discretion, otherwise prescribes. Franchisee must furnish Franchisor a copy of each executed agreement.

17.5 **No Defense**. Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement of this Section 17.

18 DISPUTE RESOLUTION

18.1 **Choice of Law.** This Agreement shall take effect upon its acceptance and execution by Franchisor. Except to the extent governed by the United States Arbitration Act (9 U.S.C.§§ 1, et. seq.) and the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. §1050 et seq.), this Agreement, the franchise and all claims arising from or in any way related to the relationship between Franchisor, and/or any Franchisor Related Party, on the one hand, and Franchisee, and/or any Franchisee Related Party, on the other hand, shall be interpreted and construed under the laws of the Commonwealth of Pennsylvania, which laws shall prevail in the event of any conflict of law, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless jurisdictional requirements are met independently without reference to this paragraph.

18.2 **Internal Dispute Resolution.** Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's management, prior to mediation, arbitration, or commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute. Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute pursuant to the notice provisions set forth in Section 18.6 below. Franchisee must exhaust this internal dispute resolution procedure before commencing mediation, arbitration and/or litigation, including, but not limited to, the requirement to travel to our headquarters in Omaha, NE, at Franchisor's expense, for a meeting with the Chief Executive Officer and any other appropriate personnel. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

18.3 **Mediation.** The parties have reached this Agreement in good faith and in belief that it is advantageous to each of them. In recognition of the enormous strain on time, unnecessary expense and wasted resources potentially associated with litigation and/or arbitration, and in the spirit of cooperation, the parties pledge to try to resolve any dispute amicably, without litigation or arbitration. Other than an action by Franchisor under Section 18.5 of this Agreement, before beginning any legal

action or arbitration, the parties agree to mediate any dispute, controversy or claim between Franchisee and/or any of Franchisee's owners, affiliates, officers, directors, shareholders, guarantors, employees, or members (each a "Franchisee Related Party"), on the one hand, and Franchisor and/or any of its affiliates, officers, directors, shareholders, members, guarantors, employees, representatives, independent contractors and/or owners (each a "Franchisor Related Party"), on the other hand, including, without limitation, in connection with any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) the parties' relationship; (c) events occurring prior to the entry into this Agreement; (d) the Franchised Business; or (e) any System standard, in accordance with the procedures set forth in this Section, inclusive of all subparts. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintain any arbitration or legal action, including any action to interpret or enforce this Agreement. The mediation shall be conducted in accordance with the following provisions:

18.3.1 **Initiation Procedure.** The party seeking mediation (the "Initiating Party") must commence mediation by sending the other party/parties a written notice of its request for mediation (the "Dispute Notice"). The Dispute Notice will specify, to the fullest extent possible, the nature of the dispute, the Initiating Party's version of the facts surrounding the dispute, the amount of damages, and the nature of any injunctive or other relief such party claims, and must identify one or more persons with authority to settle the dispute for the Initiating Party. The party (or parties as the case may be) receiving a Dispute Notice (the "Responding Party") will issue a written response (the "Response") to the Initiating Party within thirty (30) business days after receipt of the Dispute Notice identifying one or more persons with authority to settle the dispute on the Responding Party's behalf (the "Authorized Persons").

18.3.2 **Direct Negotiations**. Upon receipt of a Dispute Notice and the issuance of the Response, the parties will endeavor, in good faith, to resolve the dispute outlined in the Dispute Notice and the Response. If the parties have been unable to resolve any such dispute(s) outlined in a Dispute Notice or a response thereto within twenty (20) days after the Initiating Party's receipt of the Response, either party may initiate a mediation procedure in accordance with the American Arbitration Association ("AAA"), pursuant to its Commercial Mediation Procedures, and unless otherwise agreed by the parties in writing, will take place in Bucks County, Pennsylvania, or the city of Franchisor's then-current corporate headquarters, as Franchisor designates.

18.3.3 **Selection of the Mediator; Time & Place for Mediation.** The Authorized Persons will select the mediator in accordance with the AAA procedures. In consultation with the parties, the mediator shall promptly designate a mutually acceptable time and place for the mediation.

18.3.4 **Exchange of Information**. If either party to this Agreement believes he, she, or it needs information in the possession of another party to this Agreement to prepare for the mediation, all parties must attempt in good faith to agree on procedures for an exchange of information, with the help of the mediator if required.

18.3.5 **Summary of Views**. Prior to the mediation session, each party must deliver to the mediator a concise written summary of its views on the matter in dispute and on any other matters that the mediator asks them to include. The mediator may also request that each party submit a confidential paper on relevant legal issues, which may be limited in length by the mediator, to him or her.

18.3.6 **Representatives**. In the mediation, each party must be represented by an Authorized Person and may be represented by counsel. In addition, each party may, with permission of the

mediator, bring with him, her, or it any additional persons who are needed to respond to questions, contribute information, and participate in the negotiations.

18.3.7 **Conduct of Mediation**. The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful after reviewing the position papers, the mediator shall give both himself or herself and the Authorized Persons an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the Authorized Persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties. All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party. The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible.

18.3.8 **Termination of Procedure**. The parties agree to participate in the mediation procedure to its conclusion, as set forth in this section. The mediation may be concluded (1) by the signing of a settlement agreement by the parties, (2) by the mediator's declaration that the mediation is terminated, or (3) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any arbitration or legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

18.3.9 **Fees of Mediator; Disqualification.** The fees and expenses of the mediator must be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved.

18.3.10 **Confidentiality**. The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual or audio record of the proceedings may be made. Any conduct, statement, promise, offer, view or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible will not be excluded from discovery or made inadmissible simply because of its use in the mediation.

18.4 **Arbitration**. Except as provided in Article 18.5, and if not resolved by the negotiation and mediation procedures described under Section 18.3 above, any dispute, controversy or claim between Franchisee and/or a Franchisee Related Party, on the one hand, and Franchisor and/or any Franchisor Related Party, on the other hand, including, without limitation, any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) the relationship of the parties; (c) the events leading up to the entry into this Agreement; (d) the Franchised Business; (e) any System Standard; (f) any claim based in tort or any theory of negligence; (g) or the scope of validity of the arbitration obligation under this Article; shall be determined in Bucks County, Pennsylvania by the AAA. The arbitration will be administered by the AAA pursuant to its Commercial Arbitration Rules then in effect by one arbitrator. The arbitrator shall be an attorney with

substantial experience in franchise law. If proper notice of any hearing has been given, the arbitrator will have full power to proceed to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear. The arbitration shall be conducted in accordance with the following provisions:

18.4.1 In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then- current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be forever barred.

18.4.2 Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action, collective action, associational action, or otherwise to join or consolidate any claim with any claim or any other proceeding involving third parties. If a court or arbitrator determines that this limitation on joinder of, or class action certification of, claims is unenforceable, then the agreement to arbitrate the dispute will be null and void and the parties must submit all claims to the jurisdiction of the courts, in accordance with Article 18. The arbitration must take place in Bucks County, Pennsylvania, or where Franchisor's then-current office, as Franchisor designates.

18.4.3 The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or Franchisor. The arbitrator may not under any circumstance (a) stay the effectiveness of any pending termination of this Agreement, (b) assess punitive or exemplary damages, (c) certify a class, collective, or a consolidated action, or (d) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator will have the right to make a determination as to any procedural matters as would a court of competent jurisdiction be permitted to make in the state in which the main office of Franchisor is located. The arbitrator will also decide any factual, procedural, or legal questions relating in any way to the dispute between the parties, including, but not limited to: any decision as to whether Article 18 is applicable and enforceable as against the parties, subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.

18.4.4 The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

18.4.5 The arbitrator will have subpoena powers limited only by the laws of the Commonwealth of Pennsylvania.

18.4.6 The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute will otherwise have the same discovery rights as are available in civil actions under the laws of the state of Pennsylvania.

18.4.7 All other procedural matters will be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in the Commonwealth of Pennsylvania.

18.4.8 Other than as may be required by law, the entire arbitration proceedings (including, but

not limited to, any rulings, decisions or orders of the arbitrator), will remain confidential and will not be disclosed to anyone other than the parties to this Agreement.

18.4.9 The judgment of the arbitrator on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction.

18.4.10 Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished Franchisor's right to seek recovery of those costs against Franchisee.

18.5 **Exceptions to Arbitration and Mediation.** Notwithstanding the provisions of Sections 18.3 or 18.4 of this Agreement, Franchisor shall be entitled, without bond, to the entry of temporary, preliminary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement in any court of competent jurisdiction relating to: (a) Franchisee, and/or any Franchisee Related Party's use of the Marks; (b) the covenants under Article 5 and/or Article 17 of this Agreement, including Franchisee's covenants not to compete and confidentiality covenants; (c) Franchisee's obligations upon termination or expiration of the franchise; and/or (d) transfer or assignment of Franchisee or of the Franchised Business. If Franchisor secures any such injunction or order of specific performance, Franchisee agrees to pay to Franchisor an amount equal to the aggregate of Franchisor's costs of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses, travel and living expenses and any damages incurred by Franchisor as a result of the breach of any such provision. Further, at the election of Franchisor, or its affiliate, the mediation and arbitration provisions of Sections 18.3 and 18.4, inclusive of all subparts, shall not apply to any of the following "Excluded Claims":

18.5.1 any claim by Franchisor relating to Franchisee's failure to pay any fee due to Franchisor under this Agreement; and/or

18.5.2 any claim by Franchisor relating to Franchisee's failure to comply with any of the covenants set forth in Article 5 and/or Article 17 of this Agreement; and/or

18.5.3 any claim by Franchisor or its affiliate relating to use of the Proprietary Marks and/or the System, including, without limitation, claims for violations of the Lanham Act; and/or

18.5.4 any claim by Franchisor or a Franchisor Related Party for indemnification.

18.6 **Selection of Venue**. In the event the arbitration clause set forth in Section 18.4 of this Agreement is inapplicable or unenforceable, and subject to Franchisor's right to obtain injunctive relief in any court of competent jurisdiction, the following provision shall govern: The parties hereby expressly agree that the United States District Court for the Eastern District of Pennsylvania, or if such court lacks subject matter jurisdiction, the State Court in Bucks County, Pennsylvania, shall be the exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of or related to, either directly or indirectly, this Agreement, ancillary agreements, or the business relationship between the parties. The parties further agree that, in the event of such litigation, they will not contest or challenge the jurisdiction or venue of these courts. Franchisee acknowledges that this Agreement has been entered into in the Commonwealth of Pennsylvania and that Franchisee is to receive valuable and continuing services emanating from Franchisor, a Pennsylvania limited liability company. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of the Commonwealth of

Pennsylvania as set forth in this Section. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for the purposes of carrying out this provision.

18.7 **Third Party Beneficiaries**. Franchisor's officers, directors, shareholders, members, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation and arbitration provisions set forth in this Section 18, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by Franchisee and/or any Franchisee Related Party.

18.8 **Prior Notice of Claims.** Franchisee recognizes the substantial time, resources and effort associated with Franchisor's administration of the franchise System. Franchisee further recognizes the financial and administrative drain associated with arbitrating and/or litigating disputes. In light of this recognition, and the importance of working through issues and disputes when they first arise, Franchisee agrees to promptly notify Franchisor of any and all concerns and/or claims Franchisee may have arising out of or related to this Agreement and/or the entry into this Agreement. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

18.9 **No Right to Offset**. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

18.10 **Injunctive Relief**. Nothing contained in this Agreement shall prevent Franchisor from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests. Without limiting the foregoing, nothing in this Agreement shall prevent Franchisor from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, Franchisee's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

18.11 **Limitation of Action**. Franchisee further agrees that no cause of action arising out of, related to, or under this Agreement may be maintained by Franchisee or any Franchisee Related Party against Franchisor and/or any Franchisor Related Party unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based, or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

18.11.1 Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, arbitration, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

18.11.2 Notwithstanding anything to the contrary contained herein, all actions shall be conducted

on an individual, not a class-wide or collective basis, and any proceeding between Franchisee, Franchisee's guarantors, and Franchisor or its affiliates or employees may not be consolidated with any other proceeding between Franchisor and any other person or entity.

18.12 **Waiver of Punitive Damages**. Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section shall be construed to prevent Franchisor from claiming and obtaining punitive or consequential damages, including lost future royalties for the balance of the term of this Agreement.

18.13 **Liquidated Damages.** Franchisor and Franchisee agree that if this Agreement is terminated as a result of Franchisee's default before the expiration of the Term, it would be impossible to calculate with reasonable precision the losses that would be incurred by Franchisor because of the unpredictability of future business conditions, inflationary prices, the impact on Franchisor's reputation from having closed a franchised business, Franchisor's ability to replace the Franchised Business in the same market and other factors. Accordingly, if this Agreement is terminated as a result of any default by Franchisee, Franchisor will be entitled to recover as liquidated damages, and not as a penalty, an amount equal to the greater of: (a) $150,000; or (b) the aggregate royalty and other ongoing fees due to Franchisor under this Agreement (the "Continuing Fees") during the thirty-six (36) full calendar months during which the Franchised Business was open and operating immediately before the termination date (or, if the Franchised Business has not been open and operating for thirty-six (36)months before the termination date, the average monthly Continuing Fees due to Franchisor for all months during which the Franchised Business was open and operating) multiplied by thirty-six (36) or the number of months remaining in the then-current term of this Agreement, whichever is less. Notwithstanding anything contained herein to the contrary, if a court determines that this liquidated damages provision is unenforceable, then Franchisor may pursue all other available remedies, including claims for lost future royalty fees.

18.14 **THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.**

19 REPRESENTATIONS

19.1 **Proprietary Software**. Any proprietary software provided by Franchisor, or an affiliate is on an "AS IS" and "AS AVAILABLE" basis. Franchisor does not covenant any level, quality, continuity or standard of operation for any proprietary software, or covenant that the proprietary software will be free from defaults, viruses or other harmful components, operate on a continuous or uninterrupted basis, or provide secure access to the software or services provided thereby.

FRANCHISOR MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EITHER

EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE OR NON-INFRINGEMENT, OR WARRANTIES REGARDING THE QUALITY, ACCURACY, TIMELINESS, AVAILABILITY, SUITABILITY, RELIABILITY OF ANY SERVICE, OR SECURITY, USEFULNESS, LACK OF VIRUSES OR OTHER HARMFUL COMPONENTS, OR WARRANTIES REGARDING COMPLETENESS OF THE CONTENT OF THE PROPRIETARY SOFTWARE, OR WARRANTIES WITH RESPECT TO THE USE OR AVAILABILITY OF ANY INFORMATION, DATA, ITEM, APPARATUS, METHOD OR PROCESS INCLUDED IN THE PROPRIETARY SOFTWARE, OR THAT SUCH WILL MEET THE FRANCHISEE'S REQUIREMENTS, OR BE ERROR FREE OR NOT INFRINGE ON THE RIGHTS OF OTHERS, OR THAT DEFECTS WILL BE CORRECTED.

19.2 **No Authority.** NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE FRANCHISOR EXCEPT FRANCHISOR'S AUTHORIZED OFFICER BY A WRITTEN DOCUMENT. FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY FRANCHISOR OR ON FRANCHISOR'S BEHALF WHICH HAVE LED FRANCHISEE TO ENTER INTO THIS AGREEMENT. FRANCHISEE UNDERSTANDS THAT WHETHER FRANCHISEE SUCCEEDS AS A FRANCHISEE IS DEPENDENT UPON FRANCHISEE'S EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF FRANCHISEE'S EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND FRANCHISOR'S CONTROL OR INFLUENCE. FRANCHISEE FURTHER UNDERSTANDS THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT FRANCHISOR HAS MADE NO REPRESENTATION THAT FRANCHISEE WILL DO AS WELL AS ANY OTHER FRANCHISEE.

19.3 **Receipt.** THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND SCHEDULES, AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES THAT THEY HAVE SIGNED THE RECEIPT PAGE OF FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT INDICATING THE DATE THAT THEY RECEIVED IT, AND THAT THEY HAVE BEEN IN RECEIPT OF FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT OR FRANCHISEE'S PAYMENT OF ANY MONIES TO FRANCHISOR, REFUNDABLE OR OTHERWISE.

19.4 **Opportunity for Review by Franchisee's Advisors.** FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS RECOMMENDED, AND THAT FRANCHISEE HAS HAD THE OPPORTUNITY TO OBTAIN, REVIEW OF THIS AGREEMENT AND FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT BY FRANCHISEE'S LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO EXECUTION HEREOF.

19.5 **Execution of Agreement.** EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF FRANCHISEE IS A PARTNERSHIP OR CORPORATION, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF SUCH PARTNERSHIP OR CORPORATION WARRANTS TO FRANCHISOR, BOTH INDIVIDUALLY AND IN HIS CAPACITY AS PARTNER OR OFFICER, THAT ALL OF THE PARTNERS OF THE PARTNERSHIP OR ALL OF THE SHAREHOLDERS OF THE CORPORATION, AS APPLICABLE, HAVE READ AND APPROVED THIS

AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE PARTNERSHIP OR CORPORATION.

20 GUARANTEE OF PRINCIPALS AND THEIR SPOUSES

Franchisee's spouse and all partners in a limited partnership, shareholders in a corporate franchisee, or members of a limited liability company, as well as all general partners and managing members, and their spouses hereby personally and unconditionally guarantee without notice, demand or presentment, the payment of all of Franchisee's monetary obligations under this Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, as if each were an original party to this or any other agreement in his or her individual capacity. All such personal guarantors further agree to be bound by the terms and restrictions upon Franchisee's activities upon transfer, termination or expiration and nonrenewal, including liquidated damages, of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such personal guarantors and their spouses must execute a continuing personal guaranty in the form attached hereto as Exhibit A.

