# FRANCHISE DISCLOSURE DOCUMENT

**LIFETIME BLINDS INC.**
A California Corporation
1775 East Palm Canyon Drive, Suite 110-21
Palm Springs, California 92264
(760) 778-6978
**E-Mail: mark@lifetimeblinds.com**
**URL: www.lifetimeblinds.com**

As a Lifetime Blinds franchisee, you will operate a retail outlet providing customized window blinds, shutters, window coverings and related products and accessories sold to retail customers and installed at the customer's residence or other location.

The total investment necessary to begin operation of a Lifetime Blinds outlet is $18,250 to $90,000. This includes $500 to $25,000 which must be paid to the franchisor or its affiliates. Lifetime Blinds may also offer you an Area Development Agreement granting a right to open one or more additional Outlets for an additional investment (Development Fee) of $12,500 for each additional Outlet you commit to open, which must be paid to the franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mr. Mark Huckins at 1775 East Palm Canyon Drive, Suite 110-21, Palm Springs, California 92264; telephone (760) 778-6978.

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

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

Issuance Date: **April 16, 2019**

**CA**

## STATE COVER PAGE

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

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

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

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

THE FRANCHISOR IS A DEVELOPMENT STAGE COMPANY WITH LIMITED OPERATING HISTORY. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE.

THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS, CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.

ALTHOUGH YOU WILL RECEIVE AN EXCLUSIVE TERRITORY, YOU MAY FACE COMPETITION FOR CUSTOMERS FROM OTHER FRANCHISEES OUTSIDE YOUR TERRITORY, FROM OUTLETS THAT WE OWN OUTSIDE YOUR TERRITORY, OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS THAT WE CONTROL.

AT FRANCHISOR'S DISCRETION, YOUR EXCLUSIVE TERRITORY MAY BE LOST IF YOU DO NOT FULFILL MATERIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT.

THE FRANCHISOR MAY CANCEL THE FRANCHISE AGREEMENT IF A SITE IS NOT AGREED UPON WITHIN 180 DAYS OF YOUR SIGNING THE FRANCHISE AGREEMENT.

BEGINNING WITH THE 13TH FULL CALENDAR MONTH AFTER THE DATE YOUR OUTLET OPENS, YOU MUST EARN GROSS REVENUES OF AT LEAST $10,000 EACH MONTH. FAILURE TO DO SO MAY RESULT IN THE TERMINATION OF THE FRANCHISE AGREEMENT.

IF YOU SIGN AN AREA DEVELOPMENT AGREEMENT, YOUR TERRITORIAL RIGHTS UNDER THAT AGREEMENT CAN BE LOST IF YOU FAIL TO MEET THE DEVELOPMENT SCHEDULE.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

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

## STATE EFFECTIVE DATES

Some states require that the franchise be registered or exempt from registration before franchise offers or sales may be made. The status of the registration or exemption in each of these states is as follows:

| | |
|---|---|
| California | Pending |
| Connecticut | Not registered |
| Florida | Not registered |
| Hawaii | Not registered |
| Illinois | Not registered |
| Indiana | Not registered |
| Kentucky | Not registered |
| Maryland | Not registered |
| Michigan | Not registered |
| Minnesota | Not registered |
| Nebraska | Not registered |
| New York | Not registered |
| North Dakota | Not registered |
| Rhode Island | Not registered |
| South Dakota | Not registered |
| Texas | July 31, 2017 (permanent exemption) |
| Utah | Not registered |
| Virginia | Not registered |
| Washington | Not registered |
| Wisconsin | Not registered |

**LIFETIME BLINDS**

**FRANCHISE DISCLOSURE DOCUMENT**

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Exhibits

| | |
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| "A" | Franchise Agreement<br>*Exhibits to Franchise Agreement:*<br>Exhibit 1: Territory and Location of Business Office<br>Exhibit 2: Names and Addresses of Principal Equity Owners |
| "B" | Financial Statements |
| "C" | List of Franchise Outlets |
| "D" | List of Terminated Franchises |
| "E" | Area Development Agreement<br>*Exhibit to Area Development Agreement:*<br>Exhibit 1: Development Schedule |
| "F" | State Franchise Administrators and Agents for Service of Process |
| "G" | Statement of Franchisee |
| "H" | Appendix for California Franchisees |
| "I" | Receipts |

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

To simplify the language, this disclosure document uses "we" or "us" to mean Lifetime Blinds Inc. "You" means the individual or entity buying the Lifetime Blinds franchise and, if an entity acquires the franchise, all persons who own 20% or more of the franchisee entity ("Principal Equity Owners").

### The Franchisor, Parents and Affiliates

We are the franchisor for the Lifetime Blinds system. Our principal business address is 1775 East Palm Canyon Drive, Suite 110-21, Palm Springs, California 92264.

We have no parent entity.

We are not controlled by, controlling, or under common control with any other entity that (i) provides or may provide goods or services to our franchisees or (ii) offers franchises in any line of business.

### Predecessors

We have no predecessor.

### Name Used by the Franchisor

We currently or intend to conduct business under the names "Lifetime Blinds" and "Retired Miniblind Installer". We do not intend to use any other names to conduct business.

### Agent for Service of Process

Our agent for service of process in California is Mark Huckins, whose address is 1775 East Palm Canyon Drive, Suite 110-21, Palm Springs, California 92264.

### Business Organization Used by the Franchisor

We are a corporation organized in California on March 22, 2017.

### The Franchisor's Business

We act solely as a franchisor of Lifetime Blinds franchises. We began offering franchises July 2017. We do not operate businesses of the type being franchised, and we do not engage in other business activities.

### The Business the Franchisee Will Conduct

The Lifetime Blinds franchise is a license to independently own and operate a single retail business ("Outlet") that provides customized window blinds, shutters, window coverings and related products and accessories sold to retail customers and installed at the customer's residence or other location (collectively, "Lifetime Blinds Products and Services") and other goods and services to authorized customers within a designated and agreed geographical area

("Territory") under the service mark Lifetime Blinds (the "Mark"), operating from a home office or executive office suite we approve, and using designated business methods and procedures.

If you want to and are financially and operationally qualified in our judgment to do so, you and we may enter into an Area Development Agreement ("ADA"), under which you will be granted the opportunity to develop additional Outlets under a mutually agreed timetable and within a negotiated development area. The form of ADA is attached as Exhibit E to this disclosure document. When you open an additional Outlet under the ADA, you must enter into our then current form of Franchise Agreement for that additional Outlet.

**General Market for Franchised Products and Services**

The general market in which you will operate the business involves providers of customized window blinds, shutters, window coverings and related products and accessories. The market for Lifetime Blinds Products and Services involves homeowners, renters, commercial enterprises, government agencies and small businesses in the Territory. This type of business is fully developed and is not seasonal.

**Industry Specific Laws or Regulations**

You will need a business license and reseller's permit and you must comply with federal, state and local laws applicable to the operation and licensing of a business offering Lifetime Blinds Products and Services. You may be required to have a validly issued state contractor's license to operate a Lifetime Blinds franchise in California (contact the Contractors State License Board, 9821 Business Park Drive, Sacramento, California 95827, phone: 800-321-2752 and website: www.cslb.ca.gov for details). You are responsible for investigating the availability and requirements for obtaining all necessary licenses in your state (and if applicable city and county) as well as complying with applicable federal and state laws. You are strongly encouraged to engage competent local counsel to assist you with compliance with all laws and regulations that may affect your operation of the Outlet.

**Competition**

The customized window blinds, shutters and window coverings market is very well developed and highly competitive. You will compete with many other providers of customized window blinds, shutters and window coverings, including chain stores such as Home Depot and Lowe's, franchise chains such as Budget Blinds and 3 Day Blinds, local individual businesses and on-line retailers.

**Prior Experience of Franchisor, Predecessors and Affiliates**

The original Lifetime Blinds business was founded in November 2015, by our President and Chief Executive Officer Mark Huckins, who also owns the Mark and related intellectual property being licensed to you. Mr Huckins currently owns and operates a business located at 1775 East Palm Canyon Drive, Suite 110-21, Palm Springs, California 92264, which provides Lifetime Blinds Products and Services and blind repair and installation services under the brand name "Retired Miniblind Installer".

We have never offered franchises in other lines of business. We do not operate businesses of the type being franchised. We do not engage in other business activities.

## ITEM 2: BUSINESS EXPERIENCE

Mark Huckins: Chief Executive Officer, President and Director.
Mr. Huckins is the founder of the Lifetime Blinds concept. He was named Chief Executive Officer, President and Director at our inception in March 2017. Mr. Huckins also owns and operates as a sole proprietor a Lifetime Blinds business in Palm Springs, California (since November 2015). From October 2009 to November 2015, he served as Franchise Development Liaison for Budget Blinds, Inc. (an entity he co-founded), Santa Ana, California. In this capacity, he assisted with marketing, franchise licensing, business support and supervising the Troops in Transition Veteran program, which assists military service members and their spouses transitioning into civilian status to become franchisees. Mr. Huckins also founded Mr. Miniblind (a national franchisor of window blinds, shutters and window coverings franchises) in March 1985.

Aaron P. Young: Chief Financial Officer, Secretary and Director.
Mr. Young was named our Chief Financial Officer, Secretary and Director at our inception in March 2017. From January 2003 to March 2017, he was an independent Marketing and Mortgage Banking Consultant based in Palm Springs, California. Mr. Young is a Real Estate Salesperson licensed by the state of California.

## ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

## ITEM 4: BANKRUPTCY

On October 26, 2012, our Chief Executive Officer and President Mark Huckins filed for protection from creditors under Chapter 13 of the Bankruptcy Code with the United States Bankruptcy Court, Central District of California, Case No. 12-34140. A Chapter 13 Bankruptcy enables individuals with regular income to propose a plan to repay creditors in installments. After only 3 months (and before any plan of reorganization was presented to, or confirmed by, the court), on December 3, 2012, Mr. Huckins voluntarily withdrew the petition and the court dismissed the case (none of his creditors were affected by this filing).

Other than the one matter disclosed above, no bankruptcy is required to be disclosed in this Item.

## ITEM 5: INITIAL FEES

The Initial Franchise Fee for a single territorial Outlet is $25,000 and is due and payable in full to us when we complete our initial obligations to you as franchisor under the Franchise Agreement and you open for business.

The territorial Outlet franchised to you will contain at least 40,000 households, but if the territorial Outlet contains more than 50,000 households, you must also pay a “Territory Surcharge” equal to $.20 for each additional household beyond 50,000 (for example, if your territorial Outlet contains 60,000 households, you would pay a Territory Surcharge of $2,000). The Territory Surcharge is due and payable in full to us when you sign the Franchise Agreement.

If one or more Principal Equity Owners is either (i) an active member of the U.S. Armed Forces or is a veteran of the U.S. Armed Forces who was honorably discharged or (ii) a person with at least 2 years of experience in the customized window blinds, shutters and window coverings trade, the Initial Franchise Fee for the first Outlet will be reduced to $500, but the Territory Surcharge will remain the same.

If you sign an ADA granting you the right to open additional territorial Outlets, when we have completed our initial obligations as franchisor to you and you open your initial Outlet for business, you will pay us a "Development Fee" equal to the product of (i) $12,500 multiplied by (ii) the number of additional territorial Outlets you commit to open under the ADA. Each time you open an additional territorial Outlet under the ADA, $12,500 would be applied as a credit toward the initial franchise fee required by the Franchise Agreement for that additional Outlet.

The Initial Franchise Fee and Development Fee paid under an ADA are fully earned by us when paid and not refundable. If before your successful completion of initial training, we decide, in our sole discretion, that you should not operate a Lifetime Blinds business, or if you have not located and rented or leased (if applicable) a site for your "Business Office" (a location in your territory from which you will conduct the Franchised Business) that is acceptable to us within 60 days after the effective date of the Franchise Agreement, we may cancel the Franchise Agreement, without any liability to us.

There are no other initial fees or payments for services or goods received from us or our affiliates before your Outlet opens.

The Initial Franchise Fee and Territory Surcharge constitute part of our general operating funds and will be used as such in our discretion.

## ITEM 6: OTHER FEES

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty[1] | The lesser of (i) 5% of your "Gross Revenues" for each monthly period or (ii) $2,500. | The 3rd business day following the month in which applicable Gross Revenues were received [3] | Royalty is calculated on the "Gross Revenues" received during the previous month and is paid by electronic funds transfer ("EFT") on the 3rd business day of the next month (unless that day is a banking holiday, in which case they are due and payable on the next business day). You must also send us a marketing report in the form we prescribe. "Gross Revenues" include all revenue from the sale of all Lifetime Blinds Products and Services (as defined in the Franchise Agreement) and all other income of every kind and nature related to your franchise operation. Gross Revenues do not include applicable sales taxes you pay to a tax authority. |
| Marketing and Promotion Fees[1] | The lesser of (i) 3% of monthly Gross Revenues or (ii) $1,500[4] | The 3rd business day following the month in which applicable Gross Revenues were received [3] | Marketing and Promotion Fees are not currently due and payable. However, after we have a minimum of 250 franchised outlets open and operating and upon 60 days written notice, we may begin collecting Marketing and Promotion Fees calculated on the Gross Revenues received during the previous month to be paid by EFT on the 3rd business day of the next month (unless that day is a banking holiday, in which case they are due and payable on the next |

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Marketing and Promotion Fees[1] [continued] | | | business day). Also, on a regional or system-wide basis, we may also impose an additional assessment upon some or all franchisees for one-time advertising or promotional activities if 2/3 of all affected Lifetime Blinds franchised Outlets agree to such additional assessment by affirmative vote. |
| Monthly Internet Promotion Fee[1] | $100[2] | The 3rd business day of the month[3] | We use the Internet Promotion Fee to defray our costs in promoting the Lifetime Blinds brand on the Internet and through social media. |
| Initial Training Fee for Additional Attendees[1] | $1,500[2] (for each attendee) | At completion of training[3] | Initial Training is provided to your General Manager and your Principal Equity Owners at no additional charge. Additional attendees of Initial Training, including replacement General Managers, may be required to pay us $1,500 for each subsequent attendee for Initial Training. You must pay the costs of travel, lodging and meals for all trainees. |
| Additional Training Fee[1] | Up to $500[2] (per day) | At time of training[3] | After the Outlet opens, and upon reasonable notice, we may require attendance of your General Manager, Principal Equity Owners and other designated personnel at training courses, seminars, conferences or other programs. You must also pay the cost of travel, hotel and meal expenses for your attendees at these mandatory meetings. |
| Transfer Fee[1] | $7,500[2] | Not later than 10 days before the transfer[3] | The transfer fee covers our costs in reviewing the qualifications of the assignee and providing initial franchise training to the assignee. There is no transfer fee if franchise is transferred to an entity (corporation or limited liability company) owned solely by you. No fee is due if franchise is transferred to your personal representative, conservator or heir upon your death or legal disability (if you are an individual) or dissolution (if you are an entity). |
| Renewal Fee[1] | $500[2] | When you sign the Renewal Franchise Agreement | You are qualified for renewal if all fees due are paid and you are not in breach of any term of your Franchise Agreement. |
| Late Payment Penalty | 5% of the amount past due[2] | Immediately upon our demand [3] | The late payment penalty is in addition to interest on the unpaid amount. |
| Interest Charged | Annual Percentage Rate of 10% on the unpaid amount | Immediately upon our demand [3] | Interest charged by us cannot exceed the maximum allowed by the law of the state where the Outlet is located. |
| Records and Rights of Inspection (Audit)[1] | Cost of audit plus interest on underpayment | Immediately upon our demand [3] | Due only if audit discloses an understatement of 5% or more in gross sales for any month or it takes our auditors an unreasonable amount of time (more than 8 hours) to assemble your records for audit. |

Notes:

1. All fees are imposed and collected by and are payable only to us. Except as indicated in Item 5 or otherwise in the table above, all fees are non-refundable. All fees are uniformly imposed.

2. This fee may be adjusted by changes since the effective date of the Franchise Agreement in the annual average of the Consumer Price Index for All Urban Consumers ("CPI"), published by the Bureau of Labor Statistics of the United States Department of Labor, or the highest similar future index if these figures become unavailable.

3. If any payment is not paid when due, you must pay interest on the unpaid amount at an annual percentage rate ("APR") of 10% (unless interest rates on delinquent payments in the state in which your Outlet is located are limited by law to a lesser amount, in which case that lesser amount will be charged instead), and you must reimburse us immediately upon demand for all reasonable costs of collection relating to delinquent amounts, including court costs, investigator fees, expert witness fees and attorneys' fees. Interest begins to accrue from the date payment was due.

4. Within the 30 days before and the 30 days after the Opening Date, you must spend in your Territory at least $1,000 on the grand opening advertising and promotion of your Outlet, using a grand opening promotional program that we approve. Beginning on the Opening Date, you will contract with a third party we approve to assist you with Internet ranking directly to your Outlet's presence on our website. In addition, we recommend you spend at least 1% of your Gross Revenues on the local marketing, advertising and promotion of your Franchised Business, using marketing and promotional materials pre-approved or otherwise authorized in writing by us ("Local Advertising") and you may incur ongoing expenses for a third party to maintain an authorized website or other Internet presence for your Franchised Business. If we determine your outlet has not made sufficient market penetration, upon 30 days prior notice, we may require you to spend up to $500 each month on Local Advertising. Within five business days after we ask for it, you must report to us all details of your Local Advertising for the previous 30 days.

## ITEM 7: ESTIMATED INITIAL INVESTMENT

**YOUR ESTIMATED INITIAL INVESTMENT**

| Type of expenditure | Amount | Method of payment | When due | To whom payment is to be made |
|---|---|---|---|---|
| Initial Franchise Fee[1] | $500 to $25,000 | Lump sum; non-refundable | When all our initial obligations are complete, and you open for business under the Franchise Agreement | Us |
| Training expenses [2] | $1,000 to $2,500 | As incurred | During training | Travel and lodging vendors |
| Grand Opening advertising and promotion [3] | $1,000 to $5,000 | Lump sum; non-refundable | During the 30 days before and the 30 days after you open | Advertisers and other suppliers |
| Real estate expenses (for Business Office) [4] | $500 to $1,000 | As incurred | Before opening | Landlord |
| Service vehicle[5] | $4,000 to $35,000 | As arranged | Before opening | Vehicle dealer |
| Equipment, furniture and office equipment [6] | $1,000 to $1,500 | As arranged | Before opening | Suppliers |
| Signage [7] | $1,000 to $2,000 | As arranged | Before opening | Designated or approved suppliers |
| Business computer, integrated software and telecommunications [8] | $750 to $1,500 | Monthly | Before opening | Designated suppliers |
| Professional fees – legal and accounting [9] | $1,000 to $2,000 | As incurred | Before opening | Attorneys and accountants |

| Type of expenditure | Amount | Method of payment | When due | To whom payment is to be made |
|---|---|---|---|---|
| Inventory (samples), tools and supplies to begin operating [10] | $1,000 to $1,500 | As arranged | Before opening | Designated and approved vendors |
| Insurance premiums [11] | $1,000 to $2,000 | As incurred | As arranged | Insurance company |
| Licenses and permits [12] | $500 to $1,000 | As incurred | Before and during opening | Government agencies |
| Additional funds – 3 months [13] | $5,000 to $10,000 | As incurred | After opening | Employees, landlord, other vendors |
| TOTAL[14] | **$18,250 to $90,000** | | | |

(1) This fee must be paid in full at the time indicated. In order to be eligible to sign the Franchise Agreement, you must provide us with reasonable proof of your financial ability to make the initial investment described above, and you must authorize us to conduct a credit check to confirm your financial ability to purchase and develop the Outlet.

(2) Training typically is accomplished in 10 days (3 days of initial orientation and 7 days of field training) in Riverside County, California. These expenses represent the wages, travel and living expenses for you and your staff during training.

(3) You must spend at least $1,000 within the 30 days before you open and the 30 days after you open to build local customer awareness of your Outlet. Recommendations on how to promote the grand opening of your Outlet will be provided by us, including promotional ideas, sample advertising copy and flier design.

(4) You will need to have suitable location for your "Business Office" (the premises from which you operate your franchised Outlet) and the rent or lease deposit amount will vary depending on the location. If you are operating from your residence, these costs will be minimal. If you are renting an executive suite or other office, a security deposit and first month's rent (typically varying from $1,000 to $2,000) are standard requirements to execute a commercial lease, and the estimate above includes the initial month of rent and the deposit.

(5) Within 180 days after the effective date of your Franchise Agreement, you must lease or purchase a panel van or truck (as specified by us in the Confidential Operations Manual (the "Manual") and with our trademarks affixed to it) and use it to visit customers and deliver Lifetime Blinds Products and Services to retail customers.