21 NOTICES

All notices and requests to be given under this Agreement are to be in writing, and delivered by either hand delivery or overnight mail by a recognized carrier offering a delivery receipt, to the following addresses (which may be changed by written notice):

Franchisee Name/Address: _____
_____
_____

Franchisor HPB Painting LLC
2525 N. 117th Avenue
Omaha, Nebraska 68164

Mailing any notice hereunder sent by U.S. certified mail, postage prepaid or when sent via Federal Express or a similar overnight courier shall be presumptive evidence of delivery of the notice or request.

22 MISCELLANEOUS

22.1 **Entire Agreement.** This Agreement contains the entire Agreement of the parties. There are no representations either oral or written, except those contained in this Agreement. This written Agreement includes all representations between the parties. This Agreement may not be modified except by a written document signed by both parties. Nothing in this Agreement or any related agreement is intended to disclaim the representations Franchisor made in the franchise disclosure document furnished to Franchisee.

22.2 **Construction of Language.** The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to

whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Franchisee's "principals" means Franchisee's partners, officers, directors, shareholders, members, and managers, as applicable. Reference to Franchisee's "principals" means Franchisee's partners, officers, directors, shareholders, members, and managers, as applicable. References to "Franchisor" and "Franchisee" include the party's successors, assigns or transferees. The parties have had a reasonable opportunity to review this Agreement. In the event of an ambiguity or if a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by all of the parties, and no presumptions or burdens of proof shall arise in favor of any party by virtue of the authorship of any of the provisions of this Agreement.

22.3 **Severability.** If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or any of its affiliates or protection of the Proprietary Marks or the Confidential Information, including the Operations Manual and Franchisor's other trade secrets, is declared invalid or unenforceable, then Franchisor at Franchisor's option may terminate this Agreement immediately upon written notice to Franchisee.

22.4 **Additional Documentation**. Franchisee must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreements and take such other actions as Franchisor reasonably may require in order to effectuate the transactions contemplated herein. In the event that Franchisee fails to comply with the provisions of this Section, Franchisee hereby appoints Franchisor as Franchisee's attorney-in-fact to execute any and all documents on Franchisee's behalf, reasonably necessary to effectuate the transactions contemplated herein.

22.5 **Force Majeure.** Neither Franchisee, Franchisor, or Franchisor's affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, pandemics or other national health crisis or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as Franchisor deems reasonable.

22.6 **Anti-Terrorist Activities.** Franchisee certifies that neither Franchisee, nor Franchisee's owners, principals, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224. Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee's owners, principals, employees, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws,

and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section 13.2 of this Agreement pertain to Franchisee's obligations under this Section 22.7. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Franchisee's owners, principals or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's affiliates in accordance with the terms of Section 15.2.1 of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

22.7 **Attorneys' Fees.** If either party is in breach or default of any monetary or non-monetary obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and the non-breaching party engages an attorney to enforce their rights (whether or not formal judicial proceedings are initiated), the breaching party must pay all reasonable attorneys' fees, court costs and litigation expenses the non-breaching party incurs. If either party initiates any legal action to interpret or enforce the terms of this Agreement, and the initiating party's claim in such action is denied or the action is dismissed, the non-initiating party is entitled to recover reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

23 ACKNOWLEDGMENTS

23.1 **Independent Investigation.** Franchisee acknowledges that Franchisee has conducted an independent investigation of Franchisor, the System and the Franchised Business contemplated by this Agreement and recognizes that it involves business risks which make the success of the venture largely dependent upon Franchisee's business abilities and efforts. Franchisee acknowledges that Franchisor first began offering franchise opportunities in 2023, and that the System is a newly emerging franchise system with limited operating history. Franchisee acknowledges that Franchisee has been encouraged to and has been given the opportunity to conduct its own due diligence and to clarify any provision of this Agreement that Franchisee may not have initially understood. Franchisee further acknowledges that Franchisor has advised Franchisee of the importance and significance of having this Agreement reviewed by an attorney with experience in franchise law. Franchisee acknowledges that Franchisee has reviewed and understands their rights, duties, and obligations under this Agreement.

23.2 **No Guarantee of Earnings.** Franchisee acknowledges that Franchisor and any of Franchisor's representatives and/or agents or brokers, with whom Franchisee has met have not made and are not making any guarantees as to the extent of Franchisee's success in Franchisee's Franchised Business and have not and are not in any way representing or promising any specific amounts of earnings or profits in association with Franchisee's Franchised Business. Franchisee further acknowledges that the Item 19 financial performance disclosure contained in Item 19 of Franchisor's Franchise Disclosure Document is not a representation of what Franchisee can expect to achieve in connection with the operation of the Franchised Business.

23.3 **Receipt of Franchise Disclosure Document.** Franchisee acknowledges that this Agreement and Franchisor's Franchise Disclosure Document have been in Franchisee's possession for at least fourteen (14) calendar days before Franchisee signed this Agreement or paid any monies to Franchisor or an affiliate and that any material changes to this Agreement were in writing in this Agreement for at least seven (7) calendar days before Franchisee signed this Agreement.

23.4 **Dispute Resolution**. Franchisee acknowledges that the sole entity or person against whom Franchisee may bring a clam under this Agreement is HPB Painting LLC, and that all disputes or claims that Franchisee may have arising out of, or relating to, this Agreement must be mediated and arbitrated in Bucks County, Pennsylvania. Franchisee further acknowledges that this Agreement limits that amount and type of damages that Franchise can recover, and that Franchisee is not entitled to any punitive, consequential, or other special damages.

23.5 **Initial Training**. Franchisee acknowledges that all persons whose name appears in this Agreement must successfully complete the appropriate initial training program(s) before we will allow the Franchised Business to open or consent to a transfer of that Franchised Business. Franchise further acknowledges that if all persons whose name appears in this Agreement do not successfully complete the applicable training program(s) to our Franchisor's satisfaction, Franchisor may terminate this Agreement.

23.6 **Reservation of Rights**. Franchise acknowledges that the Protected Territory Franchisee is granted under this Agreement is limited and that Franchisor reserves certain rights to engage in certain activities in Franchisee's Protected Territory. Franchisee further acknowledges that Franchisor and Franchisor's affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the Proprietary Marks and other marks, at any location outside Franchisee's Protected Territory, regardless of how close these activities are to Franchisee's Protected Territory.

23.7 **Financial Representations**. Franchisee acknowledges that no broker, employee, or other person speaking on Franchisor's behalf has made any statement, promise, or agreement, other than those matters presented in Franchisor's Franchise Disclosure Document and this Agreement, concerning: (i) the costs involved in the operation of the Franchised Business; (ii) the actual, average, or projected profits or earnings; (iii) the likelihood of success; (iv) the amount of money you may earn; or (v) the total amount of revenue the Franchised Business will generate.

23.8 **Third-Party Statements; No Payments Solicited**. Franchisee acknowledges that no broker, employee or other person speaking on behalf of Franchisor has made any statement, promise, or agreement, other than those matters addressed in this Agreement and Franchisor's Franchise Disclosure Document, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document. Franchisee further acknowledges that no broker, employee or other person providing services to you on behalf of Franchisor has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Franchised Business purchase with exception of those payments or loans provided in this Agreement and the Disclosure Document.

23.9 **Employment Matters**. Franchisee acknowledges that Franchisee will control and is entirely responsible for all employment related matters in connection with the operation of the Franchised Business and that Franchisor is not responsible for, and does not control, directly or indirectly, Franchisee's employment practices or Franchisee's employees?

23.10 **No Personal Liability.** Franchisee agrees that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a Court of Law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee for any reason. This is an important part of this Agreement.

23.11 **No Representations.** Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor, Franchisor's representatives, brokers, or any other person speaking on Franchisor's behalf shall be binding unless it is written in this Agreement, including, but not limited to: (i) the costs involved in the operation of the Franchised Business; (ii) the actual, average, or projected profits or earnings; (iii) the likelihood of success; (iv) the amount of money you may earn; (v) the total amount of revenue the Franchised Business will generate; (vi)advertising and marketing, or marketing penetration; (vii) media support; or (viii) training, support service or assistance. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

Signatures appear on following page.

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

FRANCHISOR

HPB PAINTING LLC

By: _____
Josh Skolnick, Managing Member

FRANCHISEE

By: _____
FRANCHISEE, individually

EXHIBIT A
to
HPB PAINTING LLC
FRANCHISE AGREEMENT

PERSONAL GUARANTY

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF FRANCHISEE'S SHAREHOLDERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF FRANCHISEE'S GENERAL PARTNERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH OF FRANCHISEE'S MEMBERS AND MANAGERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING.

ARTICLE I PERSONAL GUARANTY

The undersigned persons (individually and collectively "you") hereby represent to HPB Painting LLC ("Franchisor"), or all of the members and managers, or the spouse of any such shareholder, general partner, or member or manager of _____ ("Franchisee"), as the case may be. In consideration of the grant by Franchisor to Franchisee as provided in the foregoing franchise agreement (the "Franchise Agreement"), each of you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, and any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement and that you (jointly and individually) will not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer, which consent must not be unreasonably withheld, and without first paying or causing to be paid to Franchisor the transfer fee provided for in said Franchise Agreement, if applicable, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement. You further agree to be bound by the in-term and post-term non-competition and non-solicitation covenants set forth in Section 17 of the Franchise Agreement, as well as all other covenants set forth in the Franchise Agreement, including but not limited to those concerning confidentiality (Section 5 of the Franchise Agreement) and indemnification (Section 13.2 of the Franchise Agreement). You agree that this personal guaranty (the "Guaranty") will be governed by the dispute resolution procedures set forth in Section 18 of the Franchise Agreement.

ARTICLE II CONFIDENTIALITY

During the term of this Agreement, you will receive information which Franchisor considers a trade secret and confidential information ("Confidential Information"). You shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information including, without limitation, Franchisor's Operations Manual and its contents; price lists and standards and specifications for the Approved Products and Services; standards and specifications related to Franchisor's integrated bookkeeping system, and other methods, techniques, and know-how concerning the operation of the Groovy Hues Business of which you may be appraised by virtue of your role as a Guarantor of Franchisee.

ARTICLE III NON-COMPETITION

1. **During the Term of the Franchise Agreement.** During the term of the Franchise Agreement, neither your, nor your owners, principals, officers, directors, nor any members of your family or the family of your owners, officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person or entity:

A. Own, maintain, engage in, be employed as an officer, director, principal or of, lend money to, extend credit to or have any interest in any other business that, directly or indirectly, by itself or through licensees or franchisees, offers commercial or residential painting services or related products, or any other products or services authorized or offered for sale by System franchisees (a "Competitive Business") regardless of location provided that this Article III (1) does not apply to: (i) such person's ownership of a Franchised Business under a Franchise Agreement with Franchisor; or (ii) such person's ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing such services;

B. Solicit any current, former, or prospective customer solicited by Franchisee's Franchised Business or any other customer of whom Franchisee has become aware as a result of access to Franchisor's System or other franchisees for any competitive purpose.

2. **After the Term of the Franchise Agreement.** For a period of two (2) years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, nor your owners, principals, officers, directors, nor any members of your family or the family of your owners, officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person or entity:

A. Own, maintain, engage in, be employed as an officer, director, principal, or of, lend money to, extend credit to or have any interest in any Competitive Business (i) within the Protected Territory, (ii) within a twenty-five (25) mile radius of the Protected Territory of any other Franchised Business, or (iii) within a twenty-five (25) mile radius of any Groovy Hues business operated by Franchisor or its affiliate, provided that this Article III(2) does not apply to: (A) such person's ownership of a Franchised Business under a Franchise Agreement with Franchisor; or (B) such person's ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing services the same as or similar to a Competitive Business;

B. Solicit any current, former, or prospective customer solicited by Franchisee's Franchised Business or any other customer of whom Franchisee has become aware as a result of access to Franchisor's System or other franchisees for any competitive purpose.

3. **Intent and Enforcement**. It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable, and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that each of you has previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevent you from earning a living. You further acknowledge and agree that the time limitation of this Article III shall be tolled during any default under this Guaranty.

ARTICLE IV DISPUTE RESOLUTION

1. **Acknowledgment**. You acknowledge that this Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's proprietary marks or its system.

2. **Governing Law.** This Guaranty shall be deemed to have been made in and governed by the laws of the Commonwealth of Pennsylvania, without any reference to Pennsylvania conflict of laws principles.

3. **Internal Dispute Resolution.** You agree that the dispute resolution procedures set forth in Section 18 of the Franchise Agreement, including the internal dispute resolution, mediation and arbitration provisions set forth in Sections 18.2 through 18.4 of the Franchise Agreement, are hereby incorporated by reference and shall apply to and govern any and all disputes by and between you, on the one hand, and Franchisor and/or any of Franchisor's affiliates, parents, officers, employees, representatives, agents, successors and/or assigns, on the other hand. You acknowledge having read and understood the Franchise Agreement, including the dispute resolution provisions set forth in Sections 18.2 through 18.4, which require, among other things, mediation and arbitration. You further agree to submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of any such claim or dispute pursuant to the notice provisions set forth in Section 18, including Section 18.9 of the Franchise Agreement. The dispute resolution procedures and your obligations under this paragraph shall survive the termination or expiration of this Agreement.

4. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the Franchise Agreement and this Guaranty, and the mediation provisions contained herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.

5. **Injunctive Relief.** Nothing contained in this Guaranty shall prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interest prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation or judicial proceeding conducted hereunder.

6. **Jurisdiction and Venue.** Nothing contained in this Guaranty shall prevent Franchisor from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in Bucks County, Pennsylvania and the jurisdiction and venue of the United States District Court for the Eastern District of Pennsylvania. You hereby irrevocably consent to the personal jurisdiction of the state and federal courts of the Commonwealth of Pennsylvania as set forth herein.

7. **Jury Trial Waiver. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS PERSONAL GUARANTY OR THE FRANCHISE AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM FRANCHISOR OF THE FRANCHISE, OPTION AND/OR ANY GOODS OR SERVICES.**

8. **Waiver of Punitive Damages.** You waive, to the fullest extent permitted by law, any right to or

claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which you may have against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, your recovery shall be limited to actual damages. If any other term of this Guaranty is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

9. **Liquidated Damages.** Franchisor and Franchisee agree that if the Franchise Agreement or this Guaranty is terminated as a result of Franchisee's default before the expiration of the Term, it would be impossible to calculate with reasonable precision the losses that would be incurred by Franchisor because of the unpredictability of future business conditions, inflationary prices, the impact on Franchisor's reputation from having closed a franchised business, Franchisor's ability to replace the Franchised Business in the same market, and other factors. Accordingly, if the Franchise Agreement or this Guaranty is terminated as a result of any default by Franchisee, Franchisor will be entitled to recover as liquidated damages, and not as a penalty, an amount equal to the greater of: (a) $150,000; or (b) the aggregate royalty and other ongoing fees due to Franchisor under the Franchise Agreement (the "Continuing Fees") during the thirty-six (36) full calendar months during which the Franchised Business was open and operating immediately before the termination date (or, if the Franchised Business has not been open and operating for thirty-six (36)months before the termination date, the average monthly Continuing Fees due to Franchisor for all months during which the Franchised Business was open and operating) multiplied by thirty-six (36) or the number of months remaining in the then-current term of the Franchise Agreement, whichever is less. Notwithstanding anything contained herein to the contrary, if a court determines that this liquidated damages provision is unenforceable, then Franchisor may pursue all other available remedies, including claims for lost future royalty fees.

10. **Limitation on Action.** You agree that no cause of action arising out of or under this Guaranty or the Franchise Agreement may be maintained by you unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off. Notwithstanding anything to the contrary contained herein, all actions will be conducted on an individual, not a class-wide basis, and any proceeding between you, Franchisee, and Franchisor or its affiliates or employees may not be consolidated with any other proceeding between Franchisor and any other person or entity.

11. **Attorneys' Fees**. If the undersigned is in breach or default of any monetary or non-monetary obligation under the Franchise Agreement or this Guaranty, or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs. If the undersigned or Franchisee institutes any legal action to interpret or enforce the terms of this Guaranty or the Franchise Agreement, and the claim(s) in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

12. **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Guaranty and the Franchise Agreement shall not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any

breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty shall be cumulative. Franchisor' election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

13. **Severability.** The parties agree that if any provisions of this Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning that renders it valid and enforceable. The language of all provisions of this Guaranty shall be construed according to fair meaning and not strictly construed for or against either party. The provisions of this Guaranty are severable, and this Guaranty shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Guaranty shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Guaranty.

14. **Construction of Language.** Any term defined in the Franchise Agreement that is not defined in this Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Guaranty 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.

15. **Successors**. References to "Franchisor" or "the undersigned, or "you" include the respective parties' successors or permitted assigns or transferees.

16. **No Personal Liability**. You agree that fulfillment of any and all of Franchisor's obligations written in this Guaranty or in the Franchise Agreement or based on any oral communications which may be ruled to be binding in a Court of Law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee or you for any reason.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK. SIGNATURES APPEAR ON FOLLOWING PAGE.

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

PERSONAL GUARANTORS	**SPOUSES**
By: _____	By: _____
Print Name: _____	Print Name: _____
Address: _____	Address: _____
_____	_____
_____	_____
Telephone: _____	Telephone: _____
By: _____	By: _____
Print Name: _____	Print Name: _____
Address: _____	Address: _____
_____	_____
_____	_____
Telephone: _____	Telephone: _____

EXHIBIT B
to
HPB PAINTING LLC
FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT OF FRANCHISEE'S TELEPHONE NUMBERS, FACSIMILE NUMBERS AND DOMAIN NAMES

1. , doing business as a Groovy Hues franchisee_____ ("Assignor"), in exchange for valuable consideration provided by HPB Painting LLC ("Assignee"), receipt of which is hereby acknowledged hereby conditionally assigns to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of its Franchised Business at Assignor's above-referenced address (the "Assigned Property"). The Assigned Property includes the following:

Telephone Number(s):

_____

Facsimile Number(s):

_____

Domain Name(s) (as permitted by Franchisor under the Franchise Agreement):

_____

2. The conditional agreement will become effective automatically upon termination, expiration of Assignor's franchise. Upon the occurrence of that condition, Assignor must do all things required by the telephone company and/or domain name registrar to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company and/or domain name registrar, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company to effectuate this Assignment and agrees to fully cooperate with the telephone company and/or domain name registrar, as well as Assignee, in effectuating this Assignment.

ASSIGNOR:

By: _____ Date: _____

Name: _____

Title: _____

ASSIGNEE:

HPB PAINTING LLC

By: _____ Date: _____

Name: _____

Title: _____

EXHIBIT C
to
HPB PAINTING LLC
FRANCHISE AGREEMENT

CONFIDENTIALITY AGREEMENT
(for trained employees, shareholders, officers, directors, general partners, members and managers of Franchisee)

In consideration of my being a _____ of _____ (the "Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that Franchisee, has acquired the right and franchise from HPB Painting LLC (the "Company") to establish and operate a Groovy Hues business (the "Franchised Business") and the right to use in the operation of the Franchised Business the Company's trade names, trademarks and service marks (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of Groovy Hues Franchised Businesses (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: _____ (the "Franchised Business Premises").

1. The Company possesses certain proprietary and confidential information and trade secrets relating to the operation of the System and the Franchised Business, including the Company's Manuals; price lists and standards and specifications for the Approved Products and Services; standards and specifications related to the Company's integrated bookkeeping system, and other methods, techniques and know-how concerning the of operation of the Franchised Business which may be communicated to Franchisee or of which I may be appraised by virtue of my employment with Franchisee ("Confidential Information").

2. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

3. In my position with the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Company's Operations Manual (the "Operations Manual") and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties with the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which the Company is a party, I 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 Agreement.

7. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

8. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

9. This Agreement shall be construed under the laws of the Commonwealth of Pennsylvania. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Signatures appear on following page.

By: _____

Name: _____

Title: _____

Date: _____

ACKNOWLEDGED BY FRANCHISEE

By:_____

Name: _____

Date: _____

EXHIBIT D
to
HPB PAINTING LLC
FRANCHISE AGREEMENT

ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

Bank Name: _____

ABA#: _____

Acct. No.: _____

Acct. Name: _____

Effective as of the date of the signature below, _____ ("Franchisee") hereby authorizes HPB Painting LLC ("Company") or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, and to make the following payments to Company under the Franchise Agreement for the Franchised Business located at: _____: all Royalty fees; and all other fees due and owing to the Company, or to which the Company has rights to, under the Franchise Agreement, electronically or otherwise. Franchisee acknowledges that Royalty and all other fees may be collected by Franchisor in the manner provided for in the Franchise Agreement. Such withdrawals shall occur on a weekly and/or monthly basis, or on such other schedule as Company shall specify in writing. If necessary, Company is also authorized to deposit the Gross Revenues of Franchisee's Franchised Business, less all amounts due under the Franchise Agreement, into the above-referenced account, electronically or otherwise. Such deposits shall occur as needed or on such other schedule as Company shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Company. Franchisee shall provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

FRANCHISOR	**FRANCHISEE**
HPB PAINTING LLC	
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT E
to
HPB PAINTING LLC
FRANCHISE AGREEMENT

SITE SELECTION ADDENDUM

HPB Painting LLC, a Pennsylvania limited liability company with a principal business address at 2525 N. 117th Avenue, Omaha, Nebraska 68164 ("Franchisor"), _____, an individual with an address at _____, which is identified more fully in the attached Data Sheet ("Franchisee"), have this ____ day of MONTH, 2025, entered into the foregoing Franchise Agreement(s) for the operation of a Groovy Hues franchised business using Franchisor's Proprietary Marks and System (the "Franchised Business") and desire to supplement its terms, as set forth below. The parties therefore agree as follows:

1. Within ninety (90) days after Franchisee receives notice of approval of the Franchise Agreement, Franchisee must obtain a site, at Franchisee's expense, for the Franchised Business, which Franchisor will approve as hereinafter provided. The site must be within the Protected Territory granted under the Franchise Agreement.

2. Franchisee's failure to obtain a site for the Franchised Business within the time required in Paragraph 1 will constitute a default under the Franchise Agreement and this Site Selection Addendum. Time is of the essence.

3. Prior to Franchisee's acquisition by lease or purchase of a site for the Franchised Business, Franchisee must submit to Franchisor, in the form Franchisor specifies, a completed site review form, such other information or materials as Franchisor may reasonably require, and a letter of intent or other evidence satisfactory to Franchisor that confirms Franchisee's favorable prospects for obtaining the proposed site. Recognizing that time is of the essence, Franchisee must submit a proposed site, together with the information and materials required by this Paragraph 3, to Franchisor for Franchisor's approval within forty-five (45) days after execution of this Site Selection Addendum. Franchisor will have thirty (30) days after receipt of such information and materials from Franchisee to approve or disapprove, in Franchisor's sole discretion, the site as a location for the Franchised Business. No proposed site will be deemed approved unless Franchisor has expressly approved it in writing.

4. Franchisor will furnish to Franchisee such site selection guidelines, consultation and on-site evaluation as Franchisor deems advisable as part of Franchisor's evaluation of Franchisee's request for site approval. Franchisor will not, however, provide on-site evaluation for any proposed site prior to Franchisor's receipt of the information and materials required by Paragraph 3 hereof. If Franchisor deems on-site evaluation necessary and appropriate, Franchisor will conduct up to one (1) on-site evaluation at Franchisor's cost. For each additional on-site evaluation (if any), Franchisee will reimburse Franchisor for Franchisor's reasonable expenses including, without limitation, the costs of travel, lodging, and meals.

5. If Franchisee will be occupying the Franchised Business premises under a lease, Franchisee shall, upon Franchisor's request, prior to the execution of the lease, submit the lease to Franchisor for Franchisor's approval. Franchisor's approval of the lease may be conditioned upon Franchisee's execution of a Collateral Assignment of Lease in the form Franchisor prescribes, as well as the inclusion or exclusion of certain required provisions. Franchisee must furnish Franchisor with a copy of any executed lease within ten (10) days after execution thereof.

6. After Franchisor has approved a site for the Franchised Business in writing and Franchisee has acquired the site, the site will constitute the Approved Location referred to in Section 1.3 of the Franchise Agreement.

7. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty or any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose. Franchisor's approval of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for Franchisor's purposes as of the time of the evaluation. Both parties to this Agreement acknowledge the application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change thereby altering the potential of a site. Such factors are unpredictable and are beyond Franchisor's control. Franchisor will not be responsible for the failure of a site approved by Franchisor to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that Franchisee's acceptance of a franchise for the operation of the Franchised Business at the site is based on Franchisee's own independent investigation of the suitability of the site.

8. This Site Selection Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and terms of this Site Selection Addendum will be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum on the day and year first above written.

FRANCHISEE

_____
FRANCHISEE, individually

FRANCHISOR

HPB PAINTING LLC

_____
Josh Skolnick, Managing Member

EXHIBIT F
to
HPB PAINTING LLC
FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") hereby assigns and transfers to HPB Painting LLC, a Pennsylvania limited liability company, with its principal place of business address at 2525 N. 117th Avenue, Omaha, Nebraska 68164 ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the "Lease") respecting premises commonly known as _____. This Assignment is for collateral purposes only and except as specified herein, Assignee has no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a Franchised Business between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, or upon expiration or termination of the Franchise Agreement or this Agreement, Assignee has the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor will have no further right, title or interest in the Lease. Assignor hereby authorizes the Lessor to disclose to Assignee, upon its request, sales and other information furnished to the Lessor by Assignor.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it must elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing.

If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and instead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

Dated:_____ _____

SIGNED AND SEALED this
day of _____ , 20

Notary Public

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the a fore described Lease hereby:

A. Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

B. Agrees that Assignee has the right, but must not be obligated, to cure any default by Assignor under the Lease within thirty (30) days (or such longer period of time as reasonably necessary to cure the default, so long as Assignee commences the cure within 30 days and thereafter diligently pursues the cure to completion) after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

C. Consents to the foregoing Collateral Assignment and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor must recognize Assignee as tenant under the Lease, provided that Assignee cures within the time period set forth above the defaults, if any, of Assignor under the Lease;

D. Agrees that Assignee may further assign the Lease to a person, firm or corporation who must agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise.

DATED:_____

_____

_____

EXHIBIT "1"

to
Collateral Assignment of Lease

Agreement attached.

EXHIBIT G
to
HPB PAINTING LLC
FRANCHISE AGREEMENT

PROTECTED TERRITORY MAP

Protected Territory ____ Map Attached

EXHIBIT H
to
HPB PAINTING LLC
FRANCHISE AGREEMENT

MULTI-UNIT ADDENDUM

THIS MULTI-UNIT ADDENDUM (the "Addendum") is made and entered into this ____ day of MONTH, 2025, by and between HPB Painting LLC, a Pennsylvania limited liability company with an address at 2525 N. 117th Avenue, Omaha, Nebraska 68164 ("Franchisor"), and _____, an individual with an address at _____, which is identified more fully in the attached Data Sheet ("Franchisee").

BACKGROUND

A. Contemporaneous with the execution of this Addendum, Franchisee and Franchisor have entered into those certain _____ franchise agreements (collectively, the "Applicable Franchise Agreements") pursuant to which Franchisee obtained the right and undertook the obligation to operate Groovy Hues franchised businesses within the territories defined therein (each a "Franchised Business").

B. Each Franchised Business will operate within a designated protected territory wherein Franchisee is required to actively promote and operate the Franchised Businesses (collectively, the territories granted under the Applicable Franchise Agreements will be referred to as the "Protected Territories").

C. Franchisor expects that Franchisee will operate the Franchised Business from a single Approved Location using the same vehicles, supplies, equipment and inventory as required by Franchisor.

D. The parties now wish to amend certain provisions of the Applicable Franchise Agreements pursuant to the terms and conditions set forth in this Addendum.

AGREEMENT

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Multi-Unit Initial Franchise Fees**. Notwithstanding anything contained in Section 3.1 of the Applicable Franchise Agreements, Franchisee will not be required to pay Franchisor an Initial Franchise Fee under any Applicable Franchise Agreement. Instead, Franchisee shall pay Franchisor lump-sum multi-unit Initial Franchisee Fee as follows (the "Multi-Unit Initial Franchise Fee"):

Number of Territories	Cumulative Initial Franchise Fees	Individual Franchise Fee	Cumulative General Population
1	$59,500	$59,500	200,000
2	$99,500	$40,000	400,000
3	$134,500	$35,000	600,000
4	$164,500	$30,000	800,000
5	$194,500	$30,000	1,000,000

The entire Multi-Unit Initial Franchise Fee must be paid upon execution of the Applicable Franchise Agreements and this Addendum, and this fee is deemed fully earned upon payment and non-refundable under any circumstances.

2. **Initial Training Program**. Franchisee is only required to attend and complete Franchisor's Initial Training Program described more fully in Section 8.1 of the Applicable Franchise Agreements, respectively, once in connection with the Franchised Businesses governed by this Addendum. All other provisions regarding Franchisee's training obligations in the Applicable Franchise Agreements are hereby ratified and confirmed.

3. **Minimum Royalty Fee.** The monthly Minimum Royalty is: (i) $500 per month for the period beginning on the one-year anniversary of the Effective Date and continuing through the remainder of the Term. Notwithstanding the foregoing, after the expiration of the fifth year of the Term, Franchisor has the right to increase the monthly Minimum Royalty for each of the sixth, seventh, eighth, ninth, and tenth year of Term, in an amount not to exceed ten percent (10%) of the Minimum Royalty payable during the immediately preceding year of the Term.

If you are a party to more than one Franchise Agreement with Franchisor, you are required to pay the Minimum Royalty due under each such Franchise Agreement for each Protected Territory.

All other provisions regarding Franchisee's payment obligations, including those related to Franchisee's Royalty or other fees, of the Franchise Agreements are hereby confirmed and ratified. Franchisor reserves the right, but not the obligation, to offer a royalty incentive programs for the benefit of qualifying franchisees. To qualify for such programs, Franchisee must satisfy Franchisor's then-current specifications and standards as provided in the Operations Manual or otherwise in writing by Franchisor. Franchisor reserves the right to modify, supplement, or terminate any royalty incentive programs upon notice to Franchisee.

4. **Opening Package.** Notwithstanding anything contained in Section 3.5 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate Opening Package under each Applicable Franchise Agreement. Franchisee shall pay a single Opening Package regardless of the number of Applicable Franchise Agreements executed.

5. **Brand Marketing Fee.** Notwithstanding anything contained in Section 3.6 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate Brand Marketing Fee under each Applicable Franchise Agreement. Franchisee shall pay a single Brand Marketing Fee regardless of the number of Applicable Franchise Agreements executed.

6. **Brand Fund.** Notwithstanding anything contained in Section 3.7 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate Brand Fund under each Applicable Franchise Agreement. Franchisee shall pay a single Brand Fund regardless of the number of Applicable Franchise Agreements executed.

7. **Technology Fee**. Notwithstanding anything contained in Section 3.8 of the Applicable Franchise Agreements, Franchisee will not be required to pay a separate Technology Fee under each Applicable Franchise Agreement. Instead, Franchisee shall pay a single Technology Fee regardless of the number of Applicable Franchise Agreements executed.

8. **Special Software Fee.** Notwithstanding anything contained in Section 3.9 of the Applicable Franchise Agreements, Franchisee will not be required to pay a separate Special Software Fee under each Applicable Franchise Agreement. Instead, Franchisee shall pay a single Special Software Fee

regardless of the number of Applicable Franchise Agreements executed.

9. **Contact Center Fee**. Notwithstanding anything contained in Section 3.10 of the Applicable Franchise Agreements, Franchisee will not be required to pay a separate Contact Center Fee under each Applicable Franchise Agreement. Instead, Franchisee shall pay a single Contact Center Fee regardless of the number of Applicable Franchise Agreements executed.

10. **Digital Management Fee.** Notwithstanding anything contained in Section 3.11 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate Digital Management Fee under each Applicable Franchise Agreement. Franchisee shall pay a single Digital Management Fee regardless of the number of Applicable Franchise Agreements executed.

11. **Accounting Services Fee.** Notwithstanding anything contained in Section 3.18 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate Accounting Services Fee under each Applicable Franchise Agreement. Franchisee shall pay a single Accounting Services Fee regardless of the number of Applicable Franchise Agreements executed.

12. **ZeePartnerships Fee.** Notwithstanding anything contained in Section 3.20 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate ZeePartnerships Fee under each Applicable Franchise Agreement. Franchisee shall pay a single ZeePartnerships Fee regardless of the number of Applicable Franchise Agreements executed.

13. **Approved Location**. Notwithstanding anything contained in Section 1.3 of the Applicable Franchise Agreements, Franchisee shall only be required to have one physical location that satisfies Franchisee's Approved Location requirement, if, and only if, Franchisee's Territories are contiguous.

14. **Default of Addendum Constitutes Default Under All Applicable Franchise Agreements**. In the event Franchisee breaches any of the provisions of this Addendum, such breach will constitute a material default of all Applicable Franchise Agreements and must be cured within 30 days from Franchisee's receipt of Franchisor's written notice of such breach as set forth in Section 15.4 of the Applicable Franchise Agreements. If Franchisee fails to cure such breaches within the prescribed period, Franchisor may, at its option, terminate one or more of the Applicable Franchise Agreements immediately upon providing written notice, or otherwise terminate Franchisee's Protected Territories.

15. **Ratification and Confirmation of the Applicable Franchise Agreements**. Except as amended by this Addendum, any and all other terms and conditions set forth in the Applicable Franchise Agreements are hereby ratified and confirmed as if fully restated herein, including without limitation, those provisions regarding dispute resolution and venue, which will also apply to any claims or disputes arising out of or related to this Addendum. All capitalized terms not specifically defined in this Addendum will be afforded the definition given to them in the Applicable Franchise Agreements.

16. **Entire Agreement**. The Applicable Franchise Agreements and this Addendum constitute the entire, full, and complete agreement between the parties concerning the subject matter set forth herein and supersede any and all prior agreements. In the event of a conflict between the terms of any Applicable Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control. This Addendum constitutes an amendment to all Applicable Franchise Agreements. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the representations made in the franchise disclosure document.

Signatures appear on following page.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Addendum the date and year first written above.

FRANCHISOR: **HPB PAINTING LLC** By: _____ Josh Skolnick, Managing Member	Date: _____
FRANCHISEE: _____ FRANCHISEE, individually	Date:_____

EXHIBIT I
to
HPB PAINTING LLC
FRANCHISE AGREEMENT

STATE SPECIFIC ADDENDA

ADDENDUM TO HPB PAINTING LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

   INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

   Except as provided above, the following applies 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 that is 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 ten years immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

   D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for a 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; this proviso intends that the non- waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by a franchisee": "You may terminate the agreement on any grounds available by law."

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum," and Item 17(w), titled "Choice of law":

   The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

ADDENDUM TO HPB PAINTING LLC
FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT,
AND ALL RELATED AGREEMENTS
REQUIRED BY THE STATE OF WASHINGTON

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Non solicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____ 20_____.

_____	_____
Signature of Franchisor Representative	Signature of Franchisee Representative
_____	_____
Title of Franchisor Representative	Title of Franchisee Representative

ADDENDUM TO HPB PAINTING LLC
FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF 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 FRANCHISE DISCLOSURE DOCUMENT.

The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 *et seq*., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 *et seq*. To the extent that the franchise disclosure document and/or Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

The following is added to Item 3 of the disclosure document:

> Neither HPB Painting LLC, nor any person identified in Item 2 of the disclosure document, is subject to any current effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, U.S.C.A., 78a et. seq., suspending or expelling such persons from membership in such association or exchange.