(6) This item includes the cost of desks, office chairs, guest chairs, office supplies and other items necessary for operating your territorial Outlet and furnishing your Business Office.

(7) The quantity, size, type and cost of signs will vary in accordance with local governmental regulations.

(8) This includes a business computer with integrated software, printer and supporting equipment, and telephone communication equipment. We will control all telephone numbers associated with the Franchised Business, and we may obtain and assign for your use a specific telephone number which will revert to us when the Franchisee Agreement is terminated or expires.

(9) This includes professional legal and accounting fees to review the franchise agreement and setting up your territorial Outlet.

(10) This refers to sample books of blinds and shutters, installation tools, printed materials (such as business cards, brochures and other marketing materials), operational materials, referral gifts, promotional items and other items of merchandise and supplies you must stock in order to open your territorial Outlet for business.

(11) As an independently owned and operated franchisee, you are responsible for all costs or liabilities arising from the operation of your Outlet and it imperative that you carry adequate insurance to protect yourself. The currently required *minimum* coverage and limits of insurance are (i) General Liability at minimum limits of $1,000,000 per occurrence / $3,000,000 annual aggregate, (ii) Auto Liability at minimum limits of $1,000,000 combined single limit covering all owned, hired and non-owned vehicles, and (iii) Workers' Compensation to meet the statutory coverage of the state where your Outlet is located. To the extent permissible under law, these insurance requirements may be satisfied with a combination of primary, umbrella and/or excess policies. All insurance policies will name you as named insured and (except for Workers' Compensation insurance policies) will name us and our parent entities and affiliates of these companies now existing or which may hereafter exist as additional insureds, including their employees, officers and directors on additional insured endorsement forms. All required insurance shall be purchased by insurance companies of good reputation with a rating of "A VII" or better by A. M. Best Company. The costs of premiums will vary based on location of the Outlet and any prior claim history. You must supply us a copy of the applicable insurance policies providing the coverage specified above as soon as practicable after the effective date of your Franchise Agreement and then proof of continuing insurance on annual basis not later than each anniversary of the effective date of your Franchise Agreement.

(12) You must obtain a business license from your city or county and you must file an assumed name or fictitious business name certificate ("DBA") with the appropriate government agency in your county or state indicating you will be doing business under our trademarks. You must provide us a copy of the DBA upon issuance and upon any renewal. You may also be required to obtain a contractor's license and other required licenses and permits before you can begin operating your Outlet.

(13) Although we do not require minimum funds for you to start your business, there are some expenses you will incur when you begin your franchise operations, such as samples, tools and supplies. It is always a good idea to have some cash reserves available to cover initial operating expenses. This estimates the additional funds you will need for your first 3 months of operation, plus an additional amount of recommended working capital available for access during the first year of operations. These expenses include payroll costs. We relied on the 32 years of experience of our Chief Executive Officer in determining these figures. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our services; competition; and the sales level reached during the initial period.

(14) This estimates your initial startup expenses. Although we cannot assure you this will happen, if you do not open for business, you may receive a refund from suppliers for unused inventory, unspent advertising and canceled insurance. Otherwise the payments listed in the table above are nonrefundable. We do not finance any part of the initial investment. We relied on the 32 years of experience of our Chief Executive Officer in determining these figures. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

## ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

### Required Purchases of Goods or Services, including Computer and Point of Sale System

You must purchase, use and maintain a business computer system, together with all related software and other hardware as specified in our Confidential Operations Manual (the "Manual") or otherwise by us in writing for use in connection with the Outlet (the "Computer System").

And we require you to maintain an e-mail account and connect the Computer System to a dedicated telephone line (or other communications medium we specify) at all times and be capable of accessing the Internet via a third party network we designate in the Manual or otherwise in writing. You must also obtain and use an approved mobile credit card reader (we currently authorize the Square Reader) for customer credit card purchases. We also recommend that you obtain iPads or other mobile communication devices to assist in operating your business. We are not obligated to provide you with, or assist you in obtaining, the Computer System. You are responsible for all ongoing maintenance and repairs and upgrades to the Computer System. We do not currently require you to obtain and use a specific point of sale ("POS") system, but we reserve the right to do so in the future.

You must purchase items bearing our trademarks only from designated vendors or approved suppliers. You must place or display at the premises of your Outlet (interior and exterior) and your service vehicle only such signs, emblems, lettering, logos, and display materials that we approve in writing. All vehicle or other equipment leases will be between you and the lessor. Under no circumstances can you sign any lease as if you were us, or on behalf of us.

**Franchisor or its Affiliates Acting as Approved Suppliers**

Neither we nor any of our affiliates currently sell or lease any goods, services, supplies or equipment related to establishing and operating the franchised business. There are no current suppliers in which any of our officers owns an interest.

**Approved Suppliers and Approval of Alternative Suppliers**

We may also require you to purchase other products and services related to the Outlet from other manufacturers or producers designated or approved by us in writing. We will provide a written list of any required proprietary products and services and designated or approved suppliers. We will also notify you of any additions to or deletions from this list.

We only designate or approve suppliers who demonstrate to our satisfaction the ability to meet our standards and specifications, who possess adequate quality control and capacity to supply your needs promptly and reliably, and who have been approved by us in the Manual or otherwise in writing. Designation of a supplier may be conditioned on factors established by us, including performance relating to frequency of delivery, standards of service, and payment or other consideration to us or parties designated by us. We may designate a single or multiple suppliers for any given item or service and may concentrate purchases with one or more suppliers.

The current list of approved products and suppliers is found in the Manual. We may make changes to these lists or other parts of the Manual, which we will provide to you. If you desire to purchase products other than those provided by approved suppliers, you must submit to us a written request for approval of the proposed supplier together with such evidence of conformity with our specifications and program specifications as we may reasonably require. We will have the right to require that our representative be permitted to inspect the supplier's facility and that samples from the supplier be delivered for evaluation and testing, either to us or to an independent testing facility designated by us. Our criteria for supplier approvals are contained in the Manual. Within 60 days after our receipt of the completed request or completion of the evaluation and testing (if required by us), we will notify you in writing of our approval or disapproval of the proposed supplier. Approval will not be unreasonably withheld.

You must not sell or offer for sale any products or services from a proposed supplier until you receive our written approval of the proposed supplier.

We may revoke our approval of particular products or suppliers if we determine in our sole discretion that the products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing or selling any disapproved product.

We may also consider the impact of an additional supplier (and consequent reductions in supplier volume and increase in distribution expense) on the overall supply chain being utilized by the system.

**Issuance of Specifications and Standards**

We issue specifications and standards regarding authorized Lifetime Blinds Products and Services through the Manual and other communications in writing or by email. We may also issue specifications and standards regarding authorized Lifetime Blinds Products and Services to our designated and approved suppliers in writing or by email. We may modify these specifications and standards at any time but only after delivering written notification of the modifications and providing its franchisees or suppliers a reasonable amount of time to implement the modifications.

**Revenue from Franchisee Purchases**

During 2018, neither we nor any related entity derived revenue, rebates or other material consideration because of required purchases or leases by Lifetime Blinds franchisees. But we or our related entities may do so in the future.

Payments to us and purchases from designated vendors and approved suppliers (i) in establishing your Outlet will range from 33% to 46% of your total initial investment and (ii) in operating your Outlet will range from 30% to 60% of your total monthly expenses.

**Cooperatives**

We are not presently involved in any purchasing or distribution cooperatives.

**Negotiated Purchase Arrangements**

We or our affiliates intend to negotiate purchase arrangements or price terms with suppliers for the benefit of our franchisees.

**Material Benefits Based on Franchisee Purchases**

We do not provide any material benefits to you based on your purchase of particular products or services or your use of particular suppliers, although suppliers may do so.

## ITEM 9: FRANCHISEE'S OBLIGATIONS

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

| | Obligation | Section in franchise agreement | Section in area development agreement | Disclosure document item |
|---|---|---|---|---|
| a. | Site selection and acquisition/lease | 7.1, 7.2 | Exhibit 1 | 6,11 |
| b. | Pre-opening purchases/leases | 7.2, 7.3 | 2.2 | 8 |
| c. | Site development and other pre-opening requirements | 7.1-7.3 | 2.1 | 6, 7, 11 |
| d. | Initial and ongoing training | 6.1-6.4 | Not applicable | 11 |
| e. | Opening | 3.3, 7.2, 7.3 | 2.1, Exhibit 1 | 11 |
| f. | Fees | 4.1-4.8, 5.2, 12.2 | 3.1,3.2 | 5, 6 |
| g. | Compliance with standards and policies/ operating manual | 8.1-8.3 | Not applicable | 11 |
| h. | Trademarks and proprietary information | 8.8, 9.1-9.5 | 5.2 | 13,14 |
| i. | Restrictions on products/services offered | 3.2, 3.4, 8.1, 8.13 | 1.1, 1.5 | 16 |
| j. | Warranty and customer service requirements | 3.3, 8.1 | Not applicable | 11 |
| k. | Territorial development and sales quotas | 3.1 | 1.2, 2.4, Exhibit 1 | 12 |
| l. | Ongoing product/service purchases | 7.3 | Not applicable | 8 |
| m. | Maintenance, appearance and remodeling requirements | 5.2, 7.2, 8.5 | Not applicable | 11 |
| n. | Insurance | 8.10 | Not applicable | 6, 8 |
| o. | Advertising | 4.3, 7.4, 8.8, 8.13, 10.1, 10.2 | 5.2 | 6,11 |
| p. | Indemnification | 16.2 | Not applicable | 6 |
| q. | Owner's participation/management/ staffing | 3.6, 6.1, 6.2, 8.1, 12.6 | Not applicable | 11,15 |
| r. | Records and reports | 8.7 | Not applicable | 6 |
| s. | Inspections and audits | 8.7, 8.11 | Not applicable | 6,11 |
| t. | Transfer | 12.1-12.7 | 4.1, 4.2 | 17 |
| u. | Renewal | 5.2, 5.3 | 1.3, 1.4 | 17 |
| v. | Post-termination obligations | 11.2, 15.1, 15.2 | 6.2 | 17 |
| w. | Non-competition covenants | 11.1-11.3 | 5.1 | 17 |
| x. | Dispute resolution | 14.1-14.5 | 7.1-7.5 | 17 |
| y. | Compliance with anti-terrorism and other federal laws | 16.12 | Not applicable | Not applicable |

## ITEM 10: FINANCING

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

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

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

### Our Pre-Opening Obligations

Before you open your business, we will:

(1) Designate your protected Territory (see sections 3.1, 7.1, and Exhibit 1 of the Franchise Agreement).

(2) Provide you with initial training and orientation in the Lifetime Blinds system and how to operate the Outlet (see section 6.1 of the Franchise Agreement and the Training Program

described below in this Item 11). Your General Manager and at least one Principal Equity Owner (these may be the same person) must successfully complete initial training to our satisfaction before you can open your Outlet.

(3) Provide you with a general plan for the equipping of your Outlet, together with a written schedule of all Lifetime Blinds Products and Services and other products and services authorized to be sold at or through your Outlet and a list of approved and designated suppliers (see section 7.3 of the Franchise Agreement).

(4) Although we do not typically pre-select or assist you in finding the site for your Business Office, we must give our final consent to the location before your Business Office can be placed in your Territory (see section 7.2 of the Franchise Agreement). You have 60 days after the date you sign your Franchise Agreement (the "Effective Date") to locate an acceptable site for your Business Office. We will review and either consent to or decline the proposed site for your Business Office within 10 business days after you provide us with its address. If you are unable to locate an acceptable site for the Business Office within 60 days after the Effective Date, we can cancel the Franchise Agreement and if we do so, we will refund your Initial Franchise Fee less all costs we incurred up to the date of cancellation. If we consent to the site for your Business Office, but you do not begin operations in your Territory within 180 days after the Effective Date, we can cancel the Franchise Agreement without any liability to us (see section 7.2 of the Franchise Agreement).The factors we consider in consenting to a site for the Business Office include general location and neighborhood, size, and (if applicable) lease or rental terms. We do not typically own and lease to you the premises on which the Business Office will be located.

(5) Provide you with a copy of the confidential Manual (see section 8.2 of the Franchise Agreement).

**Length of Time to Open the Outlet**

We estimate the typical length of time between the signing of the Franchise Agreement (when you make your first payment to us for the franchise) and the opening of your Outlet will be 90 days. Factors that may affect this time period include the satisfactory completion of initial training by your designated attendees, location of an acceptable site for your Business Office, financing arrangements, compliance with government licensing and permit requirements, weather conditions, shortages, and delivery and installation of equipment, fixtures and signs. If we consent to the site for your Outlet but you do not begin operating your Franchised Business within 180 days after you the Effective Date of the Franchise Agreement, we can cancel the Franchise Agreement (see section 7.2(b) of the Franchise Agreement), and if we do so under those circumstances, we are not obligated to refund your Initial Franchise Fee and any Development Fee paid under an ADA.

**Our Obligations during the Operation of the Franchise**

During the operation of the franchised business, we:

(1) Will provide you with access to, and integrate information about your Outlet into, the Lifetime Blinds website (see section 6.2(a) of the Franchise Agreement).

(2) Will be reasonably available (together with local vendor representatives) by phone and e-mail for guidance in the operation and management of your Outlet. However, we do not provide

you with assistance in hiring, supervising or discharging employees nor do we provide any advice on employment law or regulations, except to strongly recommend you engage the services of an attorney competent to advise you on employment law matters in your state. (See section 6.2 of the Franchise Agreement.)

(3) May visit you periodically at no cost to you to provide additional sales and administrative review and assistance, including assistance with establishing and using administrative, bookkeeping, accounting and inventory control procedures. If you request this assistance and we agree to provide it, you must reimburse us for the cost of our representative's transportation and lodging. We may also, at our discretion, charge an additional training fee of up to $500 per day for optional Lifetime Blinds training courses, seminars, conferences or other programs that you or your representatives attend. The nature, frequency and duration of this assistance by our representatives will be in our sole discretion. (See section 6.2 of the Franchise Agreement.)

(4) In connection with your ongoing obligation to maintain the Outlet in accordance with our standards, will notify you if the general state of repair, appearance or cleanliness of your Business Office (and its signs), custom store facility, service vehicle and your employees do not meet our standards, and specify the action you must take to correct the deficiency (see section 8.11 of the Franchise Agreement).

(5) May conduct a system-wide meeting (or annual convention) not more than once a year in southern California or other place in the United States. Attendance of at least one Principal Equity Owner at these meetings is highly recommended. You must pay the cost of travel, hotel and meal expenses for your attendees at these mandatory meetings. (See section 6.3 of the Franchise Agreement.)

(6) May recommend retail prices for specific Lifetime Blinds Products and Services and other products and services we authorize for sale at your Outlet (to enhance uniformity in the delivery of goods and services to retail customers by our franchises and the strength of our Marks in inter-brand competition), and if we do so, you may not advertise or promote (whether by telephone, printed materials or any other media, including, without limitation, social media) retail prices that are inconsistent with these recommended prices. Also, to the extent permitted by federal and state law applicable to the Outlet, we may designate maximum and minimum retail prices to be charged for Lifetime Blinds Products and Services. (See section 8.1(b) of the Franchise Agreement.)

**Advertising Program for the Franchise System**

We are not currently charging and collecting Marketing and Promotion Fees. However, after there are at least 250 Lifetime Blinds open and operating, beginning 60 days after we give you written notice we will begin collecting these fees, you must then pay us a Marketing and Promotion Fee of up to 3% of your monthly Gross Revenues (section 4.3(a) of the Franchise Agreement). Marketing and Promotion Fees would be due and payable every other Wednesday. We are not required to spend any Marketing and Promotion Fees directly in or near your Outlet, although we may do so. However, we will instruct you on how to engage in local marketing campaigns and use Google, Facebook, Yelp, Houzz, Pinterest, Instagram and other equivalent social media sites as lead generation sources. Marketing and Promotion Fees collected from Lifetime Blinds franchisees will be spent for national and regional advertising and promotional campaigns designed to promote and enhance the value of the Lifetime Blinds trademarks and their general public recognition and acceptance. Any Lifetime Blinds outlet

owned by an entity affiliated with us will contribute Marketing and Promotion Fees at the same rate that Lifetime Blinds franchisees do. Any Marketing and Promotion Fees collected but not expended in a calendar year will roll over for use in the next calendar year.

Marketing and Promotion Fees are paid by EFT into a separate bank account of ours specifically designated for Lifetime Blinds advertising and promotion activities. This separate marketing and advertising bank account is not audited. However, if you request in writing an accounting of advertising expenditures within 90 days after the end of a calendar year, we will provide you within 30 days after receiving a written request with an unaudited financial statement of the advertising account's annual receipts and expenditures relating to the calendar year. No interest on the amounts on deposit will be imputed for your benefit or paid to you. We administer this separate marketing and advertising bank account and the national advertising program, and we will receive a fee of 15% of the annual aggregate Marketing and Promotion Fees for doing so.

We will provide general advertising programs and sales promotion, campaign and sample advertising materials. You may develop advertising materials for your own use, at your own cost. But we must approve all advertising materials in advance and in writing. You grant us a the right to use the name, image and likeness of you, all Principal Equity Owners and any of your affected employees, for commercial purposes in connection with the marketing and promotion of the Marks, Lifetime Blinds, any Lifetime Blinds and the Lifetime Blinds system. (See section 9.1(d) of the Franchise Agreement.)

We intend to use our website, social media, regional and national marketing campaigns in our advertising efforts, and you must participate in Lifetime Blinds system-wide promotions and social media programs (such as group discount promotions). We reserve the right to use other media to market and promote the Lifetime Blinds trademarks. We may be using in-house advertising personnel to do this and we may hire advertising and public relations firms to assist us in these efforts.

We do not yet have a franchisee council that advises us on advertising policies, but we may establish one in the future, and if we do so, we will request input on advertising informally from franchisees.

We are not presently involved in any advertising cooperatives. However, we reserve the right to create advertising cooperatives in the future. If we do so, outlets owned by or affiliated with us will contribute to the cooperative on the same basis as Lifetime Blinds franchisees. We have the right to require cooperatives to change, dissolve or merge.

We require you to spend at least $1,000 on the Grand Opening Advertising and promotion event in connection with the opening of your Outlet sometime during the 30 days before and the 30 days after your Outlet opens (see section 4.3(c) of the Franchise Agreement).

Also, beginning 30 days after your Outlet opens, we recommend you spend at least 1% of your monthly Gross Revenues on the local marketing, advertising and promotion ("Local Advertising") of your Franchised Business, using marketing and promotional materials pre-approved or otherwise authorized in writing by us (see section 4.3(d) of the Franchise Agreement). Upon 30 days prior notice we may require you to spend up to $500 each month on Local Advertising. Within five business days after we ask for it, you must report to us all details of your Local Advertising for the previous 30 days.

On a national or regional basis, we may impose an assessment on all affected Lifetime Blinds franchisees for special advertising or promotional activities if franchisees owning 2/3 of all affected franchised Outlets agree to this assessment, confirmed in writing by each franchisee (see section 4.3(e) of the Franchise Agreement).

Although you are not obligated to spend a designated portion of your gross revenues on the local marketing, advertising and promotion of your franchised territory, we recommend you do so where appropriate. Any advertising of your franchised territory must be done in compliance with the guidelines contained in the Manual and we will engage in local marketing campaigns and using Google, Facebook, Yelp, Houzz, Pinterest, Instagram and other equivalent media sites as lead generation sources.

**Electronic Cash Registers and Computer Requirements**

You are required to purchase, use and maintain the Computer System, with integrated software. We don't specify or recommend the brand or type of business computer you use. But if this changes, you will be notified. We estimate the cost of the Computer System to range from $750 to $1,500. We also require you to maintain an e-mail account and connect the Computer System to a dedicated Internet line (or other communications medium we specify) at all times and be capable of accessing the Internet via a third party network designated by us in the Manual or otherwise in writing. We will be monitoring all email traffic to and from your Franchised Business. You must allow us to access your Computer System on a daily or other basis at the times and manner determined by us or our designated affiliate, with or without notice, and to retrieve transaction information (including sales, sales mix, usage and other operations data) that we deem appropriate. You must always have and maintain adequate anti-virus software in any computer you use to communicate with us directly or through our master website or intranet. (See section 8.4(b) of the Franchise Agreement.) We estimate the annual cost of optional or required maintenance, updating, operating or support contracts regarding the Computer System is $1,500.

**Operations Manual**

We will loan you one copy of our Manual (containing a total of 138 pages) and other applicable manuals during the relevant phases of initial training (see section 8.2 of the Franchise Agreement). The Manual contains mandatory and suggested specifications, standards and procedures for operation of your Outlet.

We will modify the Manual, and you must comply with these changes when you receive them. This Manual is confidential and remains our property. If you lose or allow the unauthorized duplication of the Manual or any other confidential manuals or proprietary materials loaned to you by us, you will be deemed to be in violation of this Agreement and all other agreements you have with us (see section 8.2 of the Franchise Agreement) and we would be entitled to recover damages from you).

The following is the Table of Contents of the Manual as of the date of this disclosure document:

| Topic | Number of Pages |
|---|---|
| Section 1. Welcome: The Ops Manual Comprehensive Guide/Operating Your Franchise | 1 |

| Topic | Number of Pages |
|---|---|
| Section 2. History & Mission = Unrivaled Business Model<br>A. Powerful Business Model - Origin of Low Overhead Mobile Concept<br>B. Vision<br>C. Lifetime Service Warranty | 3 |
| Section 3. What Your Franchise Includes:<br>A. Exclusive Territory - Central Office Selection<br>B. Training - 3 Day Orientation & 7 Days in the Field<br>C. Coaching - Local Vendor Support - Vendor Certification<br>D. Website<br>E. Product Wholesale Price Negotiation | 5 |
| Section 4. Profit Margins - Cost of Doing Business - Fixed Expenses | 5 |
| Section 5. The Art of Running Your Business<br>A. Day to Day Operations - Organizing Your Calendar<br>B. Where Do you Excel? Operations - Sales - Installation - Repairs - Administration - Logistics<br>C. Delegating | 10 |
| Section 6. Marketing & Lead Generation = SEO<br>A. Setting Up Organic (Free) Listings: Local Google Listing - Yelp! - Foursquare - Angie's List - Houzz - Pinterest - Facebook - Instagram<br>B. Reviews<br>C. Chamber of Commerce - Grand Opening Letter to Local Businesses<br>D. Press Release | 10 |
| Section 7. Sales Training<br>A. Qualifying<br>B. Product Check List<br>C. Closing Techniques<br>D. Touching Points | 10 |
| Section 8. Ordering<br>A. Measuring Guidelines - Helpful Hints for Each Product<br>B. Writing Up an Order<br>C. Placing an Order | 50 |
| Section 9. Setting Up Your Business<br>A. Filling Out Vendor Applications<br>B. Meeting with Local Reps<br>C. Sampling<br>Section 9. Setting Up Your Business [continued]<br>D. Warehouse/Office Space/Receiving<br>E. Tools<br>F. Phone - Answering Service<br>G. Van Logo - Van Organization | 20 |
| Section 10. Policies & Procedures | 10 |
| Section 11. Training Evaluation | 2 |
| Section 12. Your First 8 Weeks - Things To Do | 12 |
| **Total Pages** | **138** |

Currently, we have no policy under which we will render services to you not required by your Franchise Agreement (or other agreements with us) or the Manual.

## TRAINING PROGRAM

| SUBJECT | HOURS OF CLASSROOM TRAINING | HOURS OF ON THE JOB TRAINING | LOCATION |
|---|---|---|---|
| Day 1<br>Orientation to Lifetime Blinds | 8 | 0 | Palm Springs, California |

| SUBJECT | HOURS OF CLASSROOM TRAINING | HOURS OF ON THE JOB TRAINING | LOCATION |
|---|---|---|---|
| Days 2 though 10<br>On-the-Job Field Training | 18 | 54 | Palm Springs, California, and Operating Lifetime Blinds Business in Southern California |

The training program above is effective as of the date of this disclosure document. Initial training is typically provided within 30 days before your Outlet opens and is typically scheduled on a monthly basis. All classroom training takes place in Palm Springs, California or at another training center we designate. All on-the-job training takes place at your Business Office or in another in Lifetime Blinds Business Office in southern California.

The instructional material consists of appropriate handouts and information directly from the Manual. Currently, our principal instructor is our President Mark Huckins, who has been with us since our inception in 2018, and who has 32 years of experience in the subject matters he teaches. The principal instructor may be assisted by Lifetime Blinds program directors and other employees of ours. Most of the time it is reasonable to complete the training in 10 days, but it is up to our President whether the program will be completed in a different time frame.

The Initial Training Program is mandatory for your General Manager, all of your Principal Equity Owners (including their partners or spouses) and all other key employees who will be involved in the Franchised Business. The successful completion of initial training by your General Manager and other required attendees of Initial Training to our satisfaction is a condition to your opening of an Outlet to the public, and must be fulfilled within 180 days after you sign the Franchise Agreement.

Additional on-site training at your Outlet may be provided when you open your Outlet. We may provide you with proprietary information and related materials for use in training your staff. These materials are our sole property and must be returned to us when you are finished with them. We will conduct both oral and practical evaluations and issue a Certificate of Completion (may be done electronically) upon successful completion at the conclusion of the training.

No additional training programs or refresher courses are required. However, you can request additional on-site training and/or assistance at any time. We may provide this training and/or assistance at our option, but the Franchise Agreement does not require us to do so.

We may periodically conduct an annual conference, convention or training session, and if we do, we will determine its duration, curriculum and location (section 6.3 of the Franchise Agreement). Attendance of at least one Principal Equity Owner at these meetings will be mandatory (and is highly recommended for your General Manager and all other Principal Equity Owners).

You must pay all the expenses incurred by your trainees are attendees in connection with the Initial Training Program and any other training, conferences, conventions or other meetings your trainees attend, including, for example, their salaries, transportation costs, meals, lodging and other living expenses (section 6.1(e) of the Franchise Agreement).

## ITEM 12: TERRITORY

You will receive an exclusive territory ("Territory") within a defined area surrounding your Business Office based on number of households (at least 40,000) as we determine and as specified in your Franchise Agreement. By "exclusive" Territory we mean that so long as you continue to fulfill your material obligations under your Franchise Agreement (as reasonably determined by us), we will not grant a Lifetime Blinds franchise to any other person nor will we or any of our affiliated entities operate an Outlet within your Territory. You may face competition from other Lifetime Blinds franchisees located near your Territory, from other channels of distribution for Lifetime Blinds Products and Services, or from other competitive brands that we control.

You may relocate your Business Office within your Territory with our written consent, which will not be unreasonably withheld. Not less than 90 days before the desired date of relocation (unless prior notice is impractical because of a required relocation in which event your notice must be given as soon as possible), you must make a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location. Within 20 business days after we receive your request, we will either approve or disapprove in writing such closure or relocation in our sole discretion. If we disapprove of a proposed relocation, you may request an alternative proposed new location.

If you enter into an ADA, you will be granted an exclusive (so long as the ADA is in effect) right to open a mutually agreed number of additional territorial Outlets under a mutually agreed development schedule. If you fail to achieve the development schedule, you may still open Outlets within the development area but will lose the exclusive right to do so, and we may allow others to open additional Outlets within the development area. You must enter into a separate Franchise Agreement for each additional Outlet you open under the ADA, and these agreements will grant a separate exclusive Territory within a defined area surrounding each additional Business Office. Otherwise, we do not grant you options, rights of first refusal or similar rights to open additional territorial Outlets under the Franchise Agreement or the ADA, and you may not open additional Lifetime Blinds businesses or engage in activities that are equivalent to the franchised business outside the Territory.

We reserve the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to us, without necessarily granting you any rights in those systems. We reserve all rights to market and sell Lifetime Blinds Products and Services under our principal trademarks or different trademarks through other channels of distribution (including the Internet) anywhere. We are not required to pay you compensation for soliciting or accepting orders in your Territory through other channels of distribution.

You may only offer and sell Lifetime Blinds Products and Services to customers in your Territory, and you are restricted from advertising Lifetime Blinds Products and Services outside your Territory without our prior written consent. You may not engage in any mail order solicitations, catalog sales, telemarketing or television solicitation programs, or use any other advertising media outside of your Territory without our prior written approval. Also, you may not offer or sell Lifetime Blinds Products and Services directly or indirectly through the Internet, except as authorized by us in the Manual or otherwise in writing. We will publish all website content and we will list your Outlet location on our master web site. We will maintain the "Uniform Resource Locator" (or "URL") for the Lifetime Blinds website, and you may never own any Internet domain name that contains any of the Marks. Under no circumstances are you

authorized to establish your own personal websites (except social media sites we authorize) for the purpose of advertising your Territory Outlet or our principal trademarks.

Although we have no current plans to do so, we and our affiliated companies reserve the right to offer and sell other types of franchises that do not directly compete with the Lifetime Blinds franchise.

Beginning with the 13th full calendar month after the date your Outlet opens, and each month thereafter, you must earn Gross Revenues of at least $10,000. Failure to do so will be a material breach of the Franchise Agreement and may result in the termination of the Franchise Agreement. Otherwise, your exclusive rights to the Territory do not depend on your attaining a minimum level of sales, revenues or market penetration or other contingency. The continuation of your exclusive rights to develop additional Territory Outlets under the ADA does depend on your meeting the development schedule described in the ADA. Neither the Territory granted by the Franchise Agreement nor the development area described in the ADA may be altered except if you and we mutually agree. You will maintain rights to your Territory and the development area described in the ADA even if the population in those geographic areas increases.

## ITEM 13: TRADEMARKS

You will be licensed to operate and identify the Outlet under the principal trademark “Lifetime Blinds” and logo (which are owned by Mark Huckins) and other current or future trademarks. The current trademark and logo you will be licensed to use are displayed on the front cover of this disclosure document.

The principal trademark “Lifetime Blinds” was registered as a standard character mark on the Principal Register of the United States Patent and Trademark Office (“USPTO”), on October 31, 2017, in class 035 (for mobile retail store services featuring window coverings, blinds, *etc*.) and class 037 (for mobile repair and installation services of window coverings, blinds, *etc*.), registration number 5322287. The Lifetime Blinds logo was registered as a design plus words on the Principal Register of the USPTO, on November 7, 2017, in class 037 (for mobile repair and installation services of window coverings, blinds, *etc*.), registration number 5327443.
There are presently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, nor any pending interference, opposition or cancellation proceedings involving our trademarks. There are no agreements currently in effect that significantly limit our rights to use or license the use of trademarks listed in this Item in a manner material to the franchise. There is no pending material federal or state court litigation regarding our use or ownership rights in the trademarks. All required affidavits have been filed.

The principal trademark is owned by Mark Huckins, who granted us a trademark license (the “Trademark License”) and right to use the principal trademark and related trademarks, service marks, trade names, logos and symbols (collectively the “Marks”) in granting licenses to Lifetime Blinds franchisees to use the Marks. The Trademark License will continue until it is terminated. If the Trademark License were to be terminated, Lifetime Blinds franchisees would have the right to continue to use the Marks while operating their franchised Outlets under their Franchise Agreements for not less than the existing term of the Franchise Agreement. Except as described above, no agreements limit our rights to use or license the use of the Marks.

You must follow our rules when you use the Marks. You cannot use our principal Mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use the Marks in connection with the sale of any unauthorized product or service, or in any manner that we have not authorized in writing.

We have the right to control any administrative proceedings or litigation involving a Mark licensed to you by us. You must notify us promptly when you learn about an alleged infringement, unfair competition, unauthorized third party use of or challenge to your use of the Marks. We then will promptly take the action we think appropriate. We will indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition or similar claims about the Marks (see section 9.5(b) of the Franchise Agreement). However, we are not obligated to defend or indemnify you if the claim against you relates to your use of the Marks in violation of the Franchise Agreement.

If you learn that any third-party whom you believe is not authorized to use our Marks is using them or any variant of them, you must promptly notify us. We will determine whether or not to wish to take any action against the third party.

You must modify or discontinue the use of a Mark if we or the trademark owner modifies or discontinues it. You must not directly or indirectly contest our rights to the Marks, trade secrets or business techniques that are part of our business.

There are no infringing uses or superior previous rights actually known to us that would materially affect your use of the Marks in this state or any other state in which the franchised business is to be located.

## ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

### Patents and Copyrights

We do not own rights in, or licenses to, patents or copyrights that are material to the franchise, and you do not receive the right to use any item covered by a patent or copyright. However, we assert a common law copyright on the contents of the Manual, and only you or your authorized employees can have access to and use the proprietary information in the Manual.
Our intellectual property, whether the subject of a patent, copyright or not, also is protected by common law principles which limit the use of our confidential proprietary information, except as we have licensed it. We will enforce those rights as we determine.

### Our Proprietary Rights in Other Confidential Information

You may never reveal any of our confidential proprietary information or trade secrets to another person or use it for another person or business. You may not copy any of our confidential proprietary information or disclose it to a third party except as we authorize. You must also promptly tell us when you learn about unauthorized use of any of our confidential proprietary information. We are not obligated to take any action but will respond to your notification of unauthorized use as we think appropriate.

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

We are seeking franchisees whose principal owner plans to actively participate in the direct management and operation of your Outlet. Additionally, as disclosed in section 8.1(a) of the Franchise Agreement, you must employ at least one designated General Manager (if you are a sole proprietor, this could be you) who has successfully completed our initial training program. You must disclose the identity of the General Manager to us and if he or she is for any reason no longer acting as General Manager, you must notify us immediately and in writing. The General Manager cannot have an interest or business relationship with any of our business competitors. The General Manager must devote his or her full time during normal business hours to the management, operation and development of the Franchised Business. We do not require your General Manager to have any ownership interest in your business, although he or she may do so.

Any General Manager or other key employee of yours who is not a Principal Equity Owner may be required to sign a non-competition agreement similar to the non-competition agreement contained in your Franchise Agreement.

## ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell in your Territory only Lifetime Blinds Products and Services and other goods and services that we designate as required for all franchisees, or have approved in writing. We have the right to change and add other authorized goods and services that you will be required to offer. There are no limits on our right to do so except that the additional investment required of you for equipment, supplies and initial inventory will not exceed $50,000 in any 3 year period.

Except for applicable laws restricting discrimination against customers based on public policy, there are no restrictions on the customers to whom you may sell Lifetime Blinds Products and Services and related products at your Outlet.

## ITEM 17: RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

### THE FRANCHISE RELATIONSHIP

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

| | Provision | Section in franchise agreement | Section in area development agreement | Summary |
|---|---|---|---|---|
| a. | Length of the franchise term | 5.1 | 1.3 | The initial term of the Franchise Agreement is 10 years. The term of the ADA is until all Outlets have been opened under the Development Schedule. |
| b. | Renewal or extension of the term | 5.2 | Not Applicable | You can add additional 5 year terms upon written notice delivered to us not less than 120 days before the end of the existing term. However, we are not obligated to renew your Franchise if one or more of the conditions in section 5.2(c) of the Franchise Agreement apply to you. |

| | Provision | Section in franchise agreement | Section in area development agreement | Summary |
|---|---|---|---|---|
| c. | Requirements for franchisee to renew or extend | 5.2 | Not Applicable | Sign our then current Franchise Agreement modified for renewal ("Renewal Franchise Agreement") or an addendum to your existing Franchise Agreement extending its term, remodel your Business Office (if necessary), and pay renewal fee. The Renewal Franchise Agreement may have materially different terms and conditions than your original Franchise Agreement. |
| d. | Termination by franchisee | 13.1 | Not Applicable | If we are in material breach (beyond any applicable cure periods), you can terminate your franchise agreement. |
| e. | Termination by franchisor without cause | Not applicable | Not Applicable | Not applicable. |
| f. | Termination by franchisor with cause | 13.1 | 6.1 | We can terminate only if you are in material default. |
| g. | "Cause" defined – curable defaults | 13.3 | 6.1 | You have 60 days after notice to cure monetary defaults and other defaults (including defaults under a lease for your Business Office) that can be cured. |
| h. | "Cause" defined – non-curable defaults | 13.2 | Not Applicable | Non-curable defaults: your bankruptcy or insolvency; abandonment of the franchise; you engage in conduct that reflects materially and unfavorably upon the reputation of Lifetime Blinds or our franchise system or its operations; you make material misrepresentations relating to your acquisition of the Franchise or you engage in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the System; you fail, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchise; after curing any default, you engage in the same noncompliance whether or not such noncompliance is corrected after notice; you repeatedly fail to comply with one or more material requirements of the Franchise Agreement, whether or not corrected after notice; the Franchised Business or your Business Office is seized, taken over, or foreclosed by a government official, creditor, lien holder or lessor, or that a final judgment against you remains unsatisfied for 30 days; you are convicted of a felony or any other criminal misconduct that is relevant to the operation of the Franchise; we make a reasonable determination that your continued operation of the Franchise will result in an imminent danger to public health or safety; or your financial condition is impaired to the point that it is reasonable to conclude that you will not be able to fully discharge your obligations under this Agreement and that impairment continues for at least 30 days. |

| | Provision | Section in franchise agreement | Section in area development agreement | Summary |
|---|---|---|---|---|
| i. | Franchisee's obligations on termination or non-renewal | 15.1 | 6.2 | Obligations include removal of our Brand and other trademarks, return of all confidential and proprietary information and erasure of all copies of confidential and proprietary information, forwarding of telephone number and payment of amounts due (also see r. in this Table, below). |
| j. | Assignment of contract by franchisor | 12.1 | Not Applicable | No restriction on our right to assign. (However, no assignment will be made except to an assignee that in good faith and judgment of the franchisor is willing and financially able to assume our obligations as franchisor under the Franchise Agreement.) |
| k. | "Transfer" by franchisee – defined | 12.2 | 4.2 | Includes transfer of contract or assets or ownership change. |
| l. | Franchisor's approval of transfer by franchisee | 12.2 | 4.1 | We have the right to approve all transfers (including transfers of (i) more than 50% of the equity or (ii) controlling interest in a franchisee entity), but we will not unreasonably withhold approval. |
| m. | Conditions for franchisor approval of transfer | 12.2 | 4.1 | New franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you and current agreement signed by new franchisee (also see r. below). You must agree not to compete with the new franchisee and to provide transition training and assistance for at least 30 days after the effective date of transfer. Within 60 days after our receipt of all necessary information and documentation required under the Franchise Agreement, or as specified by written agreement between us and you, we will notify you of the approval or disapproval of the proposed transfer of the Franchise by you. This notice will be in writing and delivered to you by business courier. |
| n. | Franchisor's right of first refusal to acquire franchisee's business | 12.3 | Not Applicable | We can match any legitimate offer for your business, but we have no right of first refusal if the transfer is (i) between or among individuals (including their immediate family members) who have guaranteed obligations under a Small Business Administration loan or (ii) a transfer of less than 100% of the equity interest of a franchisee entity). |
| o. | Franchisor's option to purchase franchisee's business | 15.2(d) | Not Applicable | Upon a lawful termination or nonrenewal of the Franchise Agreement, we will purchase from you, at the value of price paid, minus depreciation, all inventory, supplies, equipment, fixtures, and furnishings purchased or paid for under the terms of the Franchise Agreement or any ancillary or collateral agreement by you to us or our approved suppliers and sources, that are, at the time of the notice of termination or nonrenewal, in your possession or used by you in the Franchised |

| | Provision | Section in franchise agreement | Section in area development agreement | Summary |
|---|---|---|---|---|
| o. | Franchisor's option to purchase franchisee's business [continued] | | | Business. There are exclusions to some of these items to be purchased and exceptions to our obligation to purchase. We may deduct and withdraw from the purchase price to be paid to you all sums then due and owing to us. |
| p. | Death or disability of franchisee | 12.6 | Not Applicable | Franchise must be assigned by estate to approved buyer within 270 days. |
| q. | Non-competition covenants during the term of the franchise | 11.1, 11.3 | 5.1 | No involvement in competing business anywhere. |
| r. | Non-competition covenants after the franchise is terminated or expires | 11.2, 11.3 | 5.1 | No competing business for 1 year within 25 miles of the boundaries of your Territory or the boundaries of any other Territory operated by another Lifetime Blinds retail business (this obligation also applies to you if you assign your franchise). The ADA refers to the non-competition covenant in the last Franchise Agreement you sign. |
| s. | Modification of the agreement | 8.2, 16.14(c) | 9.2 | No modifications generally, but Manual subject to change. |
| t. | Integration/merger clause | 16.14 | 9.10 | Only the terms of the franchise agreement are binding (subject to state and federal law). Any representations or promises outside of the disclosure document, Franchise Agreement and ADA may not be enforceable. Nothing in the Franchise Agreement, ADA or in any related agreement disclaims or is intended to disclaim representations made in this Franchise Disclosure Document. |
| u. | Dispute resolution by arbitration or mediation | 14.1-14.5 | 7.2 | The parties agree in the Franchise Agreement to submit disputes (not including your failure to pay us sums due under the Franchise Agreement, or an act of yours allowing us to immediately terminate the Franchise Agreement) initially to a meeting in person of our executive officers and your Principal Equity Owners at our principal executive office (without our respective legal counsel) within 5 business days after a dispute arises to conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement. If this meeting does not result in a settlement of the dispute (or the meeting does not take place), within 10 business days after the date the meeting took place (or should have taken place), the parties may submit the dispute to non-binding mediation in California conducted by a mutually agreeable mediator who is a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law. If a mediation takes place but does not resolve the dispute, or no mediation takes place, the dispute will be resolved by arbitration by and before JAMS, Inc., in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than $250,000) or (ii) its |

| | Provision | Section in franchise agreement | Section in area development agreement | Summary |
|---|---|---|---|---|
| u. | Dispute resolution by arbitration or mediation [continued] | | | Comprehensive Arbitration Rules and Procedures (if the amount in controversy is $250,000 or more). Or if the parties mutually agree, the dispute may be submitted to arbitration by and before another mutually acceptable arbitration organization. |
| v. | Choice of forum | 14.1-14.3 | 7.2 | Arbitration proceedings will be conducted in Riverside County, California. Any mediation proceeding will take place at a mutually agreed location in California. Any litigation proceedings will be filed in an appropriate court in California. |
| w. | Choice of law | 16.13 | 9.1 | The Federal Arbitration Act (9 U.S.C. §1 *et seq*.) governs the arbitration of disputes under the Franchise Agreement and the ADA. Otherwise, California law governs the Franchise Agreement (and the ADA if applicable). |

## ITEM 18: PUBLIC FIGURES

We do not currently pay or provide any other benefit to any other public figure for the right to use his or her name to promote the sale of Lifetime Blinds franchises.