Item 17 of the disclosure document is supplemented by the following:

> California Business and Professions Code, Sections 20000 through 20043, provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
>
> You must sign a release if you renew or transfer your franchisee. California Corporations Code voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
>
> The Franchise Agreement contains a covenant not to compete that extends beyond the expiration or termination of the Agreement. This provision may not be enforceable under California law.
>
> Certain liquidated damages clauses are unenforceable under California Civil Code Section 1671.
>
> The Franchise Agreement requires application of the laws of Pennsylvania. This provision may not be enforceable under California law.
>
> The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 et seq.).
>
> The Franchise Agreement requires binding arbitration. The arbitration will take place in Bucks, County, PA, with each party bearing its own costs, unless rules for special hearings require otherwise. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section

20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the state of California.

Corporations Code 31512 provides that: "Any conditions, stipulation, or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of this law or any rule or order hereunder is void." The Franchise Agreement requires a shortened statute of limitations period. Pursuant to Corporations Code Section 31512, this provision is void, to the extent that it is inconsistent with the provisions of Corporations Code Sections 31303 and 31304.

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

Our Website can be found at www.groovyhues.com. 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.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A FRANCHISE DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

REGISTRATION OF THIS DISCLOSURE DOCUMENT DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER.

ADDENDUM TO HPB PAINTING LLC
FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, FRANCHISE DISCLOSURE QUESTIONNAIRE AND CERTIFICATION,
AND RELATED AGREEMENTS
REQUIRED BY THE STATE OF MARYLAND

This Addenda is an amendment to the Disclosure Document and Franchise Agreement. The following modifications are made to the Disclosure Document and the Franchise Agreement:

Item 17 of the Disclosure Document and any provision in the Franchise Agreement providing for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Item 17 of the Disclosure Document and sections of the Franchise Agreement requiring that you sign a general release as a condition of renewal, sale and assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

The Franchisee Disclosure Questionnaire and Certification attached as Exhibit J to the Franchise Disclosure Document does not apply to Maryland franchisees and should not be signed by Maryland franchisees.
The Franchise Agreement is revised to state that any claims under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Item 17 of the Disclosure Document and any provisions of the Franchise Agreement requiring you to file any lawsuit in a court outside the State of Maryland may not be enforceable under the Maryland Franchise Registration and Disclosure Law. Item 17v of the Disclosure Document and Section 18.6 of the Franchise Agreement are amended to state that you may sue in Maryland for claims under the Maryland Franchise Registration and Disclosure Law, to the minimum extent required by Maryland law.

Item 5 of the Disclosure Document and Section 3 of the Franchise Agreements are amended as follows: 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.

ACKNOWLEDGMENT:

It is agreed that the foregoing state law addendum supersedes any inconsistent portion of the Franchise Agreement dated the _____ day of _____, 20__, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as the state law remains in effect.

_____	_____
Franchisee Initial/Date	Franchisor's Initials/Date

ADDENDUM TO HPB PAINTING LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA

The Franchise Agreement is specifically amended as follows:

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et seq., the parties to the attached Franchise Agreement ("Agreement") agree as follows:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non- renewal of the Agreement.

As required by Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), Franchisor will reimburse Franchisee for any costs incurred by Franchisee in the defense of Franchisee's right to use the Marks, so long as Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non- renewal of the Agreement.

A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Section 80C.22.

The franchisee cannot consent to franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. *See* Minn. Rule 2860.4400J. A court will determine if a bond is required.

Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Any claims brought pursuant to the Minnesota Franchises Act, § 80.C.01 et seq. must be brought within 3 years after the cause of action accrues. To the extent that any provision of the Franchise Agreement imposes a different limitations period, the provision of the Act shall control.

Any checks that are dishonored due to insufficient funds are governed by Minnesota Statute 604.113, which limits the service charge imposed on the payee of the dishonored check to a $30 service charge. To the extent that any provision of the Franchise Agreement imposes a different service charge, Minnesota Statute 604.113 shall control.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any

applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

HPB Painting LLC	Franchisee:
By: _____	By: _____
Title: _____	Title: _____

ADDENDUM TO HPB PAINTING LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NORTH DAKOTA

For franchises and franchisees subject to the North Dakota Franchise Investment Law, the following information supersedes or supplements, as the case maybe, the corresponding disclosures in the main body of the text of the HPB Painting LLC Franchise Agreement.

1. Section 2.2.8 of the Franchise Agreement is hereby amended to provide that any provision requiring a franchisee to sign a general release upon renewal of a franchise agreement is deleted in its entirety.

2. Section 3.1 is amended as follows:

   Based on our financial statements and our duties to furnish goods and services, the North Dakota Securities Commissioner requires that we defer all initial franchise fees until we have fulfilled all of our pre-opening obligations to you under the Franchise Agreement and the franchisee has commenced during business pursuant to the franchise agreement.

3. Section 17.2 of the Franchise Agreement is hereby amended to add the following language:

   "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

4. Section 18.1 of the Franchise Agreement is hereby amended to add the following language:

   Any provision requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is void. These provisions are hereby amended to provide that the Franchise Agreement is to be construed according to the laws of North Dakota.

5. Section 18.2 of the Franchise Agreement is hereby amended to add the following language:

   Any provision requiring a franchisee to agree to mediation or courts outside of North Dakota has been determined to be unfair, unjust and inequitable within the intent of Section 51-19- 09 of the North Dakota Franchise Investment Law. These provisions are amended to provide the site of mediation or litigation must be agreeable to all parties and may not be remote from the franchisee's place of business.

6. Section 18.3 of the Franchise Agreement is hereby amended to add the following language:

   Any provision requiring a franchisee to agree that arbitration or mediation disputes are to be held in Nebraska has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is hereby amended to provide that the site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee's place of business.

7. Section 18.4 of the Franchise Agreement is hereby amended to add the following language:

   Any provision which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action

which is otherwise enforceable in North Dakota.

8. Section 18.9 of the Franchise Agreement is hereby amended to provide that the statute of limitations under North Dakota law will apply.

9. Section 18.10 of the Franchise Agreement are hereby amended to provide that any provision requiring a franchisee to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is void.

10. Section 18.11 of the Franchise Agreement is hereby amended to provide that any provision requiring a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is void.

11. Section 16.4 is hereby deleted in its entirety.

12. Section 22.8 of the Franchise Agreement is hereby amended to provide that any provision requiring a franchisee to pay all costs and expenses incurred by the franchisor in enforcing the Franchise Agreement is unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is amended to provide that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

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

_____ _____

Franchisee Initials/Date Franchisor's Initials/Date

ADDENDUM TO HPB PAINTING LLC
FRANCHISE DISCLOSURE DOCUMENT,
FRANCHISE AGREEMENT AND MULTI-UNIT AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS

Illinois law shall apply to and govern the Franchise Agreement and the Multi-Unit Agreement.

In conformance with Section 4 of the Illinois 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 out of Illinois.

Franchisees' right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

The following risk factor is added:

A National Account customer is a customer responsible for a business in more than one location. The franchisor has the exclusive right to negotiate and enter into agreements to provide services to National Account customers. You may be offered the opportunity to service a National Account. If you decline or are unable to service the account, the franchisor, an affiliate or another franchisee may provide the service with no compensation to you.

Item 5 of Franchise Disclosure Document—*Initial Franchise Fee*, and Section 3.1 of the Franchise Agreement—**Initial Franchise Fee**, are amended as follows:

Based on Franchisor's financial statements and Franchisor's duty to furnish goods and services, the Illinois Attorney General's Office requires that Franchisor defer all initial franchise fees until Franchisor has fulfilled all of Franchisor's pre-opening obligations to Franchisee under the Franchise Agreement and the Franchisee has commenced doing business pursuant to the Franchise Agreement. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

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

_____ _____

Franchisee Initials/Date Franchisor's Initials/Date

ADDENDUM TO HPB PAINTING LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF INDIANA

To the extent the Indiana Franchise Registration and Disclosure Law applies, the terms of this Addendum apply. Item 17, Additional Disclosures. The following statements are added to Item 17:

The laws of the State of Indiana supersede any provisions of the Franchise Agreement/ the other agreements or Nebraska law if such provisions are in conflict with Indiana law.

Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement issued in the State of Indiana.

Section 18.11 of the Franchise Agreement is hereby amended to provide that the statute of limitations provision under Indiana Deceptive Franchise Practices Act, IC 23-2-2.7-7 Limitations of Actions, shall apply.

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

ADDENDUM TO HPB PAINTING LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MAINE

NOTICE

1. As required by Maine law, we have secured a bond in the amount of $30,000 issued by SureTec Insurance Company, 2103 City West Boulevard, Suite 1300, Houston, Texas 77042. Before signing a contract to purchase a business opportunity, you should check with the surety company to determine the current status of the bond.

2. Pursuant to Maine statute you have the right to avoid the contract for purchase of this business opportunity within 3 business days following the signing of the contract. You should obtain and study a copy of the law regulating the sale of business opportunities before you attempt to avoid the contract. This law is found in the Maine Revised Statutes, Title 32, section 4698.

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

ADDENDUM TO HPB PAINTING LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NORTH CAROLINA

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

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

ADDENDUM TO HPB PAINTING LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF SOUTH CAROLINA

The State of South Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within forty-five (45) days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

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

ADDENDUM TO HPB PAINTING LLC
FRANCHISE AGREEMENT AND
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for HPB Painting LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default for termination state in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Section 3.1 of the Franchise Agreement is amended as follows:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

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

EXHIBIT J
to
HPB PAINTING LLC
FRANCHISE AGREEMENT

SECURED PROMISSORY NOTE AND GENERAL SECURITY AGREEMENT

Date: _____

Principal Amount: $_____

FOR VALUE RECEIVED, the Undersigned ("Borrower"), jointly and severally, promise to pay to the order of HPB PAINTING LLC, a Pennsylvania limited liability company ("HPB"), the principal sum of _____dollars ($_____), together with interest on the unpaid principal balance equal to the Prime Rate (as defined below) plus _____% ("Interest Rate"). "Prime Rate" means the U.S. prime interest rate as published in The Wall Street Journal on the date immediately preceding the date of this Business Note, or if not published on such date, the most recent such rate previously published in The Wall Street Journal. The Interest Rate will be adjusted on January 1, April 1, July 1, and October 1 of each year for which amounts are outstanding and owed under this Business Note to reflect the U.S. prime interest rate plus ___% on such date. Principal and interest shall be payable hereunder in consecutive equal monthly installments of _____ dollars ($_____) on the 1st day of each month beginning _____, 2024. The entire principal balance together with accrued but unpaid interest thereon shall be due and payable hereunder on _____, _____. Interest shall begin accruing on the date this Business Note is executed by the Borrower.

If Borrower fails to make any required monthly payment by the tenth day of the month in which such payment is due, in addition to the principal and interest outstanding and owed under this Business Note, Borrower shall pay to HPB a late payment fee equal to twenty-five dollars ($25.00) per month for each month until the required monthly payment is paid in full. In addition, if Borrower fails twice in any consecutive 12-month period to make required monthly payments by the tenth day of the month in which such payment is due, any and all amounts outstanding hereunder shall automatically bear interest from the date due until the principal and all accrued but unpaid interest and late fees are paid in full at the rate equal to the Prime Interest Rate plus ___%, with such rate not to exceed 18% ("Default Interest Rate"), without notice to Borrower. All amounts received by HPB shall be applied first to late payment charges and expenses, then to accrued interest, and then to principal or in any other order as determined by HPB, in HPB's sole discretion, as permitted by law.

Payment of both principal and interest shall be made at 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68144, or at such other place as HPB or the holder of this Business Note shall designate. Borrower shall make payments of all amounts due under this Business Note by check, but such payments shall be accepted subject to collection and, at HPB's option, shall be deemed received only when collected.

This Business Note may be prepaid in whole or in part, without premium, from time to time on the date that any installment comes due, with minimum partial payments of $100.00 or any multiple thereof. No prepayments of this Business Note shall affect the obligation of Borrower to make the payments of installments of the principal and interest required by the first paragraph hereof until this Business Note shall have been paid in full. After the maturity of this Business Note (whether by acceleration or otherwise), interest shall accrue on the principal balance at the rate of 18% per annum or the maximum rate permitted by applicable law.

To secure payment of this Business Note, Borrower grants and pledges to HPB a security interest

in the following property with standard attachments and all additions and accessions thereto and any proceeds there from (hereinafter called the "collateral"): any and all assets of the business known as _____presently existing or hereafter acquired, including, but not limited to, equipment, inventory, fixtures, accounts receivable, contracts, checking and savings accounts, leasehold interests, products and all proceeds of any thereof until this Business Note is satisfied in full.

On default hereunder and at any time thereafter, HPB may declare all of the obligations under this Business Note immediately due and payable and shall have the remedies of a secured party under the provisions of the Uniform Commercial Code. HPB shall give to Borrower reasonable notice of the time and place of any public sale thereof or of the time at which any private sale or any other intended disposition is to be made. The requirement of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Borrower shown on this Business Note at least 30 days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling, or the like shall include reasonable attorneys' fees and legal expenses incurred by HPB or holder.

The occurrence of any one or more of the following shall be deemed to be an event of default hereunder:

A. Failure of Borrower to pay any installment of principal or interest when due; o

B. The filing of any petition by Borrower or against Borrower under the Federal Bankruptcy Act as now or hereafter in force for any relief based upon an allegation of Borrower's insolvency, or the adjudication of Borrower as a bankrupt under such Act; or

C. The filing of a petition against Borrower for reorganization of Borrower under the Federal Bankruptcy Act as now or hereafter in force, and the approval of such petition by any United States District Court or United States Bankruptcy Court; or

D. The execution and delivery by Borrower of a general assignment for the benefit of creditors; or

E. The appointment of a receiver for Borrower by a court of competent jurisdiction, which appointment shall not have been vacated within a period of 30 days after the date of the appointment of such receiver; or

F. Insolvency of Borrower. Insolvency shall be defined as, when the current liabilities, less payables due HPB, exceed the current assets of Borrower, as determined by generally accepted accounting principles; or

G. Failure of Borrower to maintain on a current basis Borrower's account with HPB. A current basis is maintained when (1) payments are made within 30 days after charges are billed, where applicable, and (2) a monthly report is submitted and fees paid thereon in the calendar month following the month for which the report is filed; or

H. Failure to cure, within applicable grace periods, any breach of Borrower's Franchise Agreement(s) with HPB.

Borrower shall submit to HPB, until this Business Note be paid in full, an annual Balance Sheet(s) and Profit & Loss Statement(s).

No waiver by HPB of any default on the part of Borrower, and no practice of the parties at variance with the terms hereof shall constitute a waiver of any subsequent default of the same or different terms,

covenants or conditions hereof.

It is the intention of Borrower and HPB to conform strictly to all applicable usury laws now or hereafter in force, and any interest payable under this Business Note shall be subject to reduction to the amount not in excess of the maximum legal amount allowed under the applicable usury laws as now or hereafter construed by the courts having jurisdiction over such matters. Interest, as defined by applicable law, may never include more than the maximum amount permitted by applicable law, statute, rule or regulation, computed from the date hereof until payment, and any interest in excess of the maximum amount permitted by applicable law, statute, rule or regulation shall be canceled automatically and, if theretofore paid, shall at the option of HPB hereof either to be rebated to Borrower or credited on the principal amount of this Business Note, or if this Business Note has been paid, then the excess shall be rebated to Borrower.

HPB shall be entitled to recover all costs and expenses, including reasonable attorneys' fees, incurred or paid by HPB in enforcing or defending any action relating to this Business Note, whether or not suit is filed.

Wherever "HPB" is referred to herein, it shall be deemed to refer to HPB or any other assignee or subsequent holder of this Business Note.

The laws of the Commonwealth of Pennsylvania shall govern the construction of this Business Note. Notwithstanding anything to the contrary contained herein, it is agreed that, if a court of competent jurisdiction determines that the payment of interest or other charges pursuant to this Business Note shall require the payment of an amount in excess interest shall at the election of HPB, be either applied as a credit against the principal balance or refunded to the Borrower; it being the intention of the Parties that this Business Note comply with applicable usury laws. This Business Note is dated as of the date first set forth above.

BORROWER:

_____

_____	_____
Signature	Signature
_____	_____
Individual, Partner, or Officer	Second Partner
Home Phone #(____) _____ - _____	Home Phone #(__) _____ - _____

Name of Franchise HPB PAINTING LLC

Street Address:

2525 N. 117th Avenue, Third Floor
Omaha, NE 68144

Exhibit C
to
HPB Painting LLC
Franchise Disclosure Document

Multi-Unit Addendum

MULTI-UNIT ADDENDUM

THIS MULTI-UNIT ADDENDUM (the "Addendum") is made and entered into this ____ day of MONTH, 2025, by and between HPB Painting LLC, a Pennsylvania limited liability company with an address at 2525 N. 117th Avenue, Omaha, Nebraska 68164 ("Franchisor"), and _____, an individual with an address at _____, which is identified more fully in the attached Data Sheet ("Franchisee").

BACKGROUND

A. Contemporaneous with the execution of this Addendum, Franchisee and Franchisor have entered into those certain _____ franchise agreements (collectively, the "Applicable Franchise Agreements") pursuant to which Franchisee obtained the right and undertook the obligation to operate Groovy Hues franchised businesses within the territories defined therein (each a "Franchised Business").

B. Each Franchised Business will operate within a designated protected territory wherein Franchisee is required to actively promote and operate the Franchised Businesses (collectively, the territories granted under the Applicable Franchise Agreements will be referred to as the "Protected Territories").

C. Franchisor expects that Franchisee will operate the Franchised Business from a single Approved Location using the same vehicles, supplies, equipment and inventory as required by Franchisor.

D. The parties now wish to amend certain provisions of the Applicable Franchise Agreements pursuant to the terms and conditions set forth in this Addendum.