## 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 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.

We do not make any representation about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our President Mark Huckins, Lifetime Blinds Inc., 1775 East Palm Canyon Drive, Suite 110-21, Palm Springs, California 92264, telephone 760-778-6978; the Federal Trade Commission; and the appropriate state regulatory agencies.

## ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

**System wide Outlet Summary For years 2016 to 2018**

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| Franchised | 2016 | 0 | 0 | 0 |
| | 2017 | 0 | 0 | 0 |
| | 2018 | 0 | 0 | 0 |

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| | 2016 | 1 | 1 | 0 |
| | 2017 | 1 | 1 | 0 |
| Company-Owned | 2018 | 1 | 1 | 0 |
| | **2016** | **1** | **1** | **0** |
| | **2017** | **1** | **1** | **0** |
| **Total Outlets** | **2018** | **1** | **1** | **0** |

Table No. 2

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For years 2016 to 2018**

| State | Year | Number of Transfers |
|---|---|---|
| | **2015** | **0** |
| | **2016** | **0** |
| **Totals** | **2017** | **0** |

Table No. 3

**Status of Franchised Outlets For years 2016 to 2018**

| State | Year | Outlets at Start of Year | Outlets Opened | Termina-tions | Non-Renewals | Reacquired by Franchisor | Ceased Operations - Other Reasons | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| | **2016** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| | **2017** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Totals** | **2018** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

Table No. 4

**Status of Company-Owned Outlets For years 2016 to 2018**

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired from Franchisees | Outlets Closed | Outlets Sold to Franchisees | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| | 2016 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2017 | 1 | 0 | 0 | 0 | 0 | 1 |
| California | 2018 | 1 | 0 | 0 | 0 | 0 | 1 |
| | **2016** | **1** | **0** | **0** | **0** | **0** | **1** |
| | **2017** | **1** | **0** | **0** | **0** | **0** | **1** |
| **Totals** | **2018** | **1** | **0** | **0** | **0** | **0** | **1** |

Table No. 5

**Projected New Franchised Outlets As Of December 31, 2018**

| State | Franchise Agreements Signed But Outlets Not Opened | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|---|---|---|---|
| California | 0 | 2 | 0 |
| **Totals** | **0** | **2** | **0** |

Exhibit C lists, as of April 16, 2019, the names, addresses and telephone numbers of (i) all franchise outlets that are open and operating, and (ii) any franchisees that have signed franchise agreements but not yet opened their outlets.

Exhibit D lists, as of April 16, 2019, the contact information of every Lifetime Blinds franchisee that had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under its franchise agreement during our most recently completed fiscal year, or that has not communicated with us within the 10 weeks ending on the date of this disclosure document. Your contact information may be disclosed if you buy this franchise and then later leave the system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Lifetime Blinds. 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. However, during the last 3 fiscal years, we have not signed any agreements with current or former franchisees that included confidentiality clauses.

We have not created, sponsored or endorsed any trademark-specific franchisee organizations associated with the Lifetime Blinds franchise system being offered. There are no independent franchisee organizations that have asked to be included in this disclosure document.

## ITEM 21: FINANCIAL STATEMENTS

Exhibit B to the disclosure document contains our audited financial for our fiscal years ending December 31, 2018 and December 31, 2017 (we were formed on March 22, 2017, have not been in business for 3 years or more and cannot include all financial statements required under the FTC's Franchise Rule).

## ITEM 22: CONTRACTS

Exhibit A - Franchise Agreement
Exhibit E - Area Development Agreement

## ITEM 23: RECEIPTS

You will find copies of a detachable receipt in Exhibit I at the very end of this disclosure document.

# LIFETIME BLINDS

## FRANCHISE AGREEMENT

**EXHIBIT A**

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# FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is made and entered into as of _____, 20___ (the "Effective Date"), by and among Lifetime Blinds Inc., a California corporation doing business as Lifetime Blinds ("we" or "us"), and _____ ("you"), and (if you are not a sole proprietorship) each person owning 20% or more of your entity, who will sign and be a party to this Agreement (in such context, "Principal Equity Owner"), with reference to the following facts:

## RECITALS

An entity affiliated with us (the "Owner of the Marks") owns the Lifetime Blinds trademarks, service marks and other intellectual property and all rights in respect thereof. The Owner of the Marks has authorized us to license them to Lifetime Blinds franchisees.

You desire to be franchised and licensed by us to use our "System" (as defined in Article I below), "Marks" (as defined in Article I below) and goodwill to conduct the "Franchised Business" (as defined in Article I below) within a specific "Territory" (as defined in Article I below and identified in Exhibit 1 attached).

We are willing to grant you a "Franchise" (as defined in section 3.1 hereof), in accordance with the provisions of this Agreement and the Confidential Operations Manual.

## I. DEFINITIONS

**Abandoned**. The term "Abandoned" means cessation of operation of the Franchised Business for a period of five consecutive business days, without our prior written consent. A repeated pattern of inactivity within your Territory for periods of less than five consecutive business days may result in your Franchised Business being deemed Abandoned if in our judgment such inactivity adversely impacts the Franchised Business. However, your Franchised Business will not be deemed Abandoned if the inactivity is due to natural disasters or other matters reasonably beyond your control, provided that you give us notice of any such closure within five business days after the initial occurrence of the event resulting in such inactivity, and we acknowledge in writing that such inactivity is due to one of the foregoing causes, and provided further that you re-establish the Franchised Business and be fully operational within 180 days after the initial occurrence of the event resulting in such inactivity or such longer period as we may permit.

**Anniversary Year**. The term "Anniversary Year" means the 12-month period between the "Opening Date" (as defined below in this Article I) and the first anniversary thereof and between each succeeding anniversary.

**Business Office**. The term "Business Office" means the office (may be a home office or executive office suite) that we consent to from which you coordinate the operation of the Franchised Business in your Territory.

**Confidential Information.** The term **"**Confidential Information" means information, know-how, and materials, other than Trade Secrets, that is of value to us (or other third party, as applicable) and treated as confidential by any of the foregoing and is disclosed or made known or available to you or your employees or agents. Without limiting the generality of the foregoing, the term "Confidential Information" includes (i) the Confidential Operations Manual; (ii) all technical and non-technical information, including without limitation, information concerning finances, financing and capital raising plans, accounting or marketing, business opportunities, affiliate lists, business plans, forecasts, predictions, projections, recipes, products, research, development, and know-how; (iii) Intellectual Property, the Marks, Lifetime Blinds Products and Services, insignias, designs, and materials subject to copyright, patent, or trademark registration; (iv) any developments, inventions, improvements, additions, modifications, enhancements, derivatives, ideas, reports, analyses, opinions, studies, data or other materials or work product, whether prepared by us or otherwise, that contain or are based upon Proprietary Information; (v) information regarding customers and potential customers of the Franchised Business, including customer lists, names, needs or desires with respect to the products or services offered, contracts and their contents and parties, the type and quantity of products and services provided or sought to be provided to customers and potential customers of the Franchised Business and other non-public information relating to customers and potential customers; (vi) information regarding any of our business partners or affiliates and their services, including names, representatives, proposals, bids, contracts and their contents and parties, the type and quantity of products and services received by the discloser, and other non-public information relating to business partners; (vii) information regarding personnel, including compensation and personnel files; and (viii) any other non-public information that a competitor of ours could use to our competitive disadvantage.

**Confidential Operations Manual**. The term “Confidential Operations Manual” means the manual or manuals (regardless of title) containing policies and procedures to be adhered to by you in performing under this Agreement, including all amendments and supplements thereto provided to you from time to time.

**Control**. The term “Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

**Consumer Price Index**. The term “Consumer Price Index” (or “CPI”) means the annual average of the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the United States Department of Labor (or the highest similar future index if these figures become unavailable).

**Franchised Business**. The term “Franchised Business” means the development and distribution of “Lifetime Blinds Products and Services” and other goods and services to authorized customers within the Territory that we authorize in the Confidential Operations Manual (as amended from time to time by us) and other business methods and procedures we set forth.

**General Manager**. The term “General Manager” means the individual (may be a Principal Equity Owner) who has been designated by you as the person responsible for the day-to-day operation of the Franchised Business in the Territory, and who has successfully completed “Initial Training” (as required pursuant to section 6.1 hereof).

**Gross Revenues**. The term “Gross Revenues” means all revenues, however generated or received, derived by you from operating the Franchised Business in your Territory, excluding only applicable sales or use taxes and legitimate refunds, and not modified for uncollected accounts.

**Initial Training**. The term “Initial Training” means training in the System provided by us, as described in section 6.1 hereof.

**Intellectual Property**. The term “Intellectual Property” means creations of the mind, including inventions, literary and artistic works, designs, symbols, names and images owned by us and used in the Franchised Business or at the Outlet.

**Intellectual Property Rights**. The term “Intellectual Property Rights” means all past, present, and future rights of the following types, which may exist or be created under the laws of any jurisdiction in the world: (i) rights associated with works of authorship, including exclusive exploitation rights, copyrights, moral rights, and mask work rights; (ii) trademark and trade name rights and similar rights; (iii) trade secret rights; (iv) patent and industrial property rights; (v) other proprietary rights in intellectual property of every kind and nature; and (vi) rights in or relating to registrations, renewals, extensions, combinations, divisions, and reissues of, and applications for, any of the rights referred to in clauses (i) through (v) of this sentence.

**Lifetime Blinds Products and Services.** The term “Lifetime Blinds Products and Services” means customized window blinds, shutters, window coverings and related products and accessories sold to retail customers and installed at the customer's residence or other location.

**Marks**. The term “Marks” means the proprietary marks that are associated with the Lifetime Blinds system and associated designs in respect of which registrations have been obtained from or applied for with the United States Patent and Trademark Office, as well as all common law trademarks and service marks, trade names, logos, insignias, designs and other commercial symbols which we now or hereafter are authorized to use and use or authorize others to use to identify the Franchised Business and the Business Office. We will list in the Confidential Operations Manual a schedule of Marks you are authorized to use under this Agreement, and we will update this schedule as necessary.

**Opening Date**. The term “Opening Date” means the day you open your Business Office, furnished, inventoried and equipped in accordance with our requirements, and you begin operating the Franchised Business in your Territory.

**Proprietary Information.** The term “Proprietary Information” means, refers to, and includes our “Trade Secrets” (as defined in this Article I below) and Confidential Information (or of any other third party providing such information to or on behalf of us). No formal identification of Proprietary Information will be required. Without limiting the generality of the foregoing, Proprietary Information may take the form of documentation, drawings, specifications, software,

technical or engineering data and other forms, and may be communicated orally, in writing, by electronic means or media, by visual observation and by other means.

**Service Vehicle.** The term "Service Vehicle" means a panel van or truck as specified by us in the Confidential Operations Manual with our Marks affixed to it, used to visit customers and deliver Lifetime Blinds Products and Services to retail customers.

**Suggestions**. The term "Suggestions" means any new products or services, specifications, suggestions or other feedback made by you or your Principal Equity Owners to modify the System.

**System**. The term "System" means comprehensive marketing and operational systems prescribed by us to be used in the conduct of the Franchised Business, as set forth in this Agreement and the Confidential Operations Manual. The System includes (i) the Marks, (ii) know-how relating to Lifetime Blinds Products and Services, (iii) advertising, marketing and sales programs and techniques, (iv) training programs and (v) related materials, artwork, graphics, layouts, slogans, names, titles, text and other Intellectual Property Rights that we make available to you. In our sole discretion, we may improve or change the System from time to time (including but not limited to adding to, deleting or modifying elements of the System and amending the Confidential Operations Manual) for the intended purpose of making the System more effective, efficient, economical or competitive; adapting to or taking advantage of competitive conditions, opportunities, technology, materials or local marketing needs and conditions; enhancing the reputation or public acceptance of the System; or better serving the public.

**Territory**. The term "Territory" means the designated and agreed geographical area as set forth in Exhibit 1 attached hereto, where you will conduct your Franchised Business under the Marks and in accordance with System standards and requirements.

**Trade Dress**. The term "Trade Dress" means the unique and distinctive layout, design and color schemes relating to the Business Office, and the textures, sizes, designs, shapes, and placements of words, graphics, and decorations on products and packaging related to Lifetime Blinds Products and Services.

**Trade Secret**. The term "Trade Secret" means information constituting a trade secret within the meaning of the Uniform Trade Secrets Act, as amended from time to time.

**Transfer**. The term "Transfer" means a sale, assignment, transfer, conveyance, pledge, mortgage, encumbrance, abandonment, elimination or giving away, voluntarily or involuntarily, by operation of law or otherwise.

## II. THE FRANCHISED BUSINESS

**2.1 Our Business.**
We are engaged in the administration, development, operation and licensing of businesses that operate the Franchised Business within a defined Territory, using the Marks, operational techniques, service concepts and proprietary information owned or authorized to be used by and identified with us and our affiliated companies. Our activities in general, and the System (including proprietary products and services; logos; equipment and operations; designs and layouts for the Business Office; and marketing, advertising and other promotional activities) are undertaken to develop, maintain and enhance the Marks and our business reputation.

**2.2 The Franchise System.**
We have developed and supervise the franchise System under the Marks operated in accordance with the provisions of this Agreement and our Confidential Operations Manual, as amended from time to time.

## III. GRANT OF FRANCHISE

**3.1 Grant of Franchise.**

(a) By our respective signatures below, we hereby grant to you, and you hereby accept, a license ("Franchise") to participate in and use the System by conducting the Franchised Business within your Territory as described in Exhibit 1 attached hereto, from your Business Office in strict accordance with this Agreement and the Confidential Operations Manual, from the time of commencement of the Franchised Business until the end of the term hereof and any additional term unless sooner terminated. So long as you comply with this Agreement, we will not authorize another Lifetime Blinds franchisee to operate, or operate ourselves, a Lifetime Blinds retail business in your Territory.

(b) Beginning with the 13th full calendar month after the Opening Date, and each month thereafter, you must earn Gross Revenues of at least $10,000. Failure to do so will be a material breach of this Agreement and may result in the termination of this Agreement and your Franchise.

(c) You acknowledge that we may have granted and may in the future operate or grant other licenses and franchises for other retail and wholesale window coverings businesses outside the Territory. YOU MAY NOT USE OUR MARKS, OPERATIONAL TECHNIQUES, SERVICE CONCEPTS OR PROPRIETARY INFORMATION IN CONNECTION WITH ANY BUSINESSES OR SERVICES OTHER THAN THE FRANCHISED BUSINESS IN THE TERRITORY WITHOUT OUR EXPRESS PRIOR WRITTEN PERMISSION, WHICH PERMISSION, IF GRANTED, WILL BRING SUCH BUSINESSES OR SERVICES WITHIN THE SCOPE OF THE FRANCHISED BUSINESS AND SUBJECT REVENUES THEREFROM TO PAYMENT OF ROYALTY AND MARKETING AND PROMOTION FEES.

**3.2 Reserved Rights.**

(a) Nothing contained herein accords you any right, title or interest in or to the Marks, System, marketing and operational techniques, service concepts, proprietary information or goodwill of ours or associated with the System, except such rights as may be granted hereunder. **THIS AGREEMENT GRANTS YOU ONLY THE RIGHT TO OPERATE THE FRANCHISED BUSINESS IN YOUR TERRITORY AND NOWHERE ELSE UNLESS WE SPECIFICALLY ALLOW YOU TO OFFER LIFETIME BLINDS PRODUCTS AND SERVICES ELSEWHERE. ALL OTHER RIGHTS ARE RETAINED BY AND RESERVED TO US.**

(b) We reserve the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to us, without necessarily granting you any rights in those systems. We reserve all rights to market and sell Lifetime Blinds Products and Services through other channels of distribution anywhere, including within your Territory.

**3.3 Promotion and Development of Your Franchised Business.**
You must (i) diligently and effectively promote, market and engage in the Franchised Business in your Territory; (ii) develop, to the best of your ability, the potential for future Franchised Business within your Territory; and (iii) devote and focus a substantial portion of your professional attentions and efforts to such promotion and development.

**3.4 Extent of Grant.**

(a) You understand and agree that you are licensed hereby only for the operation of the Franchised Business only within your Territory (unless we specifically agree otherwise on a case by case basis). You amy only offer and sell in your Territory Lifetime Blinds Products and Services and other goods and services that we designate as required or approved for all franchisees. We have the right to change and add other authorized goods and services that you will then be required to offer. There are no limits on our right to make changes to the offerings, except that the additional investment required of you for equipment, supplies and inventory will not exceed $25,000 in any 12 consecutive months.

(b) You may not sublicense, sublease, subcontract or enter into any management agreement, concession agreement, partnership agreement or joint venture agreement providing for the right to operate the Franchised Business or to use the System granted pursuant to this Agreement.

**3.5 Electronic Execution and Copies.**

(a) An executed counterpart of this Agreement (or any portion of this Agreement) may be delivered by any of the parties by fax, electrical, digital, magnetic, optical, electromagnetic, or similar capability regardless of the medium of transmission (any such medium is referred to in this and the following section as “electronic”), and such delivery will be effective and binding upon such party, and will not in any way diminish or affect the legal effectiveness, validity or enforceability of this Agreement.

(b) You acknowledge and agree that we may create an electronic record of any or all agreements, correspondence or other communication between us or involving third parties, and that we may thereafter dispose of or destroy the original of any such document or record. Any such electronic record will be inscribed on a tangible medium or stored in an electronic or other medium and be retrievable in perceivable form and will be maintained in and readable by hardware and software generally available. Notwithstanding any statute, regulation or other rule of

law to the contrary, you agree that any such electronic version of this or any other agreement or correspondence between the parties will have the same legal effect, validity and enforceability as an original of any such document, even if the original of such document has been disposed of or intentionally destroyed.

**3.6 Obligations of Entity Franchisee.**

(a) If you are an entity, you must provide us at the Effective Date with a copy of your entity's organizational document and by-laws, shareholders' agreement, operating agreement or other agreement between the equity owners.

(b) If you are an entity, any person or entity that at any time after the Effective Date becomes a Principal Equity Owner will automatically acquire all the obligations of a Principal Equity Owner under this Agreement at the time such person or entity becomes a Principal Equity Owner. Before approving and entering into any transaction that would make any person or entity a Principal Equity Owner, you must notify such person about the content of this section 3.6(b).

(c) If you are an entity, you must place the following legend on all certificates evidencing an equity interest:

"THE TRANSFER OF THE EQUITY INTEREST IN THE ENTITY REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A FRANCHISE AGREEMENT DATED _____, 20___, BETWEEN THIS ENTITY AND LIFETIME BLINDS INC. REFERENCE IS MADE TO SUCH FRANCHISE AGREEMENT AND THE RESTRICTIVE PROVISIONS CONTAINED THEREIN AND AS MAY BE OTHERWISE SET FORTH IN THE ORGANIZATIONAL DOCUMENTS AND OPERATING AGREEMENTS OF THIS ENTITY."

## IV. INITIAL AND ON-GOING PAYMENTS BY YOU

**4.1 Initial Franchise Fee.**

(a) The "Initial Franchise Fee" for a single franchised Territory is $25,000. (However, if this Agreement is for a second or subsequent Outlet owned by Franchisee under the terms of an Area Development Agreement ("ADA") you execute, a credit will be applied against the Initial Franchise Fee in the amount specified in the ADA and you must pay us the balance.) The franchised Territory will contain a minimum of 40,000 households, but if the Territory contains more than 50,000 households, you must also pay a "Territory Surcharge" equal to $.20 for each additional household beyond 50,000 (for example, if your Territory contains 60,000 households, you would pay a Territory Surcharge of $2,000).

(b) If one or more Principal Equity Owners is (i) an active member of the U.S. Armed Forces or is a veteran of the U.S. Armed Forces who was honorably discharged within the past 10 years, or (ii) a person with at least 2 years of experience in the customized window blinds, shutters and window coverings trade, the Initial Franchise Fee will be reduced to $500, but the Territory Surcharge will remain the same.

(c) The Initial Franchise Fee and any Territory Surcharge (and all other payments to us for goods or services to be received from us or our affiliates before your Outlet can open for business) are due and payable in full (unless we agree in our sole discretion to finance a portion of it), by cashier's check or money order or wire transfer to our bank account, when all of our initial obligations as franchisor are complete and you open for business under this Agreement. **The Initial Franchise Fee and any Territory Surcharge are fully earned by us when paid.**

(d) If before your successful completion of initial training, we decide, in our sole discretion, that you should not operate a Lifetime Blinds business, or if you have not located and rented or leased (if applicable) a site for your Business Office that is acceptable to us within 60 days after the Effective Date (see section 7.2 below), we may cancel this Agreement, without any liability to us. **Once your initial Outlet opens for business, the Initial Franchise Fee and any Territory Surcharge (and, if applicable, the "Development Fee" paid under an ADA) are not refundable.**

**4.2 Royalty.**

(a) Beginning on the Opening Date, you must pay us a monthly "Royalty" equal to the lesser of (i) of 5% of your Gross Revenues, or (ii) $2,500.

(b) Royalties are due and payable on the third business day following the month in which applicable Gross Revenues were received and are to be accompanied by a Royalty Fee report (itemizing applicable Gross Revenues) in the form we prescribe.

**4.3 Marketing, Advertising and Promotion.**

(a) Beginning on the Opening Date, you must pay us a monthly "Internet Promotion Fee" of $100. The Internet Promotion Fee is due and payable on the third business day of each month.

(b) Beginning 60 days after we provide written notice that we will begin collecting this fee , you must thereafter pay us a monthly "Marketing and Promotion Fee" equal to the lesser of (i) 3% of your monthly Gross Revenues or (ii) $1,500. Marketing and Promotion Fees would be due and payable monthly on the third business day following the month in which applicable Gross Revenues were received.

(c) Within the 30 days before and the 30 days after the Opening Date, you must spend in your Territory at least $1,000 on the grand opening advertising and promotion of your Franchised Business, using the grand opening advertising and promotional program that we approve, including the "soft opening" to be held on or about the Opening Date and the Grand Opening event. Not later than 60 days after the Opening Date, you must provide us with a report itemizing your expenditures on the grand opening advertising and promotion of your Franchised Business.

(d) Beginning 30 days after the Opening Date, we recommend you spend at least 1% of your monthly Gross Revenues on the local marketing, advertising and promotion of your Franchised Business, using marketing and promotional materials pre-approved or otherwise authorized in writing by us ("Local Advertising"). Upon 30 days prior notice we may require you to spend up to $500 each month on Local Advertising. Within five business days after we ask for it, you must report to us all details of your Local Advertising for the previous 30 days.

(e) On a regional or system-wide basis, we may impose an additional assessment upon affected franchisees for special designated advertising or promotional activities if two-thirds of all affected Lifetime Blinds franchisees agree to such additional assessment by affirmative vote.

(f) You must fully participate with any gift card, customer loyalty, referral and other contests and promotions we arrange for, require or authorize Lifetime Blinds franchisees to participate in. Details regarding such contests and promotions will be set forth in the Confidential Operations Manual.

(g) With respect to regional or system-wide advertising, including without limitation advertising done as a result of Marketing and Promotion Fee contributions, we determine the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to advertising, public relations and promotional campaigns.

**4.4 Electronic Funds Transfer.**

We require payment of the Royalty and Marketing and Promotion Fees by electronic funds transfer ("EFT") through the Automated Clearing House ("ACH") electronic network for financial transactions, or such other automatic payment mechanism we may designate directly from your account into our operating account. You must execute or re-execute and deliver to us bank-required pre-authorized check forms and other instruments or drafts to enable us to draw directly from your bank account all fees payable under the terms of this Agreement. You must also, in addition to those terms and conditions set forth in the Confidential Operations Manual, maintain a single bank account for such payments (with overdraft protection from your operating account) and must maintain such minimum balance in such account as we may reasonably specify from time to time. You must not alter or close such account except upon our prior written approval. Any failure of yours to implement such EFT system in strict accordance with our instructions will constitute a material default of this Agreement.

**4.5 Fees Fully Earned; No Setoff on Payments.**

All payments made by you to us under this Agreement are fully earned and non-refundable when paid. All payments to be made by you to us will made be without setoff, deduction, defense, counterclaim or claims in recoupment.

**4.6 Late Fee; Interest on Delinquent Payments.**

(a) Any payment of Royalty and Marketing and Promotion Fees not received by us when due will be a material breach of this Agreement and will be subject to a late charge of 5% of the amount past due. In connection therewith, you and we agree that the late charge is a reasonable and good faith estimate by you and us of such

costs because (i) as a result of any such late payment, we will incur certain costs and expenses including, without limitation, administrative costs, collection costs, loss of interest, and other direct and indirect costs in an uncertain amount; and (ii) it would be impractical or extremely difficult to fix the exact amount of such costs in such event.

(b) All delinquent amounts will bear interest from the date payment was due at an annual percentage rate ("APR") of 10%, and you must reimburse us immediately upon demand for all reasonable costs of collection relating to delinquent amounts.

**4.7 No Accord or Satisfaction.**
If you pay, or we otherwise receive, a lesser amount than the full amount provided for under this Agreement for any payment due hereunder, such payment or receipt will be applied against the earliest amount due us. We may accept any check or payment in any amount without prejudice to our right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere will constitute or be construed as an accord or satisfaction.

**4.8 CPI Adjustments.**
Any stated dollar amount in this Agreement may be adjusted in our discretion based on changes in the CPI since the Effective Date.

## V. INITIAL TERM AND RENEWAL TERMS

**5.1 Initial Term.**
The initial term of this Agreement (applicable solely to the Outlet franchised hereunder) commences on the Effective Date and expires on the 10th anniversary of the Opening Date, unless sooner terminated pursuant to the provisions of this Agreement.

**5.2 Renewal Terms.**

(a) Upon written notice delivered to us not less than 120 days before the end of the existing term hereof, you may renew your rights granted under this Agreement for successor five-year terms commencing on the expiration date of the previous term, subject to the provisions of sections 5.2(b) through 5.2(g) below.

(b) At the time of renewal, you must (i) then be solvent (which means that you are able to pay your debts as and when promised by you and that you have assets that are greater than your debts), (ii) not have abandoned the Outlet, (iii) not be operating the Franchise in a manner that endangers public health or safety or materially harms the Lifetime Blinds brand or reputation, and (iv) not have knowingly submitted false or incomplete reports to us during the initial term.

(c) Notwithstanding section 5.2(a) above, we are not obligated to renew your rights granted under this Agreement for an additional term if one or more of the following applies or occurs:

(i) You give us written notice of your intention not to renew this Agreement at least 180 days before the expiration of the initial term or any successor term.

(ii) During the 180 days prior to expiration of the Franchise, we permit you to sell the rights to operate the Franchised Business at the Outlet to a purchaser meeting our then current requirements for granting new Franchises or (if we are not granting a significant number of new Franchises) the then current requirements for granting renewal Franchises.

(iii) Termination of this Agreement would be permitted pursuant to sections 13.1 or 13.2 hereof.

(iv) You and we agree not to renew the Franchise.

(v) We withdraw from distributing our products or services through Franchises in the geographic market served by you, provided that:

(A) Upon expiration of the Franchise, we agree not to seek to enforce any covenant of the non-renewed franchisee not to compete with us or our franchisees; and

(B) The failure to renew is not for the purpose of converting the business conducted by you pursuant to this Agreement to operation by our employees or agents for our own account.

(vi) At the time of renewal, you or any Principal Equity Owner has been convicted of a felony or a crime involving moral turpitude, consumer fraud or any other offense that is reasonably likely, in our reasonable judgment, to have a materially adverse effect on the Marks, the System, or the goodwill associated with the Marks or System.

(vii) We and you fail to agree to changes or additions to the terms and conditions of this Agreement, if such changes or additions would result in renewal of this Agreement on substantially the same terms and conditions on which we are then customarily granting renewal franchises, or if we are not then granting a significant number of renewal Franchises, the terms and conditions on which we are then customarily granting original franchise agreements. We may give you written notice of a date which is at least 30 days from the date of such notice, on or before which a proposed written agreement of the terms and conditions of the renewal Franchise must be accepted in writing by you. Such notice, when given not less than 180 days before the end of the Franchise term, may state that in the event of failure of such acceptance by you, the notice will be deemed a notice of intention not to renew at the end of the Franchise term.

(d) As a condition to renewing your rights, duties and obligations hereunder, not later than 90 days before the end of the term that is expiring, we and you must sign either (i) our then-current standard Franchise Agreement modified by addendum to remove provisions that only apply to a new franchisee, such as initial franchise fee and initial training requirements ("Renewal Franchise Agreement") or (ii) in our sole discretion, an addendum to this Agreement extending its term for an additional five year term. **IN ADDITION TO NOT GRANTING ANY ADDITIONAL RIGHTS BEYOND THOSE GRANTED IN THIS AGREEMENT, THE RENEWAL FRANCHISE AGREEMENT YOU SIGN MAY CONTAIN OTHER TERMS THAT ARE SUBSTANTIALLY DIFFERENT FROM THOSE IN THIS AGREEMENT.** The Renewal Franchise Agreement, when executed, will supersede this Agreement.

(e) At the time of renewal, you must have satisfied all monetary obligations owed by you to us and to our affiliates and all other material obligations under this Agreement.

(f) Before or not later than 90 days after your execution of a Renewal Franchise Agreement for an additional term, you must make such physical modifications to your Business Office as are reasonably necessary so that they are substantially consistent with the then current System requirements, and so that they can accommodate new Lifetime Blinds Products and Services, if any. You must also bring your existing equipment, materials and supplies into compliance with the standards then applicable to new Lifetime Blinds franchises.

(g) A renewal fee of $500 is payable when you sign the Renewal Franchise Agreement.

**5.3 Month to Month Extension; Longer Notice of Expiration Required by Law**.

(a) At our option, to be exercised in our sole and absolute discretion, if the renewal procedures described in section 5.2 above have not been completed, or in lieu of formal renewal of the Franchise, we may extend this Agreement on a month-to-month basis by notifying you we are doing so. Said month-to-month extension will continue until we give you at least 30 days' notice that the Franchise rights must be formally renewed in accordance with section 5.2 or the Agreement will expire and be terminated.

(b) If applicable law requires us to give a longer period of notice to you than herein provided prior to the expiration of the initial term or any successor term, we will give such additional required notice. If we do not give such required additional notice, this Agreement will remain in effect on a month-to-month basis only until you have received such required additional notice.

## VI. TRAINING AND ASSISTANCE

**6.1 Initial Training.**

(a) It is of paramount importance that you, your spouse (if he or she is regularly involved in the Franchised Business), your General Manager, any other Principal Equity Owners, and your other key employees and representatives understand the Franchised Business and the System, that your General Manager has been trained how to operate the Franchised Business and how to provide Lifetime Blinds Products and Services to authorized

customers. Accordingly, we will provide to your General Manager and your Principal Equity Owners (including if applicable a spouse of a Principal Equity Owner) an Initial Training program providing an orientation to the System and instruction on how to operate the Franchised Business (collectively, "Initial Training"). As mutually agreed upon by you and us, you and/or your General Manager may also attend additional training at or near our headquarters in Riverside County, California, or at another training center designed by us. Unless there are extenuating circumstances that in our reasonable determination justify a delay, your required trainees must attend the next Initial Training that we offer. You may not open and operate your Franchised Business until your General Manager has satisfactorily completed Initial Training. You acknowledge and agree that we will solely determine whether you and your General Manager (if you are an individual proprietor, you may also be the General Manager) satisfactorily completed Initial Training.

(b) The failure of your designated General Manager to complete Initial Training to our satisfaction will be grounds for termination of this Agreement; provided, however, that your General Manager who fails to successfully complete Initial Training will have the opportunity to either retake the Initial Training or you may designate one replacement for the Initial Training program.

(c) We will determine the contents and manner of conducting the Initial Training program in our discretion; however, the training course will be structured to provide practical training in the implementation and operation of the Franchised Business and may include such topics as Lifetime Blinds standards, marketing and customer service techniques, reports and equipment maintenance.

(d) There is no separate fee payable to us for the Initial Training program provided to your initial General Manager and your Principal Equity Owners. You may be required to pay us a fee of up to $1,500 for each additional attendee of Initial Training, and we have the sole right to approve any additional attendee of Initial Training.

(e) All costs and expenses (including travel, hotel and meal) of your attendees of Initial Training will be your sole responsibility. All persons attending Initial Training on your behalf must have a demonstrable relationship to the management and operation of the Franchised Business.

**6.2 Training and Assistance after Opening.**

(a) After you open your Franchised Business, we will provide you with access to, list your Territory and Business Office on, and integrate other information about your Franchised Business into, the Lifetime Blinds website, which may include access to a password protected, digital copy of the Confidential Operations Manual (any future updates or modifications to your presence on the Lifetime Blinds website may be at your cost and expense).

(b) After you open your Franchised Business, we will provide you with telephone and e-mail assistance at your request or otherwise as we deem necessary to instruct in all phases of the operation of the Franchised Business. Our representatives may visit your Business Office from time to time, but the frequency and duration of any such visits by our representatives is in our sole discretion. In addition, we will be available on an ongoing basis at our national headquarters for consultation and guidance with respect to the operation and management of the Franchised Business. Other than providing you general guidelines for tax and federal employment compliance in the Confidential Operations Manual, we do not provide you with assistance in contracting with agents or hiring employees.

(c) After you open your Outlet, and upon reasonable notice, we may require attendance of your designated personnel at training courses, seminars, conferences or other programs other than Initial Training or mandatory meetings (described in section 6.3 below) that we deem to be relevant or appropriate to the operation of your Franchised Business. You specifically agree that only persons trained by us or under our supervision will have overall responsibility for the operation of the Franchised Business and Business Office, and that you will send your General Manager to us for additional training if we request this. We may, at our discretion, charge you an additional training fee of up to $500 per day for Lifetime Blinds training courses, seminars, conferences or other programs that we require you or your representatives to attend.

(d) We may but are not required to make available to you optional staff training courses, seminars, conferences, or other programs, in a suitable location selected by us. We may, at our discretion charge you a separate fee of up to $500 per day for this optional training.

(e) In addition to updates to the Confidential Operations Manual, we may provide you with additional materials relating to the Franchised Business. We may also from time to time make available to you for purchase other materials relevant to the System and the Franchised Business.

(f) All costs and expenses (including travel, hotel and meal) of your attendees at any post-opening training, conferences or meetings will be your sole responsibility. All persons attending post-opening training, conferences or meetings on your behalf must have a demonstrable relationship to the management and operation of the Franchised Business.

(g) If you want to Transfer your Franchise rights (which must be done in full compliance with section 12.2 of this Agreement), the transferee must be trained by us as a condition of our consent to such Transfer. The transferred Franchise may not be opened or re-opened by the transferee until we accept the transferee in writing as being qualified to operate the Franchised Business and we have otherwise consented to the Transfer in accordance with this Agreement.

**6.3 Mandatory Meetings.**
Not more often than once each year, we may conduct a system-wide meeting or series of regional meetings to discuss Lifetime Blinds business activities or other matters relating to the Franchised Business. Attendance of a Principal Equity Owner at these meetings will be mandatory (and is highly recommended for your General Manager and all other Principal Equity Owners). We may limit the number of your attendees at these meetings. You must pay the cost of travel, hotel and meal expenses for your attendees at these mandatory meetings. The mandatory meetings referenced in this section 6.3 are in addition to any voluntary convention or sales conference that may be coordinated by us.

**6.4 Proprietary Materials.**
At Initial Training and other training programs and conferences, we may provide you with Proprietary Information, as well as training materials, training curricula and related materials for your use in the training of your staff. All of these items are and will remain our sole and exclusive property. You must not yourself nor allow your employees or others, to copy, reproduce, disseminate or otherwise reveal to third parties any Proprietary Information and related materials without our express prior written consent.

## VII. OPENING OF TERRITORY AND FRANCHISED BUSINESS

**7.1 Your Territory.**

(a) We reserve the sole right to determine the Territory. To promote the orderly and timely service of authorized Lifetime Blinds customers, you may not deliver Lifetime Blinds Products and Services outside your Territory without our prior written consent. The Franchised Business may only be operated in your Territory and such operations must be coordinated from your Business Office. Our designation of the Territory and consent to the location of your Business Office is not a guarantee that a Lifetime Blinds business can be successfully operated there. Due to landlord obligations under other leases or other restrictions imposed by government authorities, not all Lifetime Blinds Products and Services may be available to be offered to customers at some Outlets (including your Outlet).

(b) You may not directly promote, advertise or otherwise market the Franchised Business outside the boundaries of the Territory or other advertising boundary that we designate, except with our express permission. We determine the marketing and advertising boundaries relating to your Territory and these may be changed by us or overlap with other Lifetime Blinds franchised territories as market conditions or type of media warrant, all in our sole discretion. Such marketing and advertising boundaries may exceed the Territory provided herein, in our sole discretion.

(c) We and our affiliated entities reserve the right to derive and receive revenues, rebates or other material consideration because of required purchases or leases by Lifetime Blinds franchisees, and to retain for ourselves or use such revenues, rebates or other material consideration as we deem appropriate.

**7.2 Beginning Operations in Your Territory.**

(a) Business Office premises acceptable to us from which your Franchised Business will be operated in the Territory will be operated must be located and secured by you and reviewed and consented to by us within 180 days after the Effective Date. We may (although we are not obligated to) assist you in the site selection process for your Business Office and we reserve the sole right of final review and consent to its location (which must be within or adjacent to your Territory). We will review and either consent to or decline the proposed site for your Business Office within 10 business days after you provide us with its address.

(b) You must also purchase or lease a Service Vehicle within 180 days after the Effective Date.

(c) If you have not located and rented or leased (if applicable) a site for your Business Office that is acceptable to us within 60 days after the Effective Date, we may cancel your Franchise Agreement on the basis of your failing to find an acceptable site for your Business Office and if we do so, we will refund your Initial Franchise Fee less costs we incurred up to the date of cancellation. Once you have located and we have approved your Business Office, you must commence operation of the Franchised Business in the Territory within 180 days after the Effective Date or we may terminate this Agreement effective on written notice, and if we do so after we have approved your Business Office, you will not be entitled to receive any refund of your Initial Franchise Fee (if applicable). If this Agreement is for a second or subsequent Territory owned by you under the terms of an ADA you executed, you must commence operation of the Franchised Business at the additional Territory within the time specified in the Development Schedule included in the ADA. We may give you an extension to open the Territory beyond the mandatory dates specified above in this section 7.2(a) if we deem in our sole discretion that you have made a diligent effort to open but were unable to do so due to reasons beyond your reasonable control.

(d) We will provide you with recommendations regarding the layout and decoration of your Business Office. We may consult with you, to the extent we deem necessary, on the construction and equipping of the Business Office, but it is and will remain your sole responsibility to diligently complete, equip and otherwise make ready, and then open the Business Office. You are responsible, at your expense, for obtaining all permits, clearances and certificates of occupancy that may be required by governmental authorities and to comply with all covenants, conditions, easements, and restrictions of record.

(e) Unless otherwise agreed to in writing by you and us, although we will assist you with site selection, you have the sole responsibility for locating and obtaining suitable premises for your Business Office.

(f) We have the right to periodically inspect your Service Vehicle and your Business Office (and any other site where you conduct the Franchised Business).

**7.3 Initial Inventory.**
Within the timeframes that we specify before the Opening Date, you must order from (and if necessary pre-pay to) designated or approved suppliers the items specified in the Confidential Operations Manual for your complete initial inventory of marketing materials, business cards, brochures, products and equipment necessary for you to provide Lifetime Blinds Products and Services to authorized customers, and other authorized items, with delivery scheduled for not later than two business days before the Opening Date. You must buy interior and exterior signs for your Service Vehicle and Business Office, other materials containing the Marks, and apparel containing the Marks only from suppliers we approve.