AGREEMENT

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Multi-Unit Initial Franchise Fees**. Notwithstanding anything contained in Section 3.1 of the Applicable Franchise Agreements, Franchisee will not be required to pay Franchisor an Initial Franchise Fee under any Applicable Franchise Agreement. Instead, Franchisee shall pay Franchisor lump-sum multi-unit Initial Franchisee Fee as follows (the "Multi-Unit Initial Franchise Fee"):

Number of Territories	Cumulative Initial Franchise Fees	Individual Franchise Fee	Cumulative General Population
1	$59,500	$59,500	200,000
2	$99,500	$40,000	400,000
3	$134,500	$35,000	600,000
4	$164,500	$30,000	800,000
5	$194,500	$30,000	1,000,000

The entire Multi-Unit Initial Franchise Fee must be paid upon execution of the Applicable Franchise Agreements and this Addendum, and this fee is deemed fully earned upon payment and non-refundable under any circumstances.

2. **Initial Training Program**. Franchisee is only required to attend and complete Franchisor's Initial

Training Program described more fully in Section 8.1 of the Applicable Franchise Agreements, respectively, once in connection with the Franchised Businesses governed by this Addendum. All other provisions regarding Franchisee's training obligations in the Applicable Franchise Agreements are hereby ratified and confirmed.

3. **Minimum Royalty Fee.** The monthly Minimum Royalty is: (i) $500 per month for the period beginning on the one-year anniversary of the Effective Date and continuing through the remainder of the Term. Notwithstanding the foregoing, after the expiration of the fifth year of the Term, Franchisor has the right to increase the monthly Minimum Royalty for each of the sixth, seventh, eighth, ninth, and tenth year of Term, in an amount not to exceed ten percent (10%) of the Minimum Royalty payable during the immediately preceding year of the Term.

If you are a party to more than one Franchise Agreement with Franchisor, you are required to pay the Minimum Royalty due under each such Franchise Agreement for each Protected Territory.

All other provisions regarding Franchisee's payment obligations, including those related to Franchisee's Royalty or other fees, of the Franchise Agreements are hereby confirmed and ratified. Franchisor reserves the right, but not the obligation, to offer a royalty incentive programs for the benefit of qualifying franchisees. To qualify for such programs, Franchisee must satisfy Franchisor's then-current specifications and standards as provided in the Operations Manual or otherwise in writing by Franchisor. Franchisor reserves the right to modify, supplement, or terminate any royalty incentive programs upon notice to Franchisee.

4. **Opening Package.** Notwithstanding anything contained in Section 3.5 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate Opening Package under each Applicable Franchise Agreement. Franchisee shall pay a single Opening Package regardless of the number of Applicable Franchise Agreements executed.

5. **Brand Marketing Fee.** Notwithstanding anything contained in Section 3.6 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate Brand Marketing Fee under each Applicable Franchise Agreement. Franchisee shall pay a single Brand Marketing Fee regardless of the number of Applicable Franchise Agreements executed.

6. **Brand Fund.** Notwithstanding anything contained in Section 3.7 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate Brand Fund under each Applicable Franchise Agreement. Franchisee shall pay a single Brand Fund regardless of the number of Applicable Franchise Agreements executed.

7. **Technology Fee**. Notwithstanding anything contained in Section 3.8 of the Applicable Franchise Agreements, Franchisee will not be required to pay a separate Technology Fee under each Applicable Franchise Agreement. Instead, Franchisee shall pay a single Technology Fee regardless of the number of Applicable Franchise Agreements executed.

8. **Special Software Fee.** Notwithstanding anything contained in Section 3.9 of the Applicable Franchise Agreements, Franchisee will not be required to pay a separate Special Software Fee under each Applicable Franchise Agreement. Instead, Franchisee shall pay a single Special Software Fee regardless of the number of Applicable Franchise Agreements executed.

9. **Contact Center Fee**. Notwithstanding anything contained in Section 3.10 of the Applicable Franchise Agreements, Franchisee will not be required to pay a separate Contact Center Fee under each Applicable Franchise Agreement. Instead, Franchisee shall pay a single Contact Center Fee regardless

of the number of Applicable Franchise Agreements executed.

10. **Digital Management Fee.** Notwithstanding anything contained in Section 3.11 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate Digital Management Fee under each Applicable Franchise Agreement. Franchisee shall pay a single Digital Management Fee regardless of the number of Applicable Franchise Agreements executed.

11. **Accounting Services Fee.** Notwithstanding anything contained in Section 3.18 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate Accounting Services Fee under each Applicable Franchise Agreement. Franchisee shall pay a single Accounting Services Fee regardless of the number of Applicable Franchise Agreements executed.

12. **ZeePartnerships Fee.** Notwithstanding anything contained in Section 3.20 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate ZeePartnerships Fee under each Applicable Franchise Agreement. Franchisee shall pay a single ZeePartnerships Fee regardless of the number of Applicable Franchise Agreements executed.

13. **Approved Location**. Notwithstanding anything contained in Section 1.3 of the Applicable Franchise Agreements, Franchisee shall only be required to have one physical location that satisfies Franchisee's Approved Location requirement, if, and only if, Franchisee's Territories are contiguous.

14. **Default of Addendum Constitutes Default Under All Applicable Franchise Agreements**. In the event Franchisee breaches any of the provisions of this Addendum, such breach will constitute a material default of all Applicable Franchise Agreements and must be cured within 30 days from Franchisee's receipt of Franchisor's written notice of such breach as set forth in Section 15.4 of the Applicable Franchise Agreements. If Franchisee fails to cure such breaches within the prescribed period, Franchisor may, at its option, terminate one or more of the Applicable Franchise Agreements immediately upon providing written notice, or otherwise terminate Franchisee's Protected Territories.

15. **Ratification and Confirmation of the Applicable Franchise Agreements**. Except as amended by this Addendum, any and all other terms and conditions set forth in the Applicable Franchise Agreements are hereby ratified and confirmed as if fully restated herein, including without limitation, those provisions regarding dispute resolution and venue, which will also apply to any claims or disputes arising out of or related to this Addendum. All capitalized terms not specifically defined in this Addendum will be afforded the definition given to them in the Applicable Franchise Agreements.

16. **Entire Agreement**. The Applicable Franchise Agreements and this Addendum constitute the entire, full, and complete agreement between the parties concerning the subject matter set forth herein and supersede any and all prior agreements. In the event of a conflict between the terms of any Applicable Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control. This Addendum constitutes an amendment to all Applicable Franchise Agreements. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the representations made in the franchise disclosure document.

Signatures appear on following page.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Addendum the date and year first written above.

FRANCHISOR: **HPB PAINTING LLC** By: _____ Josh Skolnick, Managing Member	Date: _____
FRANCHISEE: _____ FRANCHISEE, individually	Date:_____

Exhibit D
to
HPB Painting LLC
Franchise Disclosure Document

State Specific Addenda

ADDENDUM TO HPB PAINTING LLC
FRANCHISE DISCLOSURE DOCUMENT &
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF 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 FRANCHISE DISCLOSURE DOCUMENT.

The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 *et seq*., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 *et seq*. To the extent that the franchise disclosure document and/or Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

The following is added to Item 3 of the disclosure document:

Neither HPB Painting LLC, nor any person identified in Item 2 of the disclosure document, is subject to any current effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, U.S.C.A., 78a et. seq., suspending or expelling such persons from membership in such association or exchange.

Item 17 of the disclosure document is supplemented by the following:

California Business and Professions Code, Sections 20000 through 20043, provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

You must sign a release if you renew or transfer your franchisee. California Corporations Code voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

The Franchise Agreement contains a covenant not to compete that extends beyond the expiration or termination of the Agreement. This provision may not be enforceable under California law.

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

Certain liquidated damages clauses are unenforceable under California Civil Code Section 1671.

The Franchise Agreement requires application of the laws of Pennsylvania. This provision may not be enforceable under California law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 et seq.).

The Franchise Agreement requires binding arbitration. The arbitration will take place in Bucks, County, PA, with each party bearing its own costs, unless rules for special hearings require otherwise. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the state of California.

Corporations Code 31512 provides that: "Any conditions, stipulation, or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of this law or any rule or order hereunder is void." The Franchise Agreement requires a shortened statute of limitations period. Pursuant to Corporations Code Section 31512, this provision is void, to the extent that it is inconsistent with the provisions of Corporations Code Sections 31303 and 31304.

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

Our Website can be found at www.groovyhues.com. 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.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A FRANCHISE DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

REGISTRATION OF THIS DISCLOSURE DOCUMENT DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER.

ADDENDUM TO HPB PAINTING LLC
FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT
AND MULTI-UNIT AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS

Illinois law shall apply to and govern the Franchise Agreement and the Multi-Unit Agreement.

In conformance with Section 4 of the Illinois 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 out of Illinois.

Franchisees' right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

The following risk factor is added:

A National Account customer is a customer responsible for a business in more than one location. The franchisor has the exclusive right to negotiate and enter into agreements to provide services to National Account customers. You may be offered the opportunity to service a National Account. If you decline or are unable to service the account, the franchisor, an affiliate or another franchisee may provide the service with no compensation to you.

Item 5 of Franchise Disclosure Document—*Initial Franchise Fee*, and Section 3.1 of the Franchise Agreement—**Initial Franchise Fee**, are amended as follows:

Based on Franchisor's financial statements and Franchisor's duty to furnish goods and services, the Illinois Attorney General's Office requires that Franchisor defer all initial franchise fees until Franchisor has fulfilled all of Franchisor's pre-opening obligations to Franchisee under the Franchise Agreement and the Franchisee has commenced doing business pursuant to the Franchise Agreement. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

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

Franchisee Initials/Date	Franchisor's Initials/Date

ADDENDUM TO HPB PAINTING LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF INDIANA

To the extent the Indiana Franchise Registration and Disclosure Law applies, the terms of this Addendum apply. Item 17, Additional Disclosures. The following statements are added to Item 17:

The laws of the State of Indiana supersede any provisions of the Franchise Agreement/ the other agreements or Nebraska law if such provisions are in conflict with Indiana law.

Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement issued in the State of Indiana.

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

ADDENDUM TO HPB PAINTING LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MAINE

NOTICE

1. As required by Maine law, we have secured a bond in the amount of $30,000 issued by SureTec Insurance Company, 2103 City West Boulevard, Suite 1300, Houston, Texas 77042. Before signing a contract to purchase a business opportunity, you should check with the surety company to determine the current status of the bond.

2. Pursuant to Maine statute you have the right to avoid the contract for purchase of this business opportunity within 3 business days following the signing of the contract. You should obtain and study a copy of the law regulating the sale of business opportunities before you attempt to avoid the contract. This law is found in the Maine Revised Statutes, Title 32, section 4698.

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

ADDENDUM TO HPB PAINTING LLC
FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, FRANCHISE DISCLOSURE QUESTIONNAIRE AND CERTIFICATION,
AND RELATED AGREEMENTS
REQUIRED BY THE STATE OF MARYLAND

This Addenda is an amendment to the Disclosure Document and Franchise Agreement. The following modifications are made to the Disclosure Document and the Franchise Agreement:

Item 17 of the Disclosure Document and any provision in the Franchise Agreement providing for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Item 17 of the Disclosure Document and sections of the Franchise Agreement requiring that you sign a general release as a condition of renewal, sale and assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

The Franchisee Disclosure Questionnaire and Certification attached as Exhibit J to the Franchise Disclosure Document does not apply to Maryland franchisees and should not be signed by Maryland franchisees.

The Franchise Agreement is revised to state that any claims under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Item 17 of the Disclosure Document and any provisions of the Franchise Agreement requiring you to file any lawsuit in a court outside the State of Maryland may not be enforceable under the Maryland Franchise Registration and Disclosure Law. Item 17v of the Disclosure Document and Section 18.6 of the Franchise Agreement are amended to state that you may sue in Maryland for claims under the Maryland Franchise Registration and Disclosure Law, to the minimum extent required by Maryland law.

Item 5 of the Disclosure Document and Section 3 of the Franchise Agreements are amended as follows: 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.

ACKNOWLEDGMENT:

It is agreed that the foregoing state law addendum supersedes any inconsistent portion of the Franchise Agreement dated the ____ day of _____, 20_, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as the state law remains in effect.

Franchisee Initials/Date	Franchisor's Initials/Date

ADDENDUM TO HPB PAINTING LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MINNESOTA

In accordance with the requirements of the state of Minnesota the following disclosure should be read in conjunction with the Disclosure Document. Any inconsistency with the information contained in the Disclosure Document will be resolved in favor of this Minnesota Addendum.

1. Item 13 **Trademarks** is amended by adding the following:

   As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any of your costs incurred in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by us, and so long as we are timely notified of the claim and are given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. Item 17 **Renewal, Termination, Transfer and Dispute Resolution** is amended by adding the following:

   A. **Renewal and Termination**
   With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement.

   B. **Choice of Forum**
   Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

   C. **Releases**
   A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.22.

Any checks that are dishonored due to insufficient funds are governed by Minnesota Statute 604.113, which limits the service charge imposed on the payee of the dishonored check to a $30 service charge. To the extent that any provision of the Franchise Disclosure Document imposes a different service charge, Minnesota Statute 604.113 shall control.

These franchises have been registered under the Minnesota Franchise Act, registration does not constitute approval, recommendation, or endorsement by the Commissioner of Commerce of Minnesota or a finding by the Commissioner that the information provided herein is true, complete, and not misleading.

The Minnesota Franchise Act makes it unlawful to offer or sell any franchise in this state which is subject to registration without first providing to the franchisee, at least 7 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 7 days prior to the payment

of any consideration, by the franchisee, whichever occurs first, a copy of this Disclosure Document, together with a copy of all proposed agreements relating to the franchise. This Disclosure Document contains a summary only of certain material provisions of the Franchise Agreement. The contract or agreement should be referred to for an understanding of all rights and obligations of both the franchisor and the franchisee.

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

ADDENDUM TO HPB PAINTING LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA

The Franchise Agreement is specifically amended as follows:

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et seq., the parties to the attached Franchise Agreement ("Agreement") agree as follows:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non- renewal of the Agreement.

As required by Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), Franchisor will reimburse Franchisee for any costs incurred by Franchisee in the defense of Franchisee's right to use the Marks, so long as Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non- renewal of the Agreement.

A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Section 80C.22.

The franchisee cannot consent to franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. *See* Minn. Rule 2860.4400J. A court will determine if a bond is required.

Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Any claims brought pursuant to the Minnesota Franchises Act, § 80.C.01 et seq. must be brought within 3 years after the cause of action accrues. To the extent that any provision of the Franchise Agreement imposes a different limitations period, the provision of the Act shall control.

Any checks that are dishonored due to insufficient funds are governed by Minnesota Statute 604.113, which limits the service charge imposed on the payee of the dishonored check to a $30 service charge. To the extent that any provision of the Franchise Agreement imposes a different service charge, Minnesota Statute 604.113 shall control.

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

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

HPB Painting LLC	**Franchisee:** _____
By: _____	By: _____
Title: _____	Title: _____

ADDENDUM TO HPB PAINTING LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

   INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

   Except as provided above, the following applies 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 that is 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 ten years immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

   D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for a 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; this proviso intends that the non- waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by a franchisee": "You may terminate the agreement on any grounds available by law."

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum," and Item 17(w), titled "Choice of law":

> The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

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

Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

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ADDENDUM TO HPB PAINTING LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NORTH CAROLINA

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

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

ADDENDUM TO HPB PAINTING LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51- 19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Disclosure Document for HPB Painting LLC shall be amended by the addition of the following language:

1. Item 5 is amended by the following:

   Based on our financial statements and our duties to furnish goods and services, the North Dakota Securities Commissioner requires that we defer all initial franchise fees until we have fulfilled all of our pre-opening obligations to you under the Franchise Agreement and the franchisee has commenced during business pursuant to the franchise agreement.

2. Item 17: The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, North Dakota Century Code ("N.D.C.C"):

   A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06 N.D.C.C., without further disclosing that such covenants will be subject to this statute.

   B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to mediate or arbitrate disputes at a location that is remote from the site of the franchisee's business.

   C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

   D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

   E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

   F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

   G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

   H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

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

Franchisee Initials/Date

Franchisor's Initials/Date

ADDENDUM TO HPB PAINTING LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NORTH DAKOTA

For franchises and franchisees subject to the North Dakota Franchise Investment Law, the following information supersedes or supplements, as the case maybe, the corresponding disclosures in the main body of the text of the HPB Painting LLC Franchise Agreement.

1. Section 2.2.8 of the Franchise Agreement is hereby amended to provide that any provision requiring a franchisee to sign a general release upon renewal of a franchise agreement is deleted in its entirety.

2. Section 3.1 is amended as follows:

   Based on our financial statements and our duties to furnish goods and services, the North Dakota Securities Commissioner requires that we defer all initial franchise fees until we have fulfilled all of our pre-opening obligations to you under the Franchise Agreement and the franchisee has commenced during business pursuant to the franchise agreement.

3. Section 17.2 of the Franchise Agreement is hereby amended to add the following language: "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

4. Section 18.1 of the Franchise Agreement is hereby amended to add the following language:

   Any provision requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is void. These provisions are hereby amended to provide that the Franchise Agreement is to be construed according to the laws of North Dakota.

5. Section 18.2 of the Franchise Agreement is hereby amended to add the following language:

   Any provision requiring a franchisee to agree to mediation or courts outside of North Dakota has been determined to be unfair, unjust and inequitable within the intent of Section 51-19- 09 of the North Dakota Franchise Investment Law. These provisions are amended to provide the site of mediation or litigation must be agreeable to all parties and may not be remote from the franchisee's place of business.

6. Section 18.3 of the Franchise Agreement is hereby amended to add the following language:

   Any provision requiring a franchisee to agree that arbitration or mediation disputes are to be held in Nebraska has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is hereby amended to provide that the site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee's place of business.