## VIII. OPERATION OF FRANCHISED BUSINESS

**8.1 Operational Requirements.**

(a) At all times, and subject to applicable state law and regulations, you must be, or employ, a General Manager who will devote his or her entire time during normal business hours, as defined in the Confidential Operations Manual, to the management, operation and development of the Franchised Business. The General Manager must ensure that you fulfill your obligations to your customers in a timely and professional manner and he or she may not engage in any other business requiring his or her active participation during normal business hours.

(b) You must only operate the Franchised Business in your Territory and from your Business Office, in strict accordance with the procedures set forth in the Confidential Operations Manual or otherwise provided to you by us in writing. You may only provide Lifetime Blinds Products and Services to customers who in your reasonable judgment are capable of receiving or using them. You may not engage in the sale or delivery of Lifetime Blinds Products and Services (or other authorized services associated with our Marks) outside of your Territory except as we may authorize in the Confidential Operations Manual or otherwise in writing. You must use the standard signs and formats that we prescribe in operating and conducting the Franchised Business. To protect and maintain the integrity, reputation and goodwill of the System and the Marks, we require that you comply with the methodology we prescribe in providing Lifetime Blinds Products and Services to authorized customers. To enhance uniformity in the delivery of goods and services to authorized customers by our franchisees and the strength of our Marks in inter-brand competition, and subject to applicable antitrust laws, we may recommend prices for Lifetime Blinds Products and Services and other products and services we authorize for sale in your Territory. If we do so, you may not

advertise or promote (whether by telephone, printed materials or any other media, including, without limitation, social media) retail prices that are inconsistent with these recommended prices. Also, to the extent permitted by federal and state law applicable to the Franchised Business, we may designate maximum and minimum retail prices to be charged for Lifetime Blinds Products and Services.

(c) Your Business Office must be open on a full-time basis in accordance with the hours of operation as designated in the Confidential Operations Manual. The obligation to remain open will not apply in the event of natural or man-made disasters or public emergencies.

(d) You must promptly satisfy any *bona fide* indebtedness that you incur in operating your Franchised Business. Contractors, subcontractors, vendors and suppliers providing services to the Franchised Business must be paid in accordance with the terms of their agreements with you.

(e) You must notify us in writing within 10 business days after you receive actual notice of the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other governmental authority that pertains to the Franchised Business or that may adversely affect your operations in the Territory or your ability to meet your obligations hereunder.

(f) Upon the occurrence of any event that occurs at the Business Office or in the Territory that has caused or may cause harm or injury to customers or employees, or that may damage the System, Marks, or image or reputation of the Franchised Business or us or our affiliates, you must immediately inform our designated contact person as instructed in the Confidential Operations Manual by telephone, e-mail, text or other electronic messaging medium authorized by us for this purpose. You must cooperate fully with us with respect to our response to an incident described in this section 8.1(f).

(g) If there is any *bona fide* dispute as to any liability for taxes assessed or other indebtedness, you may contest the validity of the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, you may not permit a tax sale or seizure by levy or similar writ or warrant, or attachment by a creditor to occur against the premises of the Business Office.

(h) You may not engage in any co-branding in the Territory or otherwise in connection with the Franchised Business except with our prior written consent. We are not required to approve any co-branding chain or arrangement except in our discretion, and only if we recognize that co-branding chain as an approved co-brand for operation within the System. “Co-branding” includes the operation of an independent business, product line or operating system owned or licensed by another entity (not us) that is featured or incorporated within your Territory or the Franchised Business you operate in your Territory or is adjacent to your Territory and operated in a manner which is likely to cause the public to perceive it to be related to the Territory and Franchised Business licensed to you hereunder.

(i) You must not accept cash payments from your customers in the Territory which are not reported to us or incorrectly reported. If this occurs, we can levy a fine of $500 each time it happens and declare you in material default of this Agreement for fraud and subject to immediate termination under section 13.2(a)(ix) of this Agreement.

**8.2 Confidential Operations Manual.**

(a) You must operate the Franchised Business in accordance with the Confidential Operations Manual, a copy of which will be provided to you (and you may have access to a digital copy of the Confidential Operations Manual on our website). We have the right to modify the Confidential Operations Manual at any time by the addition, deletion or other modification of the provisions thereof. All such additions, deletions or modifications are effective on the next business day after the digital copy maintained on our website is changed.

(b) All additions, deletions or modifications to the Confidential Operations Manual are equally applicable to all similarly situated Lifetime Blinds franchisees. As modified by us from time to time, the Confidential Operations Manual will be deemed to be an integral part of this Agreement and references to the Confidential Operations Manual made in this Agreement, or in any amendments or exhibits hereto, are deemed to mean the Confidential Operations Manual. However, the Confidential Operations Manual, as modified or amended by us from time to time, will not alter your fundamental status and rights under this Agreement. If there is any discrepancy or dispute about the version of the Confidential Operations Manual that you may have printed and maintain, the master copy of the Confidential Operations Manual that we maintain at our headquarters and available on our website will be the controlling version and will supersede all prior versions.

(c) If you lose printed portions of, or allow unauthorized access to or duplication of, the Confidential Operations Manual or any other confidential manuals or proprietary materials loaned to you by us, you will be deemed to be in material breach of this Agreement and all other agreements you have with us and our affiliated entities.

(d) Upon the expiration or termination of this Agreement for any reason whatsoever, you must immediately return to us any printed portions of the Confidential Operations Manual then in your possession. Except as specifically permitted by us, at no time may you, or your employees or agents, (i) make, or cause to be made, any copies or reproductions of all or any portion of the Confidential Operations Manual, (ii) give online access to the Confidential Operations Manual to unauthorized persons, or (iii) disclose any part of the Confidential Operations Manual to any other person except your authorized employees and agents when required in the operation of the Franchised Business. You must also permanently erase anything relating to our Trade Secrets or other Proprietary Information from any computers and other media storage devices you retain after expiration, cancellation or termination of this Agreement.

**8.3 Standards of Operation.**
You agree that we, you and everyone else involved in the System benefits from the maintenance of the highest standards of uniformity, quality, similar appearance and prominent display of the Marks at your Business Office and elsewhere in your Territory. Therefore, you agree to maintain the uniform standards of quality, appearance and display of the Marks in strict accordance with this Agreement and the Confidential Operations Manual as it may be revised from time to time, and as we may otherwise direct in writing. In order that we may establish and maintain an effective network of franchisees, you specifically agree that you will not display the Marks except in the manner we authorize.

**8.4 Computer System.**

(a) You must purchase, use and maintain the business computer system (including specified models of portable computers, and all related hardware and software) as specified in the Confidential Operations Manual or otherwise by us in writing for use in connection with the Franchised Business (the “Computer System”). We require you to maintain an e-mail account and connect the Computer System at all times to a dedicated, state of the art Internet or other high-speed communications medium specified by us, and be capable of accessing the Internet for the purpose of implementing software, transmitting and receiving data, in the manner designated by us in the Confidential Operations Manual or otherwise by us in writing. You must obtain all software and hardware, including digital still and video cameras, as we may specify to enable you to provide ample security against viruses, send and receive e-mail, contact and track customers, perform accounting functions, perform marketing and access and transmit digital photos and streaming video or other multimedia signals and information to and from the Business Office, and you must, from time to time, upon our request transmit digital photos and real time video and audio signals of the Franchised Business to us, and in the form and manner prescribed by us. You must purchase any upgrades, enhancements or replacements to the Computer System and/or hardware and software as we may from time to time require by 30 days written notice; provided however that you will not be required to update or replace the Computer System any more frequently than once every three years. We always have access to your Computer System, and all files and data stored therein via any means we specify.

(b) We may designate that certain computer software must be used in the operation of the Computer System (“Designated Software”). You must license or sublicense such Designated Software from our designee and enter into a software license agreement on the software licensor's then-current form and pay any related license or maintenance fees. From time to time, you must purchase any upgrades, enhancements or replacements to the Designated Software. You must incorporate any required modifications or additions within 30 days after receiving written notice from us, unless a longer time period is stated in the notice.

(c) You may not install, and must prohibit others from installing, unauthorized software on the Computer System. You must take all commercially reasonable measures to insure that no virus, Trojan horse, malicious code or other unauthorized code or software is installed on, or transmitted by, the Computer System. You must from time to time communicate to us all passwords, access keys and other security devices or systems necessary to permit us to access the Computer System and obtain the data we are permitted to obtain under this Agreement, including accounting, sales, marketing, client and other information to assist in and support the operation of the Franchised Business. The Computer System must also be configured and enabled to send daily and weekly reports to the email address provided by us.

(d) We may use information relating to your operation of the Franchised Business and customers of the Franchised Business to market other products and services not constituting Lifetime Blinds Products and Services directly to them.

**8.5 Maintenance of, and Refurbishments to, the Service Vehicle and Business Office.**

(a) We require that you maintain, and from time to time repair, refurbish or replace the Service Vehicle and refurbish the Business Office to conform to our then-current requirements for a Lifetime Blinds Franchise operation. Such maintenance, refurbishment or replacement may require expenditures by you on, among other things, structural changes, installing new equipment, remodeling, redecoration and modifications to existing improvements and such modifications as may be necessary to comply with System-wide standards then in effect for Lifetime Blinds Franchise operations or to accommodate new Lifetime Blinds Products and Services. In this regard, the following requirements are applicable:

(i) You must maintain all devices and equipment used in your Service Vehicle and at the Business Office on an as needed basis. And you must immediately and completely resolve to our satisfaction any maintenance deficiencies we identify.

(ii) You must make any and all upgrades to equipment and any technology used in your Franchised Business that we may require.

(iii) We may periodically require you to update the Trade Dress used at your Business Office. Such updates will be contained in the Confidential Operations Manual or otherwise provided to you in writing. Such updates may require you to install new color schemes, logos, signage or other visual elements. We anticipate that such Trade Dress updates will be required no more frequently than once every three years.

(b) We will only require the types of modifications and expenditures described herein where there is good cause. In this context, "good cause" means that we make a good faith determination that your Business Office is substantially inconsistent with prevailing System-wide standards (or example, either in terms of the Trade Dress, the overall condition of the Service Vehicle or Business Office, or the type, quality or condition of the equipment needed to adequately prepare, promote and sell Lifetime Blinds Products and Services) and that, as a result of its appearance or condition, your Service Vehicle or Business Office is either (i) not adequately positioned to promote and sell Lifetime Blinds Products and Services as then required or (ii) damaging the integrity of the Lifetime Blinds image, brand and/or Marks.

**8.6 Relocation of Your Business Office.**

(a) If you desire to relocate your Business Office, you may do so provided that not less than 90 days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation in which event notice must be given as soon as possible), you make a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location.

(b) Within 20 business days after receiving your request, we will either approve or disapprove in writing such closure or relocation in our reasonable discretion. In the event of disapproval of a proposed relocation, you may request an alternative proposed new location pursuant to the provisions of this section 8.6.

(c) If your Business Office is a commercial office and not your residence, you and the landlord may be required to execute a rider to your lease for the new location for the Business Office (or other agreement or written understanding) that (i) grants us an option to assume your position as lessee under the lease for the relocated Business Office premises if you are in material default of either the lease for the relocated Business Office premises (including an obligation of the landlord to notify us if you are in such default) or this Agreement, (ii) grants us the right to assign the lease to a *bona fide* franchisee of the System after assuming the lease, and (iii) requires the landlord to fully cooperate with us in completing de-identification of the relocated Business Office if this Agreement is terminated or expires without being renewed and we do not exercise our option to assume the lease for the relocated Business Office premises.

**8.7 Record Keeping and Reporting Requirements.**

(a) You agree to implement and thereafter use specific accounting software as may be designated by us to track, account for and report on the financial performance of the Franchised Business. On a monthly basis (not later

than 10 business days after the end of each month), you must submit to us an unaudited profit and loss statement, as well as other financial or statistical reports, records, statements or information that we reasonably deem to be required or desirable as stated in the Confidential Operations Manual or otherwise in writing.

(b) Within 90 days after the end of each of your fiscal years (or any permitted extension for filing same), you must submit to us a copy of the Schedule C or equivalent portion of your federal tax return relating your operation of the Franchised Business. We agree to maintain the contents of the Schedules C (or equivalent portion) of your tax returns in strict confidence and not to disclose them to any third party without your express written consent. On the Effective Date (and any time thereafter that this date changes), you must notify us of your fiscal year end date.

(c) All financial or statistical information you provide to us must be accurate and correct in all material respects.

(d) We have the right to use any financial or statistical information that you provide us, as we deem appropriate. We will not identify you, your Franchised Business or your Territory as the source of the information, and will not disclose any of this information except (i) with your written consent, (ii) as required by law or compulsory order or (iii) in connection with audits or collections under this Agreement.

(e) We have the right at all reasonable times to examine, copy and audit the books and records (including applicable Schedules C or equivalent portions of your tax returns) that relate to the Franchised Business and your operation of the Franchised Business. If an examination or audit of your financial records discloses any underpayment of any fee, you must promptly pay us the deficient amount plus interest calculated daily from the due date until paid at an APR of 10%. If an examination or audit discloses an underpayment or understatement of any amount due us by 5% or more, or if the examination or audit is made necessary by your failure to furnish required information or documents to us in a timely manner, or it takes our auditors an unreasonable amount of time (more than eight hours) to assemble your records for audit, you must reimburse us for the cost of having your books examined or audited (this remedy will be in addition to any other rights or remedies we have under this Agreement or otherwise, including our right to terminate this Agreement).

(f) You must maintain and preserve all books, records and accounts of or relating to the Franchised Business for at least five years after the close of the fiscal year to which the books records and accounts relate.

**8.8 Marketing and Display Materials.**

(a) All marketing, promotional, and display materials, signs and other materials containing the Marks must be in full compliance with the specifications provided in, and in conformity with, the Confidential Operations Manual. We will designate or approve the suppliers of such signs, display materials and other materials containing the Marks in accordance with Confidential Operations Manual guidelines.

(b) Subject to applicable governmental ordinances, regulations and statutes, you agree to post and maintain at the Business Office, entirely at your expense, any minimum signage we require or recommend. Any signage containing the Marks will be designed by a vendor we designate and manufactured by a vendor we designate or approve.

**8.9 Telephone Numbers.**

At your sole expense, you must list the telephone number for your Business Office in accordance with procedures prescribed by the Confidential Operations Manual. At the time of termination or expiration of this Agreement, for any reason, you must transfer the telephone numbers for your Business Office to us, or cancel them and de-list them from any applicable telephone directory or other telephone number listing service.

**8.10 Insurance.**

(a) You must have in effect on the Opening Date and maintain during the term of this Agreement comprehensive general liability insurance, automobile insurance, and other insurance that is legally required for you to operate your business (*i.e.*, workers' compensation insurance) or that is reasonably prudent for your type of business. Policy coverage limitations and other terms relating to insurance will be set forth in the Confidential Operations Manual. Any policies of insurance that you maintain must contain a separate endorsement naming us and the Owner of the Marks (and our other affiliated companies identified by us in writing), and our respective shareholders, members, managers, directors, officers, employees, and agents as additional insureds to the full extent of coverage provided under the insurance policies. Your insurance coverage will be primary as respects us,

the Owner of the Marks, and other affiliated companies identified by us in writing, and our respective shareholders, members, managers, directors, officers, employees, and agents. Any insurance or self-insurance maintained by us, the Owner of the Marks, and other affiliated companies identified by us in writing, and our respective shareholders, members, managers, directors, officers, employees, and agents will be excess of your insurance and will not contribute with it. You must provide us a copy of the policy and endorsement upon issuance and upon every renewal. You hereby grant us a waiver of any right of subrogation which any insurer of yours may acquire against us by paying any loss under such insurance. This provision applies regardless of whether we have received a waiver of subrogation endorsement from the insurer. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII or better and authorized to do business in the state where your Outlet is located, unless otherwise approved in writing by us.

(b) You must promptly notify us of any and all claims against you or us under said policies of insurance. Within 30 days after the Opening Date and promptly after each succeeding anniversary of the Opening Date, you must deliver to us certificates evidencing that such insurance are in full force and effect within 30 days after the Opening Date and each succeeding anniversary of the Opening Date. Such insurance certificate must contain a statement that the certificate cannot be canceled without 30 days (10 days for non-payment) prior written notice to you and to us. You must notify us in writing immediately regarding any cancellation, non-renewal or reduction in coverage or limits.

(c) Your failure, for any reason, to procure and maintain the insurance coverage required under this Agreement, will be deemed a material breach of this Agreement.

**8.11 Review and Inspection.**

(a) We have the right to send representatives at reasonable intervals at any time during normal business hours, to your Territory and Business Office or any other offices relating to your conduct of the Franchised Business to review and inspect your operations, business methods, service, management and administration relating to the Franchised Business or its equivalent, to determine the quality thereof and the faithfulness of your compliance with the provisions of this Agreement and the Confidential Operations Manual and to ensure you are in compliance with System standards prescribed by us and specified in the Confidential Operations Manual.

(b) You must permit our representatives to access your Business Office and any other facility from which you sell Lifetime Blinds Products and Services at any time during normal business hours to conduct reviews and inspections. You must cooperate with such reviews and inspections by rendering such assistance as our representatives may reasonably request and upon notice from us or our representatives, immediately begin such steps as may be necessary to correct any deficiencies noted during any such inspection. Within 10 business days after any such inspection, our representatives may re-inspect your Business Office (or other facility, if applicable) to ensure noted deficiencies have been corrected. If the deficiencies have not been corrected by the time of the initial re-inspection, our representatives may make additional re-inspections every five business days thereafter until noted deficiencies have been corrected and you must reimburse us the travel and lodging expenses of our representatives who conduct the additional re-inspection.

**8.12 Compliance with Laws.**

You must (i) operate the Franchised Business in compliance with all applicable laws, rules and regulations of all governmental authorities, (ii) comply with all applicable wage, hour and other laws and regulations of the federal, state or local governments, (iii) prepare and file all necessary tax returns and (iv) pay promptly all taxes imposed upon you or upon your business or property. You represent and warrant that you will obtain and at all times maintain all necessary permits, certificates or licenses necessary to conduct the Franchised Business in the locality within which the Business Office is situated. You must immediately notify us of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving you, or any entity affiliated with you, or any agent, employee, owner, director or partner of yours, which notification must include all relevant details in respect thereof, according to the procedures set forth in the Confidential Operations Manual.

**8.13 Web Site and Internet Marketing.**

(a) During the term of this Agreement, you will use the Lifetime Blinds website and any other Internet or social media only as specifically authorized by us in section 6.2(a) of this Agreement, the Confidential Operations Manual or otherwise in writing to market the Franchised Business conducted in your Territory. Otherwise, you may not (i) establish a website or social networking media outlet dedicated to marketing the Franchised Business or (ii) register an Internet domain or social networking media outlet name using any of the Marks.

(b) Any alternative distribution methods and programs you would like to use to engage in the Franchised Business, including e-commerce, web sites, Internet sub-dealers, telesales and telemarketing, or any other non-retail method of distribution, is subject to our prior written approval, which approval will be in our sole discretion.

**8.14 Intranet.**

(a) We may, at our option, establish and maintain an "Intranet" through which (i) Lifetime Blinds franchisees may communicate with each other, (ii) we and you may communicate with each other, and (iii) we may disseminate the Confidential Operations Manual, updates thereto and other confidential information. We will have discretion and control over all aspects of this Intranet, including the content and functionality thereof. We will have no obligation to maintain the Intranet indefinitely and may dismantle it at any time without liability to you.

(b) If and when we establish an Intranet, you must use it in strict compliance with the standards and specifications, protocols and restrictions we establish regarding such use. Such standards and specifications, protocols and restrictions may relate to, among other things, (i) the use of abusive, slanderous or otherwise offensive language in electronic communications, (ii) communications between or among franchisees that disparage us or endorse or encourage default of any Lifetime Blinds franchise agreement, or other agreement with us or our affiliates, (iii) confidential treatment of materials that we transmit via the Intranet, (iv) password protocols and other security precautions, including limitations on the number and types of employees that may be granted access to the Intranet, (v) grounds and procedures for our suspending or revoking a franchisee's access to the Intranet, and (vi) a privacy policy governing our access to and use of electronic communications that franchisees post to the Intranet. You acknowledge that, as administrator of the Intranet, we can technically access and view any communication that any person posts on the Intranet. You further acknowledge that the Intranet facility and all communications posted to it are or will become our property, free of any claims of privacy or privilege that you or any other person may assert.

(c) So long as the Intranet is operating, you must establish and continually maintain (during all times that the Intranet is operational and until the termination of this Agreement) an electronic connection (the specifications of which will be specified in the Confidential Operations Manual) with the Intranet that allows us to send messages to, and receive messages from you, subject to the standards and specifications.

**8.15 Franchise Advisory Council.**

We may, at our option, establish a franchise advisory council (the "FAC"), which will be composed of franchisees of the System. The FAC will, among other functions requested by us, serve as a representative committee for franchisees of the System and facilitate and coordinate the sharing of information and ideas between franchisees of the System and us. If appointed or elected to do so, you (or your designee) must, at your own expense, participate as a member of the FAC. We reserve the right to set reasonable standards for appointment or election to the FAC and you acknowledge that if we establish the FAC, you may be required to pay a fee or otherwise contribute to the FAC, as the FAC leadership or we may require. You acknowledge that the role of the FAC is advisory only, and we are not obligated to implement the FAC's recommendations. Neither you nor your designee will have the right to be appointed, elected, and if appointed or elected, to continue to serve on the FAC if you are in material default of this Agreement, or are not current in your financial obligations to us, and your landlord (if any), suppliers and vendors.

## IX. PROPRIETARY MARKS

**9.1 License of the Marks.**

(a) We hereby grant you the right during the term hereof to use and display the Marks in accordance with the provisions contained in this Agreement and in the Confidential Operations Manual, solely in connection with you operation of the Franchised Business in the Territory. Neither you nor any Principal Equity Owner nor any of your employees, agents or representatives may use, display or permit the use or display of trademarks, trade names, service marks, insignias or logo types other than the Marks and other trademarks and service marks approved for use by us in connection with the Franchised Business. Neither you nor any Principal Equity Owner nor any of your employees, agents or representatives may use or display the Marks or use the Service Vehicle in connection with the operation of any business or other activity that is outside the scope of the Franchised Business. You may only use the Marks on the Internet or other electronic media in the manner and as specifically authorized by us in the Confidential Operations Manual or otherwise in writing. You agree to be responsible for and supervise all of your employees and agents in order to insure the proper use of the Marks in compliance with this Agreement.

(b) You acknowledge and agree your use of the Marks is a temporary authorized use under this Agreement and that the Owner of the Marks retains all ownership interests in the Marks and that the Owner of the Marks, we

and the Owner of the Marks retain all ownership of the goodwill generated by the Marks. You acknowledge that the use of the Marks outside the scope of the terms of this Agreement without our written consent is an infringement of the Owner of the Marks' and our exclusive right, title and interest in and to the Marks. You agree that as between you and us, all rights to use the Marks within the franchised System are our exclusive property. You now assert no claim and will hereafter assert no claim to any goodwill, reputation or ownership thereof by virtue of your franchised use thereof or otherwise. It is expressly understood and agreed that ownership and title of the Trade Dress, Confidential Operations Manual and our other manuals, bulletins, instruction sheets, forms, methods of operation and goodwill are and, as between you and us, remains vested solely in us, and the use thereof is only co-extensive with the term of this Agreement.

(c) You agree that during the term of the Franchise, and after the repurchase, expiration or termination of the Franchise, you will not, directly or indirectly, commit an act of infringement or contest or aid others in contesting the validity, distinctiveness, secondary meaning, ownership or enforceability of the Marks or take any other action in derogation of the Marks, and that no monetary amount will be assigned as attributable to any goodwill associated with your use of the System or the Marks.

(d) You hereby grant us the right at any time to use the name, image and likeness of you and all Principal Equity Owners for commercial purposes in connection with the marketing and promotion of the Marks, our Intellectual Property, Lifetime Blinds Products and Services, any Lifetime Blinds franchised business or other retail outlet, and the System, without any form of compensation or remuneration. You also agree (i) to have any affected employee of yours who is not a Principal Equity Owner sign a release in the form contained in the Confidential Operations Manual authorizing us to also use the employee's name, image and likeness for the purposes described in this section 9.1(d), without compensation or remuneration, and (ii) to provide us with a copy of such signed release. The terms of this section 9.1(d) survive termination or expiration of this Agreement.

[Your Initials: _____ Principal Equity Owners' Initials: _____ _____ _____ _____ _____ ]

(e) You acknowledge that we prescribe uniform standards respecting the nature and quality of Lifetime Blinds Products and Services provided by you in connection with which the Marks are used. Nothing herein gives you any right, title or interest in or to any of the Marks, except a mere privilege and license during the term hereof to display and use the same and you agree that all of your use of the Marks under this Agreement inures to our benefit and the benefit of the Owner of the Marks.

(f) You and all Principal Equity Owners agree that all materials associated with us, Lifetime Blinds Products and Services or other services, artwork, graphics, layouts, slogans, names, titles, text or similar materials incorporating, or being used in connection with, the Marks which may be created by you, your employees, agents and subcontractors and any other party with whom you may contract to have such materials produced pursuant to this Agreement will become the sole property of the Owner of the Marks, including copyright and trademark rights. In furtherance thereof, you hereby and irrevocably assign to us all such materials, artwork, graphics, layouts, slogans, names, titles, text or similar materials, whether presently or hereafter existing. Furthermore, you agree on behalf of yourself, your employees, your agents, your subcontractors and any other party with whom you may contract to have such materials produced, to promptly execute all appropriate documents in this regard. As between you and us, the Suggestions and all Intellectual Property Rights in and to the Suggestions are owned exclusively by us, except as otherwise set forth herein. Your Suggestions will not entitle you to any Intellectual Property Rights in and to the System; the System will not become a joint work of authorship because of your Suggestions under any circumstances. Your Suggestions will be considered as a “work for hire” (as defined under the United States Copyright Act), and such Suggestions will be owned by us and for our benefit. To the extent that any such Suggestions of yours may not constitute a work for hire, you hereby grant, assign and transfer all right, title and interest in and to such Suggestions, including all rights in and to the Intellectual Property therein, to us and agree to execute any and all further documents and things reasonably required by us to effect and record such assignment. If you have any such rights that cannot be assigned to us, you waive the enforcement of such rights, and if you have any rights which cannot be assigned or waived, you hereby grant us an exclusive, irrevocable, perpetual, worldwide, fully paid license (with right to sublicense through multiple tiers) to such rights. You acknowledge there are, and may be, future rights that you may otherwise become entitled to with respect to the Suggestions not yet existing, as well as new uses, media, means and forms of exploitation throughout the universe exploiting current or future technology yet to be developed, and you specifically intend the foregoing assignment of rights to us will include all such now known or unknown uses, media and forms of exploitation throughout the universe.

(g) If necessary, you agree to join with us and share the expenses in any application to enter you as a registered or permitted user, or the like, of the Marks with any appropriate governmental agency or entity. Upon

termination of this Agreement for any reason whatsoever, we may immediately apply to cancel your status as a registered or permitted user and you hereby consent to the cancellation and agree to join in any cancellation petition. You will bear the expense of any cancellation petition.

**9.2 Your Business Name.**

(a) In connection with your operation of the Franchised Business, you agree that at all times and in all advertising, promotions, signs and other display materials, on your letterheads, business forms, and at the Business Office and other authorized business sites, in all of your business dealings related thereto and to the general public, you will identify the Franchised Business solely under a trade name containing the Mark "Lifetime Blinds" and authorized by us ("Business Name") together with the words "INDEPENDENTLY OWNED AND OPERATED" on your letterhead, contract agreements, invoices, advertising and other written materials containing the Marks as we may direct.

(b) You must file and keep current a fictitious business name statement, assumed name certificate or similar document regarding your Business Name in the county or other designated jurisdiction in which you are conducting business and at such other places as may be required by law. Before you commence engaging in the Franchised Business under the Marks, you must supply evidence satisfactory to us that you have complied with relevant laws regarding the use of fictitious or assumed names.

(c) On expiration or sooner termination of this Agreement, we may, if you do not do so, execute in your name and on your behalf any and all documents necessary, in our judgment, to end and cause a discontinuance of the use by you of the Marks and Business Name registrations and we are hereby irrevocably appointed and designated as your attorney-in-fact to do so.

(d) You further agree that you will not identify yourself as (i) us, (ii) a subsidiary, parent, division, shareholder, partner, agent or employee of ours or the Owner of the Marks, or (iii) any of our other franchisees.

(e) If you are an entity and not an individual proprietor, you cannot use any of the Marks in your legal name.

**9.3 Trade Secrets and Proprietary Information.**

(a) Under this Agreement, we are licensing you access to our Proprietary Information, Trade Secrets and other confidential data and information. You acknowledge that the material and information now and hereafter provided or revealed to you pursuant to this Agreement (including in particular, but without limitation, the contents of the Confidential Operations Manual) are our confidential Trade Secrets and are revealed in confidence, and you expressly agree to keep and respect the confidences so reposed, both during the term of this Agreement and thereafter. We expressly reserve all rights with respect to the Marks, Proprietary Information, methods of operation and other proprietary information, except as may be expressly granted to you hereby or in the Confidential Operations Manual. We will disclose to you certain Trade Secrets as reasonably needed for the operation by you of your Franchised Business by loaning to you, for the term of this Agreement, the Confidential Operations Manual and other written materials containing the Trade Secrets, through training and assistance provided to you hereunder, and by and through the performance of our other obligations under this Agreement.

(b) You acknowledge that we are the sole owner of all Proprietary Information, including our Trade Secrets; that such information is being imparted to you only by reason of your special status as a franchisee of the System; and that our Proprietary Information is not generally known to our industry or the public at large and are not known to you except by reason of such disclosure. You further acknowledge that you will acquire no interest in the Proprietary Information disclosed to you, other than the right to use them in the development and operation of the Franchised Business during the term of this Agreement.

(c) You agree that you will not do or permit any act or thing to be done in derogation of any of our rights in connection with the Marks, either during the term of this Agreement or thereafter, and that you will use these only for the uses and in the manner franchised and licensed hereunder and as herein provided. Furthermore, you and your employees and agents will not engage in any act or conduct that impairs the goodwill associated with the Marks.

(d) You agree to indemnify us and hold us harmless from and against all "Losses" (as defined in section 16.2 below), which we may sustain as a result of any unauthorized use or disclosure of Proprietary Information or Marks by you or your employees and agents. You further agree and acknowledge that the disclosure or use of Proprietary Information or Marks in a manner not authorized by this Agreement will cause immediate and irreparable

damage to us that would be impossible or inadequate to measure and calculate and could not be fully remedied by monetary damages. Accordingly, we have the right to specifically enforce this Agreement and seek injunctive or other equitable relief as may be necessary or appropriate to prevent such unauthorized disclosures or use without the necessity of proving actual damages by reason of any such breach or threatened breach of this Agreement. You further agree that no bond or other security will be required in obtaining such equitable relief and hereby consents to the issuance of such injunction and to the ordering of specific performance. You further agree and acknowledge that such remedies are in addition to any other rights or remedies, whether at law or in equity, which may be available to us, including, but not limited to monetary damages.

(e) 18 USC Section 1833(b) states: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Accordingly, we and you will each have the right to disclose in confidence Trade Secrets to Federal, State, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. We and you also have the right to disclose Trade Secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. Section 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. Section 1833(b).

**9.4 Modification of Marks and Trade Dress.**
We may add to, substitute or modify any or all of the Marks or Trade Dress from time to time, by directive in the Confidential Operations Manual. You agree to accept, use, display, or cease using, as may be applicable, the Marks and Trade Dress, including but not limited to, any such modified or additional trade names, trademarks, service marks, logo types and commercial symbols, and must within 30 days of receiving notification, commence to implement such changes and use your best efforts to complete such changes as soon as practicable.

**9.5 Mark Infringement Claims and Defense of Marks**.

(a) If you receive notice or otherwise become aware of any claim, suit or demand, threatened or pending, against you by any party other than us, the Owner of the Marks or any of our affiliates on account of any alleged infringement, unfair competition or similar matter arising from your use of the Marks in accordance with the terms of this Agreement, or any misuse of the Marks by third parties on the Internet or otherwise, you must promptly notify us of any such claim, suit, demand or misuse. You will have no power, right or authority to settle or compromise any such claim, suit or demand by a third party or to intervene to stop misuse, without our prior written consent. We will defend, compromise or settle at our discretion any such claim, suit or demand and take steps to stop misuse at our cost and expense, using attorneys selected by us or the Owner of the Marks, and you agree to cooperate fully in such matters.

(b) We will indemnify you and hold you harmless from and against any and all judgments resulting from any claim, suit or demand arising from your authorized and proper use of the Marks or our Intellectual Property in accordance with the terms of this Agreement. We have the sole discretion to determine whether a similar trademark or service mark that is being used by a third party is confusingly similar to the Marks or our Intellectual Property being used by you or constitutes a misuse of the Marks or our Intellectual Property, and whether and what subsequent action, if any, should be undertaken with respect to such similar trademark or service mark or misuse.

(c) You hereby indemnify us and holds us harmless from and against any and all judgments resulting from any claim, suit or demand arising from your unauthorized and improper use of the Marks or our Intellectual Property.

## X. MARKETING AND PROMOTION

**10.1 Use of Marketing and Promotion Fees.**

(a) If and when we begin receiving Marketing and Promotion Fees under section 4.3 hereof, we will expend, for the purposes of national, regional or local marketing, advertising, cooperative advertising, market research, public relations and promotional campaigns designed to promote and enhance the value of the Marks and general public recognition and acceptance thereof, an amount equal to the aggregate Marketing and Promotion Fees stated in section 4.3 hereof and collected from all of its franchisees less a 15% administrative fee. No interest on unexpended Marketing and Promotion Fees will be imputed for your benefit or payable to you. If requested by you in writing not later than March 31 of any calendar year, we will provide you not later than May 31 of that year with a statement of

receipts and expenditures of the aggregate Marketing and Promotion Fees relating to the preceding calendar year, certified to be correct by one of our officers.

(b) In our sole discretion and as we deem appropriate, we would be obligated to spend any Marketing and Promotion Fees collected from you and all other Lifetime Blinds franchisees (less our 15% administrative fee) on regional, local or national media or other marketing techniques or programs designated to promote the retail sale of Lifetime Blinds Products and Services, the Marks and other aspects of the Lifetime Blinds brand, creative and production costs, and for other purposes deemed appropriate by us to enhance and promote the general recognition of Lifetime Blinds franchises. These may include branding and marketing studies, initiatives and research; test marketing new products or concepts; franchisee compliance with System standards and practices through a "mystery shopper" program; the development of marketing strategies, tools, initiatives, and materials; public relations; market research; annual conferences (excluding the expenses of our principals and employees to travel to such conferences); and occasional selective regional and local advertising.

**10.2 Advertising Content and Costs.**
With respect to local, regional or system-wide advertising, we determine the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to advertising, public relations and promotional campaigns.

## XI. NON-COMPETITION COVENANTS

**11.1 Exclusive In Term Dealing.**

(a) You acknowledge that you will receive valuable specialized training and access to our Proprietary Information and Trade Secrets, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of the System and our Trade Secrets. In consideration for the use and license of such valuable information, you agree that you will not during the term of this Agreement operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareholder, manager, member, partner or otherwise), or engage in, any competing business selling goods or offering services equivalent to Lifetime Blinds Products and Services or the Franchised Business, without our express prior written consent, which consent may be withheld in our sole and absolute discretion.

(b) It is the intention of both you and us that you maximize the Franchised Business within the Territory, and any action of yours that diverts business to another entity or diminishes the Franchised Business being conducted in the Territory will be a material breach of this Agreement. Accordingly, neither you nor any Principal Equity Owner may, either directly or indirectly, for yourself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity, (i) divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, (ii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System, or (iii) solicit without our prior consent any person during the term of this Agreement who is at that time employed by us or any related entity to leave his or her employment.

**11.2 Post Termination Non-Competition Covenants.**

(a) For a period of one year after termination of this Agreement or its expiration without renewal pursuant to section 5.2 of this Agreement ("Expiration Date"), you agree that neither you nor any Principal Equity Owner may (either directly or indirectly, for yourself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity) operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareowner, partner or otherwise), or engage in, any competing business selling goods or offering services equivalent to Lifetime Blinds Products and Services or the Franchised Business, within a radius of 25 miles of your Territory or any other authorized business selling Lifetime Blinds Products and Services, without our express prior written consent, which consent may be withheld in our sole and absolute discretion. Following a termination or expiration of this Agreement, you must always refrain from any use, direct or indirect, of any of our Proprietary Information.

(b) For a period of one year after the Expiration Date, you agree that neither you nor any Principal Equity Owner may (either directly or indirectly, for yourself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity): (i) raid, solicit, or attempt to solicit or induce any person who is currently, or was at any time during the one year period preceding the Expiration Date, an employee of, independent contractor to, consultant to or other service provider of ours ("Service Provider"), to terminate his or her

relationship with us; or (ii) hire or attempt to hire any Service Provider of ours as an employee, independent contractor or consultant to or for you, Principal Equity Owner, or any affiliate or subsidiary thereof. The foregoing will not restrict a party from hiring any Service Provider that contacts it on his or her own initiative or apply to general solicitations to hire through the use of general advertising, or any solicitations made by any of a party's agents that were not aware of the contract relationship between us and the Service Provider.

**11.3 General Provisions Regarding Non-Competition Covenants.**

(a) You acknowledge that the restrictions contained in this Article XI are reasonable and necessary in order to protect our legitimate interests, and in the event of violation of any of these restrictions, we are entitled to recover damages including, without limitation, Royalties, Marketing and Promotion Fees and other fees that would have been payable if such business were included in the Franchised Business, and an equitable accounting of all earnings, profits and other benefits arising from such violation, which rights and remedies will be cumulative and in addition to any other rights or remedies to which we are entitled at law or in equity.

(b) You agree to indemnify us and hold us harmless from and against all Losses Franchisor may sustain because of any breach of this Article XI by you, any Principal Equity Owner, or your General Manager. You further agree that a breach of the non-competition covenants set forth above will cause immediate and irreparable damage to us that would be impossible or inadequate to measure and calculate and could not be fully remedied by monetary damages. Accordingly, we have the right to specifically enforce this Agreement and seek injunctive or other equitable relief as may be necessary or appropriate to prevent such breach or continued breach without the necessity of proving actual damages by reason of any such breach or threatened breach of this Agreement. You and each Principal Equity Owner further agree that no bond or other security will be required in obtaining such equitable relief and hereby consents to the issuance of such injunction and to the ordering of specific performance. You and each Principal Equity Owner further acknowledge that such remedies are in addition to any other rights or remedies, whether at law or in equity, which may be available to us, including, but not limited to, monetary damages.

(c) This Article XI applies to your General Manager and other Principal Equity Owners, and each of your other managers, directors, officers, general partners and affiliates.

(d) Each provision of this Article XI is independent of each other provision of this Agreement. If any provision of this Article XI is held unreasonable or unenforceable by any court, agency or other tribunal of competent jurisdiction, you agree to be bound by the maximum duty permitted by law with respect to that provision, which will be deemed restated accordingly, and also agree to be bound by all other provisions of this Article XI.

## XII. ASSIGNMENT

**12.1 Assignment by Us.**

We have the right to Transfer this Agreement, and all of our rights and privileges hereunder to any other person, firm or corporation ("Our Assignee"); provided that, in respect to any Transfer ("Assignment by Us") resulting in the subsequent performance by our Assignee of the functions of franchisor hereunder (i) at the time of Assignment by Us, Our Assignee must be financially responsible and economically capable of performing the obligations of franchisor hereunder; and (ii) Our Assignee must expressly assume and agree to perform such obligations. If there is an Assignment by Us, we will be relieved of all obligations or liabilities after the effective date of the assignment.

**12.2 Assignment by You.**

(a) This Agreement is being entered into in reliance upon and in consideration of the singular personal skills and qualifications of you and your Principal Equity Owners and the trust and confidence we repose in you and them. Therefore, neither your interest in this Agreement and the Franchise granted hereunder, nor all or substantially all of the assets of the Franchised Business, nor (if you are an entity) more than 50% of the equity interest in you, nor any controlling interest or non-controlling interest in the Franchised Business may be assigned, transferred, shared or divided, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner (collectively, "Assignment by You"), without our prior written consent and, except for any transfer of a non-controlling interest, subject to our right of first refusal provided for in section 12.3 hereof. Our consent to a specific Assignment by You is not cumulative and will not apply to any subsequent assignments, in respect of each of which you must comply with this section 12.2.