7. Section 18.4 of the Franchise Agreement is hereby amended to add the following language:

   Any provision which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

8. Section 18.9 of the Franchise Agreement is hereby amended to provide that the statute of limitations under North Dakota law will apply.

9. Section 18.10 of the Franchise Agreement are hereby amended to provide that any provision requiring a franchisee to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is void.

10. Section 18.11 of the Franchise Agreement is hereby amended to provide that any provision requiring a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19- 09 of the North Dakota Franchise Investment Law and is void.

11. Section 16.4 is hereby deleted in its entirety.

12. Section 22.8 of the Franchise Agreement is hereby amended to provide that any provision requiring a franchisee to pay all costs and expenses incurred by the franchisor in enforcing the Franchise Agreement is unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is amended to provide that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

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

_____ _____

Franchisee Initials/Date Franchisor's Initials/Date

ADDENDUM TO HPB PAINTING LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF SOUTH CAROLINA

The State of South Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within forty-five (45) days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

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

ADDENDUM TO HPB PAINTING LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for HPB Painting LLC for use in the Commonwealth of

Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default for termination state in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Item 5 of the Franchise Disclosure Document is amended as follows:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

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

ADDENDUM TO HPB PAINTING LLC
FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT,
AND ALL RELATED AGREEMENTS
REQUIRED BY THE STATE OF WASHINGTON

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under

any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Non solicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____ 20_____.

_____	_____
Signature of Franchisor Representative	Signature of Franchisee Representative
_____	_____
Title of Franchisor Representative	Title of Franchisee Representative

Exhibit E
to
HPB Painting LLC
Franchise Disclosure Document

Financial Statements

HPB Painting LLC

d/b/a Groovy Hues Peace Love Paint Powerwash

Independent Auditor's Report and Financial Statements

December 31, 2024

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Forvis Mazars, LLP
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Independent Auditor's Report

To the Members and Management
HPB Painting LLC
Omaha, Nebraska

Opinion

We have audited the financial statements of HPB Painting LLC d/b/a Groovy Hues Peace Love Paint Powerwash (the Company), which comprise the balance sheet as of December 31, 2024, and the related statements of operations, members' deficit, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of HPB Painting LLC d/b/a Groovy Hues Peace Love Paint Powerwash as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

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

Forvis Mazars, LLP

Lincoln, Nebraska
April 29, 2025

HPB Painting LLC
d/b/a Groovy Hues Peace Love Paint Powerwash
Balance Sheet
December 31, 2024

ASSETS	
Current Assets	
Cash	$ 238,956
Accounts receivable, net	204,003
Other current assets	36,725
Prepaid franchise commissions, current portion	314,527
Notes receivable, current portion	6,351
Total current assets	800,562
Prepaid Franchise Commissions, Net of Current Portion	604,547
Notes Receivable, Net of Current Portion	28,649
Total assets	$ 1,433,758
LIABILITIES AND MEMBERS' DEFICIT	
Current Liabilities	
Accounts payable and accrued expenses	$ 26,290
Due to related parties	98,207
Deferred franchise fee revenue, current portion	547,901
Total current liabilities	672,398
Deferred Franchise Fee Revenue, Net of Current Portion	1,078,115
Total liabilities	1,750,513
Members' Deficit	(316,755)
Total liabilities and members' deficit	$ 1,433,758

HPB Painting LLC
d/b/a Groovy Hues Peace Love Paint Powerwash
Statement of Operations
Year Ended December 31, 2024

Revenues	
Franchise revenues	$ 710,755
Royalties	275,648
Other service fees	326,988
	1,313,391
Cost of Revenue	
Franchise consulting commissions	312,154
Cost of sales	104,696
	416,850
Gross Profit	896,541
Operating Expenses	
Advertising	228,608
General and administrative	2,464,443
Loss on franchise terminations	14,000
	2,707,051
Operating Loss	(1,810,510)
Other Income (Expense)	
Interest income	700
Loss on disposal of asset	(24,474)
	(23,774)
Net Loss	$ (1,834,284)

HPB Painting LLC
d/b/a Groovy Hues Peace Love Paint Powerwash
Statement of Members' Deficit
Year Ended December 31, 2024

Balance, January 1, 2024	$ (417,471)
Net loss	(1,834,284)
Members' contributions	1,935,000
Balance, December 31, 2024	$ (316,755)

HPB Painting LLC
d/b/a Groovy Hues Peace Love Paint Powerwash
Statement of Cash Flows
Year Ended December 31, 2024

Operating Activities	
Net loss	$ (1,834,284)
Item not requiring cash	
Depreciation expense	10,280
Loss on sale of asset	24,474
Changes in	
Accounts receivable	154,316
Other current assets	(11,226)
Prepaid franchise commissions	59,432
Accounts payable and accrued expenses	4,038
Due to related parties	23,261
Deferred service fee revenue	(69,666)
Deferred franchise fee revenue	(222,756)
Net cash used in operating activities	(1,862,131)
Investing Activities	
Proceeds on sale of asset	47,574
Advances on notes receivable	(35,000)
Cash provided by investing activities	12,574
Financing Activities	
Members' contributions	1,935,000
Cash provided by financing activities	1,935,000
Increase in Cash	85,443
Cash, Beginning of Year	153,513
Cash, End of Year	$ 238,956

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

HPB Painting LLC was formed on October 7, 2021 in the Commonwealth of Pennsylvania. The Company is a franchisor of independent franchisees and grants qualified individuals the right to operate a business that specializes in commercial and residential painting and power washing products and services under the Groovy Hues Peace Love Paint Powerwash trade name.

Use of Estimates

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

Cash

The Company maintains cash balances at several financial institutions, the balance of which may exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2024, the Company's bank balances did not exceed federally insured limits.

Accounts and Notes Receivable

Accounts receivable are stated at the amount of consideration from customers of which the Company has an unconditional right to receive plus any accrued and unpaid interest. The Company provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts. The Company recorded an allowance for credit losses in the amount of $100,495 at December 31, 2024.

Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Notes receivable are stated at the outstanding principal amount. The Company, if necessary, provides an allowance for credit loss on notes, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts. Outstanding notes accrue interest based on the terms of the respective note agreements. A note receivable is considered delinquent when the debtor has missed three or more payments. At that time, the note is placed on nonaccrual status and interest accrual ceases and does not resume until the note is no longer classified as delinquent. Delinquent notes are written off based on individual credit evaluation and specific circumstances of the borrower. There was no allowance for credit loss on notes recorded as of December 31, 2024.

Prepaid Franchise Commissions

In connection with entering into new franchise agreements with franchisees, the Company pays specified commissions to third parties for services provided to facilitate the execution of the franchise agreement. These commissions are deferred and amortized into expense in future periods over the life of the franchise agreement. The franchise agreement terms are generally ten years.

Deferred Revenue

Revenue from franchise fees collected under the franchise agreements are initially deferred and recognized as revenue over the term of the franchise agreement, which is generally ten years. Revenue for certain other services performed by the Company on an annual basis under the franchise agreements are initially deferred and recognized as revenue ratably over a 12 month period as the services are performed.

Revenue Recognition

The Company generates revenue from the sale of franchise licenses under various agreements. The initial franchise fee is due at signing and is earned based on the recognition of specific performance obligations. The Company can charge various other fees as outlined in the Franchise Disclosure Document. Revenue from royalties is recognized in the period in which the underlying sale occurs.

The Company accounts for revenue under the provisions of Financial Accounting Standards Board (FASB) ASC 606 and Accounting Standards Update 2021-02, *Franchisors – Revenue from Contracts with Customers.* The practical expedients under ASU 2021-02 aim to simplify the application for identifying performance obligations by permitting franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license. The Company has elected to apply the practical expedients under ASU 2021-02.

Income Taxes

The Company's members have elected to have the Company's income taxed as a partnership under provisions of the Internal Revenue Code and a similar section of the Nebraska income tax law. Therefore, taxable income or loss is reported to the individual members for inclusion in their respective tax returns and no provision for federal and state income taxes is included in these financial statements.

Limitation of Liability

The Company is a limited liability company, therefore no member, agent or employee of the Company shall be personally liable for the debts, obligations or liabilities of the Company, whether arising in contract, tort or otherwise, or for the acts or omissions of any other member, director, manager, agent or employee of the Company. As a limited liability company, the members' liability is limited to amounts reflected in their member equity accounts.

Note 2. Revenue from Contracts with Customers

Franchise Fees

Upon the execution of a franchise agreement, the franchisee will pay the Company an initial franchise fee, which varies based on the number of territories covered under the franchise agreement. Revenue from franchise fees is recognized ratably over the franchise agreement term, which is generally ten years.

A franchise agreement can be terminated through a breach of contract by the franchisee, insolvency of the franchisee, or through mutual agreement between the franchisee and the Company. In the event of a franchise termination, the Company considers the original contract to be complete and recognizes all remaining revenue that was initially deferred upon contract commencement. For the year ending December 31, 2024, franchise fee revenue was comprised of the following components:

Revenue recognized ratably over the franchise term	$	311,448
Revenue recognized from franchise terminations		399,307
Total	$	710,755

Variable Consideration

Franchise agreements contain variable considerations in the form of royalty, technology, software, and lead generation. These fees are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

Contract Balances

The following table provides information about the Company's receivables, contract assets and contract liabilities from contracts with customers as of December 31, 2024:

Accounts receivable, beginning of year	$	358,319
Accounts receivable, end of year		204,003
Contract liabilities, beginning of year	$	1,918,438
Contract liabilities, end of year		1,626,016

The Company has no contract assets as of December 31, 2024.

Accounting Policies and Practical Expedients Elected

The Company is applying an accounting policy election, which allows an entity to exclude from revenue any amounts collected from customers on behalf of third parties, such as sales taxes and other similar taxes the Company collects concurrent with revenue-producing activities. Therefore, revenue is presented net of sales taxes and similar revenue-based taxes.

For incremental costs of obtaining a contract, the Company elected a practical expedient, which permits an entity to recognize incremental costs to obtain a contract as an expense when incurred if the amortization period is less than one year. This election had an immaterial effect on the Company's financial statements.

Note 3. Notes Receivable

The Company has a promissory note with a franchisee in the amount of $35,000 which calls for equal monthly installments of $871 on the first day of each month beginning in March 2025, through February 1, 2029. The note bears interest at the U.S. Prime Rate plus 1%, adjusted quarterly (9.0% at December 31, 2024). The note is without collateral.

Note 4. Related Party Transactions

The Company has an affiliate, SVHB Marketing, LLC, a Pennsylvania limited liability company formed on May 13, 2020. All individuals performing services for the Company are employed by SVHB Marketing, LLC, and the Company recognizes a direct compensation expense for those individuals from SVHB Marketing, LLC, which totaled $757,258 for the year ending December 31, 2024. At December 31, 2024, due to related parties includes $54,322 for amounts owed to SVHB Marketing, LLC for these expenses.

The Company has several affiliates that collectively operate under the trade name of Horsepower Brands. During the course of operations, some affiliates may often pay certain costs on behalf of the Company, which are allocated to the Company and other affiliates or directly reimbursed. Costs allocated to the Company, from these other affiliates for the year ending December 31, 2024 totaled approximately $1,294,000. At December 31, 2024, due to related parties includes $30,460 for these charges.

The Company has an affiliate that operates under the trade name Horsepower Nation. This affiliate provides internal broker services to the brands and allocates costs for the procurement of franchisees. For the year ending December 31, 2024, franchise commissions from Horsepower Nation totaled $344,822. At December 31, 2024, $13,425 was owed to Horsepower Nation for these commissions.

The Company has incurred recurring losses and negative cash flows from operations. The Company has received a commitment from its majority member to provide additional funds through May 2026 to meet liquidity needs not covered by operating cash flows.

Note 5. Significant Estimates and Concentrations

Litigation

The Company is subject to claims and lawsuits that arose primarily in the ordinary course of business. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, results of operations and cash flows of the Company. Events could occur that would change this estimate materially in the near term.

Note 6. Subsequent Events

Subsequent events have been evaluated through April 29, 2025, which is the date the financial statements were available to be issued.

HPB Painting LLC

d/b/a Groovy Hues Peace Love Paint Powerwash

Independent Auditor's Report and Financial Statements

December 31, 2023

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Independent Auditor's Report

To the Member and Management
HPB Painting LLC
Omaha, Nebraska

Opinion

We have audited the financial statements of HPB Painting LLC d/b/a Groovy Hues Peace Love Paint Powerwash (the Company), which comprise the balance sheet as of December 31, 2023, and the related statements of operations, member's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of HPB Painting LLC d/b/a Groovy Hues Peace Love Paint Powerwash as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

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

FORVIS, LLP

Omaha, Nebraska
April 26, 2024

HPB Painting LLC
d/b/a Groovy Hues Peace Love Paint Powerwash
Balance Sheet
December 31, 2023

ASSETS	
Current Assets	
Cash	$ 153,513
Accounts receivable	358,319
Other current assets	25,499
Prepaid franchise commissions, current portion	106,065
Total current assets	643,396
Prepaid Franchise Commissions, Net of Current Portion	872,441
Property and Equipment, Net	82,328
Total assets	$ 1,598,165
LIABILITIES AND MEMBER'S DEFICIT	
Current Liabilities	
Accounts payable and accrued expenses	$ 22,252
Due to related parties	74,946
Deferred service fee revenue	69,666
Deferred franchise fee revenue, current portion	301,850
Total current liabilities	468,714
Deferred Franchise Fee Revenue, Net of Current Portion	1,546,922
Total liabilities	2,015,636
Member's Deficit	(417,471)
Total liabilities and member's deficit	$ 1,598,165

HPB Painting LLC
d/b/a Groovy Hues Peace Love Paint Powerwash
Statement of Operations
Year Ended December 31, 2023

Revenues	
Franchise revenues	$ 460,324
Royalties	131,534
Other service fees	220,143
	812,001
Cost of Revenue	
Franchise consulting commissions	181,456
Cost of sales	36,363
	217,819
Gross Profit	594,182
Operating Expenses	
Advertising	101,944
General and administrative	2,023,085
	2,125,029
Net Loss	$ (1,530,847)

HPB Painting LLC
d/b/a Groovy Hues Peace Love Paint Powerwash
Statement of Member's Equity (Deficit)
Year Ended December 31, 2023

Balance, January 1, 2023	$ 345,376
Net loss	(1,530,847)
Member contributions	768,000
Balance, December 31, 2023	$ (417,471)

HPB Painting LLC
d/b/a Groovy Hues Peace Love Paint Powerwash
Statement of Cash Flows
Year Ended December 31, 2023

Operating Activities	
Net loss	$ (1,530,847)
Item not requiring cash	
Depreciation expense	10,196
Changes in	
Accounts receivable	44,706
Other current assets	(8,000)
Prepaid franchise commissions	(646,799)
Accounts payable and accrued expenses	(98,915)
Due to related parties	(89,257)
Deferred service fee revenue	27,708
Deferred franchise fee revenue	1,154,777
Net cash used in operating activities	(1,136,431)
Investing Activities	
Purchase of property and equipment	(92,524)
Cash used in investing activities	(92,524)
Financing Activities	
Member's contributions	768,000
Cash provided by financing activities	768,000
Decrease in Cash	(460,955)
Cash, Beginning of Year	614,468
Cash, End of Year	$ 153,513

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

HPB Painting LLC was formed on October 7, 2021 in the Commonwealth of Pennsylvania. The Company is a franchisor of independent franchisees, and grants qualified individuals the right to operate a business that specializes in commercial and residential painting and power washing products and services under the Groovy Hues Peace Love Paint Powerwash trade name.

Use of Estimates

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

Cash

The Company maintains cash balances at several financial institutions, the balance of which may exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2023, the Company's bank balances did not exceed federally insured limits.

Accounts Receivable

Accounts receivable are stated at the amount of consideration from customers of which the Company has an unconditional right to receive plus any accrued and unpaid interest. The Company provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts. The Company deemed an allowance for doubtful accounts unnecessary at December 31, 2023.

Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Property and Equipment

Property and equipment acquisitions are stated at cost and are depreciated over the estimated useful life of each asset using the straight-line method. The estimated useful life for vehicles is 10 years.

Prepaid Franchise Commissions

In connection with entering into new franchise agreements with franchisees, the Company pays specified commissions to third parties for services provided to facilitate the execution of the franchise agreement. These commissions are deferred and amortized into expense in future periods over the life of the franchise agreement. The franchise agreement terms are generally ten years.

Deferred Revenue

Revenue from franchise fees collected under the franchise agreements are initially deferred and recognized as revenue over the term of the franchise agreement, which is generally ten years. Revenue for certain other services performed by the Company on an annual basis under the franchise agreements are initially deferred and recognized as revenue ratably over a 12 month period as the services are performed.

Long-lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the year ended December 31, 2023.

Revenue Recognition

The Company generates revenue from the sale of franchise licenses under various agreements. The initial franchise fee is due at signing and is earned based on the recognition of specific performance obligations. The Company can charge various other fees as outlined in the Franchise Disclosure Document. Revenue from royalties is recognized in the period in which the underlying sale occurs.

The Company accounts for revenue under the provisions of Financial Accounting Standards Board (FASB) ASC 606 and Accounting Standards Update 2021-02, *Franchisors – Revenue from Contracts with Customers.* The practical expedients under ASU 2021-02 aim to simplify the application about identifying performance obligations by permitting franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license. The Company has elected to apply the practical expedients under ASU 2021-02.

Income Taxes

The Company's member has elected to have the Company's income taxed as a partnership under provisions of the Internal Revenue Code and a similar section of the Nebraska income tax law. Therefore, taxable income or loss is reported to the individual members for inclusion in their respective tax returns and no provision for federal and state income taxes is included in these financial statements.

Limitation of Liability

The Company is a limited liability company, therefore no member, agent or employee of the Company shall be personally liable for the debts, obligations or liabilities of the Company, whether arising in contract, tort or otherwise, or for the acts or omissions of any other member, director, manager, agent or employee of the Company. As a limited liability company, the member's liability is limited to amounts reflected in their member equity account.

Note 2. Revenue from Contracts with Customers

Franchise Fees

Upon the execution of a franchise agreement, the franchisee will pay the Company an initial franchise fee, which varies based on the number of territories covered under the franchise agreement. Revenue from franchise fees are recognized ratably over the franchise agreement term, which is generally ten years.

Variable Consideration

Franchise agreements contain variable considerations in the form of royalty, technology, software, and lead generation. These fees are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

Contract Balances

The following table provides information about the Company's receivables, contract assets and contract liabilities from contracts with customers as of December 31, 2023:

Accounts receivable, beginning of year	$	403,025
Accounts receivable, end of year		358,319
Contract liabilities, beginning of year	$	735,953
Contract liabilities, end of year		1,918,438

The Company has no contract assets as of December 31, 2023.

Accounting Policies and Practical Expedients Elected

The Company is applying an accounting policy election, which allows an entity to exclude from revenue any amounts collected from customers on behalf of third parties, such as sales taxes and other similar taxes the Company collects concurrent with revenue-producing activities. Therefore, revenue is presented net of sales taxes and similar revenue-based taxes.

For incremental costs of obtaining a contract, the Company elected a practical expedient, which permits an entity to recognize incremental costs to obtain a contract as an expense when incurred if the amortization period is less than one year. This election had an immaterial effect on the Company's financial statements.

Note 3. Related Party Transactions

The Company has an affiliate, SVHB Marketing, LLC, a Pennsylvania limited liability company formed on May 13, 2020. All individuals performing services for the Company are employed by SVHB Marketing, LLC, and the Company recognizes a direct compensation expense for those individuals from SVHB Marketing, LLC, which totaled $643,097 for the year ending December 31, 2023. At December 31, 2023, due to related parties includes $54,964 for amounts owed to SVHB Marketing, LLC for these expenses.

The Company has several affiliates that collectively operate under the trade name of Horsepower Brands. During the course of operations, some affiliates may often pay certain costs on behalf of the Company, which are allocated to the Company and other affiliates or directly reimbursed. Costs allocated to the Company, from these other affiliates for the year ending December 31, 2023 totaled approximately $1,092,000. At December 31, 2023, due to related parties includes $19,982 for these charges. As a result of short-term cash needs at other Horsepower Brands affiliates, the Company may advance funds to other affiliates which will be repaid from operations. There were no outstanding advances at December 31, 2023.

The Company has an affiliate that operates under the trade name Horsepower Nation. This affiliate provides internal broker services to the brands and allocates costs for the procurement of franchisees. For the year ending December 31, 2023, franchise commissions from Horsepower Nation totaled $271,623. At December 31, 2023, there were no balances owed to Horsepower Nation for these commissions.

Note 4. Litigation

The Company is subject to claims and lawsuits that arose primarily in the ordinary course of business. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, results of operations and cash flows of the Company. Events could occur that would change this estimate materially in the near term.

Note 5. Subsequent Events

Subsequent events have been evaluated through April 26, 2024, which is the date the financial statements were available to be issued.

HPB Painting LLC

d/b/a Groovy Hues Peace Love Paint Powerwash

Independent Auditor's Report and Financial Statements

December 31, 2022

HPB Painting LLC

d/b/a Groovy Hues Peace Love Paint Powerwash

December 31, 2022

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FORVIS

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Independent Auditor's Report

To the Member and Management
HPB Painting LLC
Omaha, Nebraska

Opinion

We have audited the financial statements of HPB Painting LLC d/b/a Groovy Hues Peace Love Paint Powerwash (the Company), which comprise the balance sheet as of December 31, 2022, and the related statements of operations, member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of HPB Painting LLC d/b/a Groovy Hues Peace Love Paint Powerwash as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

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

FORVIS, LLP

Omaha, Nebraska
April 27, 2023

HPB Painting LLC
d/b/a Groovy Hues Peace Love Paint Powerwash
Balance Sheet
December 31, 2022

Assets	
Current Assets	
Cash	$ 614,468
Accounts receivable	403,025
Other assets	17,499
Prepaid franchise commissions, current portion	33,556
Total current assets	1,068,548
Prepaid Franchise Commissions, Net of Current Portion	298,151
Total assets	$ 1,366,699
Liabilities and Member's Equity	
Current Liabilities	
Accounts payable and accrued expenses	$ 121,167
Due to related parties	164,203
Deferred service fee revenue	41,958
Deferred franchise fee revenue, current portion	156,109
Total current liabilities	483,437
Deferred Franchise Fee Revenue, Net of Current Portion	537,886
Total liabilities	1,021,323
Member's Equity	345,376
Total liabilities and member's equity	$ 1,366,699

HPB Painting LLC
d/b/a Groovy Hues Peace Love Paint Powerwash
Statement of Operations
Year Ended December 31, 2022

Revenues	
Franchise revenues	$ 7,055
Other service fees	56,177
	63,232
Cost of Revenue	
Franchise consulting commissions	87,487
Cost of sales	38,851
	126,338
Gross Profit (Loss)	(63,106)
Operating Expenses	
Advertising	138,507
General and administrative	657,476
	795,983
Net Loss	$ (859,089)

HPB Painting LLC
d/b/a Groovy Hues Peace Love Paint Powerwash
Statement of Member's Equity
Year Ended December 31, 2022

Balance, January 1, 2022	$ -
Net loss	(859,089)
Member's contributions	1,204,465
Balance, December 31, 2022	$ 345,376

HPB Painting LLC
d/b/a Groovy Hues Peace Love Paint Powerwash
Statement of Cash Flows
Year Ended December 31, 2022

Operating Activities	
Net loss	$ (859,089)
Changes in	
Accounts receivable	(403,025)
Other assets	(17,499)
Prepaid franchise commissions	(331,707)
Accounts payable and accrued expenses	121,167
Due to related parties	164,203
Deferred service fee revenue	41,958
Deferred franchise fee revenue	693,995
Net cash used in operating activities	(589,997)
Financing Activities	
Member's contributions	1,204,465
Net cash provided by financing activities	1,204,465
Increase in Cash	614,468
Cash, Beginning of Year	-
Cash, End of Year	$ 614,468

HPB Painting LLC
d/b/a Groovy Hues Peace Love Paint Powerwash
Notes to Financial Statements
December 31, 2022

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

HPB Painting LLC was formed on October 7, 2021 in the Commonwealth of Pennsylvania. The Company is a franchisor of independent franchisees, and grants qualified individuals the right to operate a business that specializes in commercial and residential painting and power washing products and services under the Groovy Hues Peace Love Paint Powerwash trade name.

Use of Estimates

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

Cash

The Company maintains cash balances at several financial institutions, the balance of which may exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2022, the Company's bank balances exceeded federally insured limits by approximately $361,000.

Accounts Receivable

Accounts receivable are stated at the amount of consideration from customers of which the Company has an unconditional right to receive plus any accrued and unpaid interest. The Company provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. The Company deemed an allowance for doubtful accounts unnecessary at December 31, 2022.

Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Prepaid Franchise Commissions

In connection with entering into new franchise agreements with franchisees, the Company pays specified commissions to third parties for services provided to facilitate the execution of the franchise agreement. These commissions are deferred and amortized into expense in future periods over the life of the franchise agreement. The franchise agreement terms are generally ten years.

Deferred Revenue

Revenue from franchise fees collected under the franchise agreements are initially deferred and recognized as revenue over the term of the franchise agreement, which is generally ten years. Revenue for certain other services performed by the Company on an annual basis under the franchise agreements are initially deferred and recognized as revenue ratably over a 12 month period as the services are performed.

Long-lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the year ended December 31, 2022.

HPB Painting LLC
d/b/a Groovy Hues Peace Love Paint Powerwash
Notes to Financial Statements
December 31, 2022

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Revenue Recognition

The Company generates revenue from the sale of franchise licenses under various agreements. The initial franchise fee is due at signing and is earned based on the recognition of specific performance obligations. The Company can charge various other fees as outlined in the Franchise Disclosure Document. Revenue from royalties is recognized in the period in which the underlying sale occurs.

The Company accounts for revenue under the provisions of Financial Accounting Standards Board (FASB) ASC 606 and Accounting Standards Update 2021-02, *Franchisors – Revenue from Contracts with Customers (Subtopic 952-606*. ASC 606 prescribes a five-step model for revenue recognition that includes:

1) Identify the contract;
2) Identify the performance obligations;
3) Determine the transaction price;
4) Allocate the transaction price to the performance obligations; and
5) Recognize revenue as performance obligations are satisfied

The practical expedients under ASU 2021-02 aim to simplify the application about identifying performance obligations by permitting franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license. The Company has elected to apply the practical expedients under ASU 2021-02.

Income Taxes

The Company's members have elected to have the Company's income taxed as a partnership under provisions of the Internal Revenue Code and a similar section of the Nebraska income tax law. Therefore, taxable income or loss is reported to the individual members for inclusion in their respective tax returns and no provision for federal and state income taxes is included in these financial statements.

Limitation of Liability

The Company is a limited liability company, therefore no member, agent or employee of the Company shall be personally liable for the debts, obligations or liabilities of the Company, whether arising in contract, tort or otherwise, or for the acts or omissions of any other member, director, manager, agent or employee of the Company. As a limited liability company, the member's liability is limited to amounts reflected in their member equity account.

Note 2: Revenue from Contracts with Customers

Franchise Fees

Upon the execution of a franchise agreement, the franchisee will pay the Company an initial franchise fee, which varies based on the number of territories covered under the franchise agreement. Revenue from franchise fees are recognized ratably over the franchise agreement term, which is generally ten years.

Variable Consideration

Franchise agreements contain variable considerations in the form of royalty, technology, software, lead generation, and national advertising fees. These fees are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

Contract Balances

The following table provides information about the Company's receivables, contract assets and contract liabilities from contracts with customers as of December 31, 2022:

Accounts receivable, beginning of year	$	-
Accounts receivable, end of year		403,025
Contract liabilities, beginning of year	$	-
Contract liabilities, end of year		735,953

The Company has no contract assets as of December 31, 2022.

Accounting Policies and Practical Expedients Elected

The Company is applying an accounting policy election, which allows an entity to exclude from revenue any amounts collected from customers on behalf of third parties, such as sales taxes and other similar taxes the Company collects concurrent with revenue-producing activities. Therefore, revenue is presented net of sales taxes and similar revenue-based taxes.

For incremental costs of obtaining a contract, the Company elected a practical expedient, which permits an entity to recognize incremental costs to obtain a contract as an expense when incurred if the amortization period is less than one year. This election had an immaterial effect on the Company's financial statements.

Note 3: Related Party Transactions

The Company has an affiliate, SVHB Marketing, LLC, a Pennsylvania limited liability company formed on May 13, 2020. All individuals performing services for the Company are employed by SVHB Marketing, LLC, and the Company recognizes an allocation of the compensation expense from the affiliate company. Expenses allocated to the Company from SVHB Marketing, LLC for the year ending December 31, 2022 totaled $316,200. At December 31, 2022, due to related parties includes $39,685 for amounts owed to SVHB Marketing, LLC for allocated expenses.

The Company has several affiliates that collectively operate under the trade name of Horsepower Brands. During the course of operations, some affiliates may often pay certain costs on behalf of the Company, which are allocated to the Company and other affiliates or directly reimbursed. Costs allocated to the Company, from these other affiliates for the year ending December 31, 2022 totaled $301,887. At December 31, 2022, due to related parties include $81,068 for these charges.

The Company has an affiliate that operates under the trade name Horsepower Nation. This affiliate provides internal broker services to the brands and allocates costs for the procurement of franchisees. For the year ending December 31, 2022, franchise commissions from Horsepower Nation totaled $69,884. At December 31, 2022, due to related parties included $43,450 for amounts owed to Horsepower Nation for these commissions.

Note 4: Subsequent Events

Subsequent events have been evaluated through April 27, 2023, which is the date the financial statements were available to be issued.

HPB Painting LLC

d/b/a Groovy Hues Peace Love Paint Powerwash

Independent Auditor’s Report and Balance Sheet

July 18, 2022

HPB Painting LLC

d/b/a Groovy Hues Peace Love Paint Powerwash

July 18, 2022

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Independent Auditor's Report

To the Members and Management
HPB Painting LLC
Omaha, Nebraska

Opinion

We have audited the balance sheet of HPB Painting LLC d/b/a Groovy Hues Peace Love Paint Powerwash (the Company) as of July 18, 2022, and the related notes to the balance sheet.

In our opinion, the accompanying balance sheet presents fairly, in all material respects, the financial position of HPB Painting LLC d/b/a Groovy Hues Peace Love Paint Powerwash as of July 18, 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Balance Sheet

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date these financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Balance Sheet

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

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

Omaha, Nebraska
July 28, 2022

HPB Painting LLC

d/b/a Groovy Hues Peace Love Paint Powerwash

Balance Sheet

July 18, 2022

Assets

Current Assets	
Cash	$ 1,736

Liabilities and Members' Equity

Current Liabilities	
Accounts payable	$ 792
Members' Equity	944
	$ 1,736

HPB Painting LLC

d/b/a Groovy Hues Peace Love Paint Powerwash

Notes to Balance Sheet

July 18, 2022

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

HPB Painting LLC was formed on October 7, 2021 in the Commonwealth of Pennsylvania. The Company is a franchisor of independent franchisees, and grants qualified individuals the right to operate a business that specializes in commercial and residential painting and powerwashing products and services under the Groovy Hues Peace Loveh Paint Powerwash trade name.

Use of Estimates

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

Cash

The Company maintains cash balances at a financial institution, the balance of which may exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation (FDIC).

Income Taxes

The Company's members have elected to have the Company's income taxed as a partnership under provisions of the Internal Revenue Code and a similar section of the Nebraska income tax law. Therefore, taxable income or loss is reported to the individual members for inclusion in their respective tax returns and no provision for federal and state income taxes is included in these financial statements.

Limitation of Liability

The Company is a limited liability company, therefore no member, agent or employee of the Company shall be personally liable for the debts, obligations or liabilities of the Company, whether arising in contract, tort or otherwise, or for the acts or omissions of any other member, director, manager, agent or employee of the Company. As a limited liability company, the member's liability is limited to amounts reflected in their respective member equity accounts.

HPB Painting LLC

d/b/a Groovy Hues Peace Love Paint Powerwash

Notes to Balance Sheet

July 18, 2022

Note 2: Subsequent Events

Subsequent events have been evaluated through July 28, 2022, which is the date the balance sheet was available to be issued.

HPB Painting LLC
FINANCIAL STATEMENTS
(UNAUDITED)
September 30, 2025

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

HPB Painting LLC
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THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

HPB Painting LLC
Balance Sheet
as of September 30, 2025

	Period Ending September 30, 2025
Assets	
Current Assets	
Cash	81,418
Accounts receivable	511,373
Due from related parties	-
Notes receivable, current portion	48,665
Other assets	84,394
Prepaid franchise commissions, current portion	510,015
Total current assets	1,235,865
Prepaid Franchise Commissions, Net of Current Portion	980,290
Notes Receivable, Net of Current Portion	219,527
Total assets	2,435,681
Liabilities and Members' Deficit	
Current Liabilities	
Accounts payable and accrued expenses	56,223
Due to related parties	-
Deferred service fee revenue	-
Deferred franchise fee revenue, current portion	981,151
Total current liabilities	1,037,374
Deferred Franchise Fee Revenue, Net of Current Portion	1,930,629
Total liabilities	2,968,003
Members' Deficit	(532,322)
Total liabilities and members' deficit	2,435,681

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

HPB Painting LLC
Statement of Operations
as of January 1, 2025 through September 30, 2025

	Period Ending September 30, 2025
Revenues	
Franchise fees	430,456
Royalties	151,351
Other service fees	507,420
	1,089,227
Cost of Revenues	
Franchise consulting commissions	248,644
Cost of sales	54,991
	303,635
Gross Profit	785,592
Operating Expenses	
Advertising	109,539
General and administrative	1,061,620
	1,171,159
Net Loss	(385,567)

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

HPB Painting LLC
Statement of Members' Deficit
as of January 1, 2025 through September 30, 2025

	Period Ending September 30, 2025
Balance, Beginning of Period	(316,755)
Net Loss	(385,567)
Member contributions	220,000
Member distributions	(50,000)
Balance, End of Period	(532,322)

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Exhibit F
to
HPB Painting LLC Franchise Disclosure Document

Sample Termination and Release Agreement

SAMPLE TERMINATION OF FRANCHISE AGREEMENT AND RELEASE UPON TRANSFER TO AN AUTHORIZED FRANCHISEE

This Termination of Franchise Agreement and Release (the "Agreement") is made this ____day of 20____, by and between HPB Painting LLC, a Pennsylvania limited liability company, with its principal place of business at 2525 N. 117th Avenue, Omaha, Nebraska 68164 ("Franchisor") and_____ _____, a _____with its principal place of business at _____ _____("Transferor").

A. On _____, Transferor entered into a franchise agreement (the "Franchise Agreement") with Franchisor for the right to operate a Groovy Hues Business under Franchisor's proprietary marks and system (the "System") at the following approved location: (the "Groovy Hues Business").

B. Transferor has satisfied all conditions of transfer as specified in the Franchise Agreement and now desires to sell the business to _____, who has been approved by Franchisor as an authorized transferee.

C. In order to complete Transferor's sale of the business, Transferor now desires to terminate the Franchise Agreement and all rights and obligations between the parties relating to the Franchise Agreement, and Franchisor desires to accept such termination, pursuant to the terms of this Agreement.

AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Subject to the terms and conditions contained in this Agreement, the Franchise Agreement and all rights and obligations between Franchisor and Transferor arising from or related to the Franchise Agreement are terminated, effective as of the date of this Agreement.

2. Notwithstanding anything in this Agreement to the contrary, the parties agree that Transferor shall remain bound by all of the post-term covenants and obligations contained in the Franchise Agreement including, without limitation, those relating to Confidential Information and Non-competition.

3. Transferor represents and warrants that all of Transferor's monetary obligations to Franchisor and its subsidiaries and affiliates have been satisfied in full as of the date of this Agreement.

4. Transferor, for itself and all persons and entities claiming by, through or under it, release, acquit and forever discharge Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the "Franchisor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which Transferor, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Franchisor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement. This provision does not apply to claims arising under the Franchise Investment Protection Act, Chapter 19.100 RCW, or the

rules adopted thereunder.

5. Excluding the indemnification obligations in the Franchise Agreement, and Transferor's obligations as in Section 2 of this Agreement, Franchisor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Transferor and Transferor's employees, agents, servants, representatives, affiliates, successors and assigns (the "Transferor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Transferor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement. Specifically excepted from this release are any claims asserted against Franchisor or any of its present and former officers, employees, members, directors, agents, servants, representatives, affiliates, successors or assigns (the "Indemnified Parties") by any third party, which claims arise out of or relate to the Franchise Agreement prior to the Effective Date of this Agreement. Transferor agrees to indemnify and hold the Indemnified Parties harmless from all losses, damages, liabilities, claims, costs, expenses, or judgments, including reasonable attorneys' fees incurred in connection with such claims (in the manner prescribed in the Franchise Agreement). This provision does not apply to claims arising under the Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder.

6. This Agreement constitutes the entire integrated agreement of the parties with respect to the subject matter contained in this Agreement and may not be subject to any modification without the written consent of the parties.

7. This Agreement shall be construed under the laws of the Commonwealth of Pennsylvania, which laws shall control in the event of any conflict of law.

8. This Agreement shall be for the benefit of and binding upon the parties and their respective representatives, successors and assigns.

9. Each party acknowledges that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.

10. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Agreement, it shall be entitled to recover all costs and expenses, including reasonable attorney's fees, incurred in enforcing the terms of this Agreement.

11. Transferor agrees that Transferor has and had a relationship with Franchisor at its offices in the State of Nebraska and that, with the exception of Franchisor's right to seek injunctive relief in any appropriate jurisdiction, any action by or against Franchisor arising out of or relating to this Agreement shall be commenced and concluded in the State of Nebraska pursuant to the mediation, venue and jurisdiction provisions of the Franchise Agreement.

12. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement shall not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of

the Agreement. Executed facsimile copies of this Agreement shall be deemed to be effective as original signatures.

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

HPB PAINTING LLC

By: _____

FRANCHISEE

By: _____

Exhibit G
to
HPB Painting LLC
Franchise Disclosure Document

Operations Manual Table of Contents

Groovy Hues PAINTING

Franchise Operations Manual
Edition 3.9 December 2024

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Exhibit H
to
HPB Painting LLC Franchise Disclosure Document

Confidentiality and Non-Disclosure Agreement

CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT

I _____, in consideration of the approval by HPB Painting LLC ("Franchisor") to review certain confidential information including, without limitation, certain price lists, manuals and/or other information relating to the operation of a Groovy Hues franchise ("Confidential Information") before completing my contemplated purchase of such franchise, hereby agree to maintain the confidentiality of all such Confidential Information in recognition that such information is confidential and is divulged only to Groovy Hues franchisees. If I am unable to consummate the contemplated purchase of the Groovy Hues franchise or to otherwise become a Groovy Hues franchisee, I shall not disclose any of this information to any other person. I further represent and warrant that I shall not use such information in any other capacity except as an authorized Groovy Hues franchisee. I hereby acknowledge that I shall not reproduce any of the Confidential Information being entrusted to me today, nor shall I make any oral or written notes regarding any of the information contained therein.

I acknowledge and agree that disclosure or unauthorized use of any of the Confidential Information presented to me is likely to cause Franchisor or an affiliate of Franchisor immediate and irreparable harm, which is not compensable in money damages. I hereby consent, in the event of my unauthorized use or disclosure of such Confidential Information, to the entry of injunctive relief in favor of Franchisor or an affiliate of Franchisor, including temporary restraining orders and preliminary injunctions, without the requirement of bond, under the usual equity rules.

I HAVE READ THE ABOVE CONFIDENTIALITY AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND IT AND AGREE TO BE BOUND BY ITS TERMS.

Signature:_____

Dated:_____

Printed Name:_____

Exhibit I
to
HPB Painting LLC
Franchise Disclosure Document

LIST OF CURRENT FRANCHISED LOCATIONS AS OF THE ISSUANCE DATE

The names of all current operational franchisees and telephone number of each of their locations as of the date of this disclosure document

Operational State	**Last Name**	**First Name**	**Entity Name**	**Street Address**	**City**	**State**	**Zip Code**	**Phone**	**Territory Count**
Arizona	Labourdette	Eric	Lutece AZ Painting LLC	Service-based	Scottsdale	Arizona	85258	480-718-7108	3
Iowa	Holmen	Jonathan	Holmen Group, Inc	Service-based	Ankeny	Iowa	50023	515-832-0204	3
North Carolina	Haller & Montoya	Kurt & Marta	Montoyal & Haller, LLC	215 Rowell Drive Suite F	Indian Trail	North Carolina	28079	980-771-2725	3
Oklahoma	Huntsman	Wade	Huntsman FC Inc	11648 East 51st Street	Tulsa	Oklahoma	74146	918-552-9255	4
Pennsylvania	Rathgeb	Matthew	JARSM LLC	2424 E. York Street, Unit 100 P	Philadelphia	Pennsylvania	19025	267-214-9023	18
South Carolina	Hamlin	Thomas & Francine	Hamlin Ventures, LLC	Service-based	Columbia	South Carolina		803-816-1984	3
Tennessee	Peters	Joshua	Radiant Rebirth, LLC	9111 Cross Park Drive Suite D-238	Knoxville	Tennessee	37923	865-630-0082	4
Texas	Moore & Dillon	Stephen & Tatiana	Aleksandr Solutions LLC	Service-based	Buda	Texas	78610	512-996-4050	3
Texas	Felix Jr	Albert	Anax alpha LLC	Service-based	Conroe	Texas		713-522-0623	3
Texas	Hutton	Trey	Kings Hollow, LLC	207 King Road, Suite 201	Frisco	Texas	78209	210-254-1155	3
Texas	Gates	Michael	Liberty Gateway LLC	Service-based	Liberty Hill	Texas		512-361-1663	2
Texas	Haney	Matthew & Michelle	Haney Innovations Corp	2840 Market Loop #106	Southlake	Texas	76092	817-876-1109	3

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LIST OF FRANCHISES WHO HAVE SIGNED FRANCHISE AGREEMENTS BUT ARE NOT OPEN AS OF THE ISSUANCE DATE						
Operational State	**Last Name**	**First Name**	**City**	**State**	**Email**	**Territory Count**
Arkansas	Allen	Parker	Rogers	Arkansas	PAllen@groovyhues.com	2
Florida	Rodriguez Fermin & Rosario Mejia	Laura & Juan	Kissimmee	Florida	LRodriguez-Fermin@groovyhues.com JRosario@groovyhues.com	3
Florida	Mullis	Robert	Palm City	Florida	RMullis@groovyhues.com	3
Florida	Carpen	Randy	Pompano Beach	Florida	RCarpen@groovyhues.com	2
North Carolina	Culiat	Esteban & Anna-Liza	Raleigh	North Carolina	ECuliat@groovyhues.com ACuliat@groovyhues.com	2
South Carolina	Hamlin	Thomnas & Francine	Columbia	South Carolina	thamlin@groovyhues.com; fhamlin@groovyhues.com	3
South Carolina	Glenn	Willis & Christina	Fort Mill	South Carolina	WGlenn@groovyhues.com CGlenn@groovyhues.com	2
Texas	Gates	Michael	Cedar Park	Texas	mgates@groovyhues.com	2
Texas	Felix	Albert	Conroe	Texas	afelix@groovyhues.com	3
Arizona	Jensen	Holly	Tucson	Arizona	HJensen@groovyhues.com	3
Florida	Killmer	Daniel	Fort Myers	Florida	DKillmer@groovyhues.com	2
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LIST OF FORMER FRANCHISES AS OF THE ISSUANCE DATE

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

The name, location, and last known telephone number of every franchisee who has had an outlet terinated, cancelled, not renewed or otherwise voluntarily or involutarliy ceased to do business during the most recently completed fiscal year as of the date of this Disclosure Document

Operational State	Last Name	First Name	City	State	Contact	Territory Count	Status
Colorado	Langner	Jacob	Denver	Colorado	720-814-2217	3	Terminated
Georgia	Kremer	Kevin	Woodstock	Georgia	kkremer@groovyhues.com	3	Terminated
Tennessee	Hendrix	Timothy & Shelby	Murfreesboro	Tennessee	615-258-7041	3	Terminated
Texas	Garcia	Fernando Casares	Austin	Texas	512-402-8493	3	Terminated
Texas	Kamen	Jason & Alexis	Austin	Texas	512-621-6494	3	Terminated
Texas	Martin & Enloe	William & Beth	Frisco	Texas	469-445-2106	3	Terminated
Texas	Rochet & Foss	Stephane & Robert	Hill Country	Texas	830-245-1974	2	Terminated
Texas	McReynolds	Matthew	Wylie	Texas	214-945-8023	3	Terminated

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Exhibit J
to
HPB Painting LLC Franchise Disclosure Document

Franchisee Questionnaire/Compliance Certification

HPB PAINTING LLC

FRANCHISEE AFFIRMATIONS AND ACKNOWLEDGEMENTS QUESTIONNAIRE

***Residents of Washington shall neither complete nor sign this questionnaire.**

As you know, HPB Painting LLC ("we", "us", "Groovy Hues" or "Franchisor"), and you are preparing to enter into a Franchise Agreement for the operation of a Groovy Hues franchise (a "Franchised Business"). The purposes of this Questionnaire are to: (i) fact find for internal purposes; (ii) confirm you are making an informed investment decision; (iii) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.**

1. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to the Franchise Agreement you intend to enter into with us?

   Yes/No: _____

2. Do you understand that this Questionnaire pertains and relates to each and every Franchise Agreement you intend to enter into with us?

   Yes/No: _____

   If "No," what part of this do you not understand?

   _____

   _____

   _____

3. Have you received and personally reviewed the Franchise Disclosure Document we provided?

   Yes/No: _____

4. Did you sign a receipt for the Disclosure Document indicating the date you received it?

   Yes/No: _____

5. Did you read and do you understand the information contained in the Disclosure Document?

   Yes/No: _____

   If "No," what parts of the Disclosure Document do you not understand?

_____

_____

_____

6. Did you read and do you understand the Franchise Agreement and your obligations under the Franchise Agreement?

   Yes/No: _____

   If "No," what parts of the Franchise Agreement do you not understand?

   _____

   _____

   _____

7. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating a Franchised Business with these professional advisor(s)?

   Yes/No: _____

8. Do you understand the success or failure of your Franchised Business will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

   Yes/No: _____

   If "No," what parts of this do you not understand?

   _____

   _____

   _____

9. Do you understand that the territory protection you are granted under the Franchise Agreement is limited and that we have reserved certain rights to engage in certain activities in your Protected Territory under the Franchise Agreement?

   Yes/No: _____

If "No," what part of this do you not understand?

_____

_____

_____

10. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under our mark or other marks, at any location outside your Protected Territory, regardless of how close these activities are to your Protected Territory?

    Yes/No: _____

    If "No," what part of this do you not understand?

    _____

    _____

    _____

11. Do you understand that the Franchisor first began offering franchises in 2022 and that the Groovy Hues franchise system is a newly launched franchise system with limited operating history?

    Yes/No: _____

    If "No," what part of this do you not understand?

    _____

    _____

    _____

12. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated and arbitrated in Bucks County, Pennsylvania?

    Yes/No: _____

    If "No," what part of this do you not understand?

    _____

    _____

_____

13. Do you understand the Franchise Agreement limits the amount and type of damages you can recover, and that you are not entitled to any punitive, consequential or other special damages?

    Yes/No: _____

    If "No," what part of this do you not understand?

    _____

    _____

    _____

14. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is HPB Painting LLC?

    Yes/No: _____

    If "No," what part of this do you not understand?

    _____

    _____

    _____

15. Do you understand all persons whose names appear on the Franchise Agreement must successfully complete the appropriate initial training program(s) before we will allow the Franchised Business to open or consent to a transfer of that Franchised Business?

    Yes/No: _____

    If "No," what part of this do you not understand?

    _____

    _____

    _____

16. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?

    Yes/No: _____

If "No," what part of this do you not understand?

_____

_____

_____

17. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?

    Yes/No: _____

    If "No," what part of this do you not understand?

    _____

    _____

    _____

18. Do you understand that we will send written notices, as required by your Franchise Agreement, to either your Franchised Business or home address until you designate a different address by sending written notice to us?

    Yes/No: _____

    If "No," what part of this do you not understand?

    _____

    _____

    _____

19. Do you understand that we will not approve your purchase of a Franchised Business, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?

    Yes/No: _____

    If "No," what part of this do you not understand?

    _____

    _____

_____

20. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Franchised Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

    Yes/No: _____

    If "No," please describe the nature of the statements and by whom they were made by?

    _____

    _____

    _____

21. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Franchised Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

    Yes/No: _____

    If "No," please describe the nature of the statements and by whom they were made by?

    _____

    _____

    _____

22. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

    Yes/No: _____

    If "No," please describe the nature of the statements and by whom they were made by?

    _____

    _____

_____

23. Is it true that no broker, employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Franchised Business purchase with exception of those payments or loans provided in the Disclosure Document?

    Yes/No: _____

    If "No," please describe the nature of the statements and by whom they were made by?

    _____

    _____

    _____

24. Do you understand that the Item 19 financial performance disclosure contained in Item 19 of the Disclosure Document is not a representation of what you can expect to achieve in connection with the operation of a Franchised Business?

    Yes/No: _____

    If "No," what part of this do you not understand?

    _____

    _____

    _____

25. Do you understand that you will control and are entirely responsible for all employment related matters in connection with the operation of your Franchised Business and that we are not responsible for, and do not control, directly or indirectly, your employment practices or your employees?

    Yes/No: _____

    If "No," what part of this do you not understand?

    _____

    _____

    _____

26. Did you receive the Franchise Disclosure Document at least fourteen (14) days before you completed and signed this Questionnaire?

    Yes/No: _____

27. Did you receive the Franchise Agreement at least seven (7) days before you completed and signed this Questionnaire?

    Yes/No: _____

If any Illinois, Indiana, Michigan, Minnesota, North Dakota, Rhode Island, South Dakota, Virginia or Wisconsin franchisee completes this Questionnaire, it is adjusted or determined to be against the public policy of Illinois, Indiana, Michigan, Minnesota, North Dakota, Rhode Island, South Dakota, Virginia or Wisconsin, such Questionnaire will be considered void and unenforceable, and HPB Painting LLC will disregard and will not rely on this Questionnaire as a disclaimer, release, or otherwise defense, in any claim made pursuant to or under the relevant state anti-fraud or anti-waiver statutes, rules, regulations, or similar applicable laws.

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

_____

Franchisee, individually

Dated: _____

Exhibit K
to
HPB Painting LLC
Franchise Disclosure Document

STATE EFFECTIVE DATES

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

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

STATE	STATUS
CALIFORNIA	October 27, 2025
HAWAII	Not Registered
ILLINOIS	Pending Registration
INDIANA	Effective
MARYLAND	Not Registered
MICHIGAN	Registered
MINNESOTA	Pending Registration
NEW YORK	Pending Registration
NORTH DAKOTA	Pending Registration
RHODE ISLAND	Pending Registration
SOUTH DAKOTA	Registered
VIRGINIA	Pending Registration
WASHINGTON	Not Registered
WISCONSIN	Registered

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 L
to
HPB Painting LLC Franchise Disclosure Document

Receipts

RECEIPTS (OUR COPY)

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

If HPB Painting LLC offers you a franchise it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If HPB Painting LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document. A list of franchisor's agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document.

New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Issue date: April 29, 2025, as amended December 30, 2025

I have received a Franchise Disclosure Document with an issue date of April 29, 2025, as amended December 30, 2025, which included the following Exhibits:

A - List of State Administrators and Agents for Service of Process
B – Franchise Agreement
C – Multi-Unit Addendum
D – State Specific Addenda
E – Financial Statements
F – Sample Termination and Release Agreement
G – Operations Manual Table of Contents
H – Confidentiality and Non-Disclosure Agreement
I – List of Franchisees and Franchisees That Have Left the System in the Past Fiscal Year
J – Franchisee Questionnaire/Compliance Certification
K – State Effective Dates Page
L -Receipt

The franchise seller(s) for this offering is/are as follows: Josh Skolnick, 2525 N. 117th Avenue, Omaha, Nebraska 68164; Tony Hulbert, 2525 N. 117th Avenue, Omaha, Nebraska 68164; SVHB Marketing LLC d/b/a Horsepower Brands, 2525 N. 117th Avenue, Omaha, Nebraska 68164.

If an Individual:	If a Business Entity:
Signature: _____	Signature: _____
Name: _____	Name: _____
Date: _____	Title: _____
Address: _____	Name of Entity: _____
_____	Address: _____
	_____

RECEIPTS (KEEP THIS COPY)

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

If HPB Painting LLC offers you a franchise it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If HPB Painting LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document. A list of franchisor's agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document.

New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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If an Individual:	If a Business Entity:
Signature: _____	Signature: _____
Name: _____	Name: _____
Date: _____	Title: _____
Address: _____	Name of Entity: _____
_____	Address: _____
	_____