(b) Prior to any Assignment by You, you must notify us of your intent to sell, transfer or assign the Franchise, the Outlet, all or substantially all of the assets of the Franchised Business, or a controlling or non-

controlling interest in the Franchised Business. The notice shall be in writing, delivered to us in accordance with section 16.1 hereof and include all of the following:

(i) The name and address of the proposed assignee ("Your Assignee");

(ii) A copy of all agreements related to the sale, assignment, or transfer of the Franchise, the assets of the Franchised Business, or the interest in the Franchised Business; and

(iii) Your Assignee's application for approval to become the successor franchisee. The application must include all forms, financial disclosures and related information generally used by us when interviewing prospective new franchisees, if those forms are readily made available to you. If the forms are not readily available, you must request that we deliver the forms to you by business courier in accordance with section 16.1 hereof within 15 calendar days. As soon as practicable after the receipt of Your Assignee's application, we will notify you and Your Assignee, in writing, of any additional information or documentation necessary to complete the transfer application. If our then-existing standards for the approval of new or renewing franchisees are not readily available to you when you notify us of your intent to sell, transfer, or assign the Franchise, all or substantially all of the assets of the Franchised Business, or the controlling or non-controlling interest in the Franchised Business, we will communicate the standards to you within 15 calendar days.

(c) Within 60 days after the receipt of all of the necessary information and documentation required pursuant to section 12.2(b) above, or as specified by written agreement between we and you, we will notify you of the approval or disapproval of the proposed Assignment by You. The notice will be in writing and delivered to you by business courier in accordance with section 16.1 hereof. Should we elect not to exercise our right of first refusal, or should such right of first refusal be inapplicable, as herein provided, the proposed Assignment by You will be deemed approved, unless disapproved by us in writing and for reasons permitted by the law governing this Agreement. If the proposed sale, assignment or transfer is disapproved, we shall include in the notice of disapproval a statement setting forth the reasons for the disapproval. We may impose, among other things, the following conditions precedent to our consent to any such Assignment by You (these conditions are consistently applied to similarly situated franchisees operating under the Franchise brand):

(i) Your Assignee must complete our application for a franchise, and in connection therewith, you and Your Assignee must fully disclose in writing all of the terms and conditions of the Assignment by You;

(ii) Your Assignee and its principal equity owners demonstrate they have the skills, qualifications and economic resources necessary, in our sole judgment, to conduct the business contemplated by this Agreement;

(iii) Your Assignee and each of its principal equity owners expressly assume in writing for our benefit all of your obligations under this Agreement;

(iv) Your Assignee executes the then current form of Franchise Agreement being used by us for the remainder of the term of this Agreement or, in our sole discretion, for the initial term of the then current form of Franchise Agreement (unless we have a reasonable basis not to allow this, you may elect to have Your Assignee assume this Agreement for the remainder of its term);

(v) You must have complied fully as of the date of any such Assignment by You with all of your material obligations to us, whether under this Agreement or any other agreement, arrangement or understanding with us;

(vi) Your Assignee agrees that (A) a General Manager successfully trained by us must at all times be employed to operate the Outlet and (B) our Initial Training program described in section 6.1 hereof and any other training or orientation programs then required by us will be satisfactorily completed by Your Assignee's General Manager and other necessary personnel within 30 days after the execution by Your Assignee of a Successor Franchise Agreement, provided, however, that Your Assignee must agree to pay for all of their expenses incurred in connection therewith, including any fee we charge for training (at the rate in effect at the time of transfer), travel, hotel and meal expenses; and

(vii) Not later than 10 days before the transfer, you must pay us a non-refundable "Transfer Fee" of $7,500 (the Transfer Fee is not payable if we exercise our right of first refusal pursuant to section 12.3 of this Agreement).

(d) You do not have a right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever (except that with our consent, which will not be unreasonably withheld, you may pledge a security interest in this Agreement in connection with a Small Business Administration loan), nor subfranchise or otherwise transfer, or attempt to subfranchise or otherwise transfer the Franchised Business, or to transfer or subfranchise a portion but not all of your rights hereunder without our express prior written consent, which may be withheld for any reason in our sole discretion.

(e) Any attempt by you to assign or any purported Assignment by You in violation of this section 12.2 is void and will (i) constitute a material breach of this Agreement, (ii) cause this Agreement (and in our sole discretion any or all other agreements between you and us, or between you and our affiliates) to be subject to immediate termination without further notice, and (iii) confer no rights or interest whatsoever under this Agreement upon any other party.

(f) Upon our consent to any Assignment by You, you must bring all accounts with us current and transfer to your assignee all service agreements or contracts signed by customers of the Franchised Business conducted in your Territory from your Business Office. Also, you must (i) execute an agreement among you, us and your assignee effecting the Assignment by You, which will include a mutual release between you and us and (ii) enter into an assignment of the lease for the Business Office premises (including an assignment to the assignee of your rights, title and interest to telephone numbers and utilities respecting the Business Office).

**12.3 Right of First Refusal.**

(a) Except for a Transfer (i) to your heirs, personal representatives or conservators in the case of death or legal incapacity as provided in section 12.6 hereof or (ii) between or among individuals (including their immediate family members) who have guaranteed obligations under a Small Business Administration loan, your right to transfer your entire interest in the Franchise granted by this Agreement under section 12.2 hereof is subject to our right of first refusal, which will be exercised in accordance with the terms of this section 12.3.

(b) You must deliver to us a written notice setting forth (i) all of the terms and conditions of any *bona fide* offer relating to a proposed Assignment by You, and (ii) all available information concerning your Assignee including a detailed summary of how the proposed assignee meets our qualifications for a new Lifetime Blinds franchisee, and any other related information requested by us. If the specified terms and conditions include consideration of a non-monetary nature, such consideration must be expressed in reasonably equivalent monetary terms, and if it involves matters that cannot be stated in monetary terms, such consideration will not be considered in connection with our right of first refusal.

(c) Within 15 days after our receipt of such notice (or if we request additional information, within 10 days after receipt of such additional information), we may either (i) consent or withhold our consent to such Assignment by You, in accordance with section 12.2 hereof, or (ii) at our option, accept the Assignment by You ourselves or on behalf of our nominee upon the terms and conditions specified in the notice.

(d) If we elect not to exercise our right of first refusal and consent to the Assignment by You, you will for a period of 60 days, and subject to the provisions of section 12.2 hereof, be free to assign this Agreement to such proposed Assignee upon the terms and conditions specified in said notice. If, however, these terms are modified in any material manner (as determined by us), or if said 60-day period expires, we will again have such right of first refusal with respect thereto and you will again be required to comply with section 12.3(b) above. Detailed terms of assignment must be delivered to us no later than 72 hours following the close of escrow or other consummation of the transaction.

**12.4 Transfers to Certain Family Members.**

You or a Principal Equity Owner, if a natural person, may with our consent, which will not be unreasonably withheld, transfer the Franchise or an equity interest in your franchised entity to such person's immediate family member (defined as a spouse or person having equivalent rights under applicable federal or state law, parent, sibling, niece, nephew, descendant or spouse's descendant) provided that adequate provision is made for the management of the Franchised Business and the transferor guarantees, in form and substance satisfactory to us, the performance of the transferee's obligations under this Agreement. No transfer under this section 12.4 will be subject to our right of first refusal set forth in section 12.3 hereof or the Transfer Fee set forth in section 12.2(c)(vii) hereof. However, you must comply with section 12.2(c)(i) through (vi) and (to the extent applicable) section 12.2(c) above, as well as provide full disclosure of the terms of said transfer and deliver to us no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to us no less than three business days following the close of the transaction.

**12.5 Transfers to Affiliated Entities.**
You or a Principal Equity Owner may without our consent, upon 30 days prior written notice to us, Transfer the Franchise or an equity interest in your franchised entity to an entity that is (i) organized for the purpose of operating the Franchised Business and (ii) owned in the same proportionate amount of ownership as prior to such Transfer, provided that adequate provision is made for the management of the Franchised Business. No Transfer under this section 12.5 will be subject to our right of first refusal set forth in section 12.3 hereof or the Transfer Fee set forth in section 12.2(c)(vii) hereof. However, you must comply with section 12.2(c)(i) through (vi) above, as well as provide full disclosure of the terms of said transfer and deliver to us no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to us no less than three business days following the close of the transaction. Also, you acknowledge and agree that any Transfer to an affiliate will not relieve you from your obligations under this Agreement.

**12.6 Transfers upon the Death or Incapacity of an Individual Franchisee or Majority Equity Owner.**

(a) Notwithstanding the foregoing, in the event of your death or legal incapacity, if you are an individual, or the death or legal incapacity of a Principal Equity Owner holding a majority equity interest in the franchisee entity ("Majority Equity Owner") if you are a corporation, limited liability company or partnership, the transfer of your or the deceased Majority Equity Owner's interest in this Agreement to his or her heirs, personal representatives or conservators, as applicable, will not be deemed an Assignment by You provided that a responsible management employee or agent of yours that has been satisfactorily trained by us will be responsible for the Franchised Business.

(b) In the event of the death of a sole proprietor franchisee or the death of a Majority Equity Owner, such person's interest in this Agreement or its equity interest in the franchise entity must Transfer as soon as practicable (but not more than 270 days) after the date of death in accordance with such person's will or, if such person dies without a will, in accordance with laws of intestacy governing the distribution of such person's estate, provided that adequate provision is made for the management of the Franchised Business. If we determine (i) there is no imminent sale to a qualified successor or (ii) there is no heir or other Principal Equity Owner capable of operating the Franchise, we may (but are not obligated to) immediately commence operating the Franchised Business on your behalf for a period of up to 90 days, renewable as necessary for up to one year and we will periodically discuss the status with the heirs of the decedent. For such management assistance, you or the successor in interest must pay a reasonable *per diem* management fee/charge to us for serving as the interim manager.

(c) No Transfer under this section 12.6 will be subject to (i) our right of first refusal set forth in section 12.3 hereof or (ii) the Transfer Fee set forth in section 12.2(c)(vii) above, although such refusal right and Transfer Fee will be applicable to any subsequent Transfer by your (or a Majority Equity Owner's) heirs, personal representatives or conservators. However, you must comply with section 12.2(c)(i) through (vi) above, as well as provide full disclosure of the terms of said transfer and deliver to us no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to us no less than three business days following the close of the transaction.

**12.7 Other Transfers.**
Except as otherwise provided in this Agreement and subject to our right of first refusal provided in section 12.3 hereof, you or an Principal Equity Owner may consummate any Transfer of a direct or indirect interest in this Agreement, the Franchised Business or the economic benefits derived therefrom, or any equity interest in your franchised entity, not permitted by the preceding sections 12.4, 12.5 and 12.6, only after written notice to us and only with our written consent, which will not be unreasonably withheld. We will exercise our good faith business judgment in determining whether to give or withhold our consent to a Transfer under this section 12.7. Such exercise of good faith business judgment may include our consideration of certain skills and qualifications of the prospective transferee which are of business concern to us, including without limitation, the following: experience in businesses similar to the Franchised Business, financial and operational skills and qualifications, economic resources, reputation and character of such prospective transferee; the ability of such prospective transferee to fully and faithfully conduct the Franchised Business as contemplated by this Agreement; and the effect that the Transfer and the prospective transferee will have or may reasonably be expected to have on the reputation or business operations of the Franchised Business, the System or us or any of our affiliates.

## XIII. DEFAULT AND TERMINATION

**13.1 General.**

(a) This Agreement may be terminated only for good cause, which means a failure of a party to substantially comply with the lawful requirements imposed upon it by this Agreement after being given notice at least 60 days in advance of the termination and a reasonable opportunity, which in no event will be less than 60 days from the date of the notice of noncompliance, to cure the failure (provided that this section 13.1(a) does not apply when there are grounds for immediate termination without notice pursuant to section 13.2 below).

(b) If we are in material breach of this Agreement, you may terminate this Agreement by giving us prior written notice setting forth the asserted breach of this Agreement and giving us 60 days in which to cure the default. A material breach of this Agreement by us means any unauthorized action or omission seriously impairing or adversely affecting you or the relationship between you and us created by this Agreement. However, if we become insolvent or declare bankruptcy, you will continue to have the right to operate under this Agreement until and unless a court orders otherwise. If because of the nature of the breach, it would be unreasonable for us to be able to cure the default within 60 days, we will be given additional time (up to 60 additional days) as is reasonably necessary to cure said breach, upon condition that we must, upon receipt of such notice from you, immediately commence to cure such breach and continue to use best efforts to do so.

(c) Notwithstanding anything contained herein to the contrary, in those circumstances under which we have the right to terminate this Agreement, we also have the option, to be exercised in our sole discretion, to choose alternative remedies to our right to terminate the entire Agreement.

(d) Notwithstanding anything contained herein to the contrary, in those circumstances under which we have the right to terminate this Agreement, we have the right to exercise all remedies available to us at law or in equity, including without limitation specific performance and damages (including punitive damages). All rights and remedies provided herein are in addition to and not in substitution of all other rights and remedies available to a party at law or in equity.

**13.2 Immediate Termination.**

(a) We have the right to immediately terminate this Agreement upon notice to you upon the occurrence of any or all of the following events, each of which is deemed an incurable breach of this Agreement, if:

(i) after you locate and secure suitable premises (that we consent to) for your Outlet, you have not commenced operation of the Franchised Business within 120 days after the Effective Date;

(ii) you or the business to which the Franchise relates has been the subject of an order for relief in bankruptcy, judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or you admit your inability to pay its debts as they come due;

(iii) you Abandon the Franchise by failing to operate the business for five consecutive days during which you are required to operate the business under the terms of the Franchise, or any shorter period after which it is not unreasonable under the facts and circumstances for us to conclude that you do not intend to continue to operate the Franchise, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond the your control;

(iv) we and you agree in writing to terminate the Franchise;

(v) you or any Principal Equity Owner is convicted of a felony or a crime involving moral turpitude, consumer fraud or any other offense reasonably likely, in your sole and absolute judgment, to have a materially adverse effect on the Marks, the System, or the goodwill associated with the Marks or System;

(vi) you make any material misrepresentations relating to the acquisition of the Franchise or you engage in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the System;

(vii) you fail, for a period of 10 business days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchise;

(viii) after curing any failure in accordance with section 13.3 below, you engage in the same noncompliance whether such noncompliance is corrected after notice;

(ix) you repeatedly fail to comply with one or more requirements of the Franchise, whether corrected after notice;

(x) the Franchised Business or your business premises are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or seized, taken over, or foreclosed by a creditor, lien holder or lessor, provided that a final judgment against you remains unsatisfied for 30 days (unless an appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in the Franchised Business, and it is not discharged within five days of such levy;

(xi) you are convicted of a felony or any other criminal misconduct that is relevant to the operation of the Franchise;

(xii) we make a reasonable determination your continued operation of the Franchise will result in an imminent danger to public health or safety;

(xiii) you or a Majority Equity Owner is subject to any voluntary or involuntary bankruptcy or insolvency proceeding, makes a general assignment for the benefit of creditors, is or becomes insolvent, or applies for or permits the appointment of a receiver, trustee or custodian for any of your property or assets; or

(xiv) your financial condition is impaired to the point that it is reasonable to conclude you will not be able to fully discharge your obligations under this Agreement and such impairment continues for at least 60 days.

(b) The parties recognize that some breaches may involve conduct which undermines the basis for the Agreement such that the expectation of full and proper contract performance cannot be restored, even if the specific activity giving rise to the claim of breach has ended. In such cases, no period of "cure" will be required. However, the termination will not take effect for 10 days to enable the parties to consider whether other alternatives may be possible.

(c) If your rights under this Agreement are terminated by us because of an event described in section 13.2(a) above, section 14.1 below is not applicable, and we may immediately commence an action under section 14.2 or 14.3 below, as applicable, to collect damages or otherwise enforce our rights.

**13.3 Termination After Notice.**

(a) Except as provided in section 13.2 above, we may terminate this Agreement only for good cause (as defined in section 13.1(a) above) after giving you prior written notice setting forth the asserted breach of this Agreement and giving you 60 days in which to cure the default. Upon receipt of a notice of default, you must immediately commence diligently to cure said breach, and if you cure said breach within 60 days, our right to terminate this Agreement will cease. If because of the nature of the breach, it would be unreasonable for you to be able to cure the default within 60 days, you will be given additional time (up to 60 additional days) as is reasonably necessary in our determination to cure said breach, upon condition that you must, upon receipt of such notice from us, immediately commence to cure such breach and continue to use best efforts to do so.

(b) If your rights under this Agreement are terminated by us for material breach, we may, at our option, declare you in default of all of the other franchise agreements or other agreements you have with us, and terminate your rights under those other agreements as well.

(c) If your rights under this Agreement are terminated by us for failure to make any payment due under this Agreement, section 14.1 below is not applicable, and we may immediately commence an action under section 14.2 below to collect damages or otherwise enforce our rights.

(d) The description of any default in any notice served by us hereunder upon you in no way precludes us from specifying additional or supplemental defaults in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

(e) If you and we agree to mutually terminate this Agreement, you must return a signed counterpart of any document we prepare to effect the termination not later than 10 business days after you receive it, or the mutual agreement to terminate will be voidable by us and we may thereafter immediately and unilaterally terminate this Agreement and require payment of all sums due and payable to us at the date of termination.

**13.4 Description of Default.**
The description of any default in any notice served by us hereunder upon you in no way precludes us from specifying additional or supplemental defaults in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

**13.5 Statutory Limitations.**
Notwithstanding anything to the contrary in this Article XIII, in the event any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto limits our rights of termination hereunder or requires longer notice periods than those set forth herein, and in the event the parties are prohibited by law from agreeing to the shorter periods set forth herein, then this Agreement will be deemed amended to conform to the requirements of such laws and regulations, but in such event the provisions of the Agreement thus affected will be amended only to the extent necessary to bring it within the requirements of the law or regulation.

**13.6 Extended Cure Period.**
Notwithstanding anything contained herein to the contrary, including, without limitation, section 13.3(c) hereof, in those circumstances under which we have the right to terminate this Agreement, we also have the right, to be exercised in our sole discretion, to grant to you in writing only, in lieu of termination of this Agreement, an extended period of time to cure the breach which gave rise to our right to terminate, but in no event may such extended cure period exceed six months from the last day of the cure period otherwise applicable to such breach. You acknowledge that our election to grant an extended cure period to you will not operate as a waiver of any of our rights hereunder.

**13.7 Our Right to Cure Your Defaults.**
In addition to all other remedies herein granted, if you default in the performance of any of your obligations or breach any term or condition of this Agreement or any related agreement involving third parties, we may, at our election, immediately or at any time thereafter, without waiving any claim for breach hereunder and without notice to you, cure the default for your account and on your behalf, and all costs or expenses including attorney's fees incurred by us on account thereof are due and payable by you to us on demand.

**13.8 Waiver and Delay.**
No waiver by us of any breach or series of breaches or defaults in performance by you and no failure, refusal or neglect of ours either to exercise any right, power or option given to us hereunder or to insist upon strict compliance with or performance of your obligations under this Agreement or the Confidential Operations Manual, constitutes a waiver of the provisions of this Agreement or the Confidential Operations Manual with respect to any subsequent breach thereof or a waiver by us of our right at any time thereafter to require exact and strict compliance with the provisions thereof.

**13.9 Recovery of Lost Royalty.**
If this Agreement is terminated because of your material breach, based on the estimated time it takes for a replacement Lifetime Blinds franchise to achieve a similar revenue stream, in addition to any other damages or relief, we are entitled to recover damages equal to the amount of the Royalty actually paid by you or what you were obligated to pay, whichever is greater, during (i) the 12 months years prior to the date this Agreement was terminated or (ii) if the Opening Date is less than 12 months before the termination date, the time since the Opening Date.

**13.10 Collection Costs.**
We are entitled to reimbursement from you upon our demand of all costs we have incurred (including reasonable attorneys' fees and investigator's fees) to enforce our rights under this Agreement, including actions to collect any amounts due and delinquent hereunder.

**13.11 Continuance of Business Relations.**
Any continuance of business relations between you and us after termination of this Agreement will not be construed as a renewal, extension or continuation of this Agreement.

## XIV. DISPUTE RESOLUTION

**14.1 Initial Steps to Resolve a Dispute; Mediation.**

(a) We and you have entered into a long-term franchise relationship which gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, in light of the overall best interests of the System, as contemplated by this Agreement. To that end, you and we acknowledge that you and we need to attempt to resolve disagreements or disputes before such disagreements or disputes negatively impact the relationship. Good faith communications between you and us are an important aspect of that obligation. The parties hereby pledge and agree that they will first attempt to resolve any dispute, claim or controversy arising out of or relating to this Agreement or any alleged breach hereof, including any claim that this Agreement or any part hereof is invalid, illegal or otherwise voidable or void (collectively, "Dispute") by first having our executive officers and your Principal Equity Owners meet in person within five business days after a party notifies the other party that a Dispute has arisen at your principal executive office (without their respective legal counsel) to conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement. We may proceed to terminate this Agreement in either of the following two situations without a settlement meeting or mediation proceeding: (i) if there is any breach of this Agreement by you that may result in an immediate termination of this Agreement pursuant to section 13.2 above, or (ii) if you fail to pay any sums due us under this Agreement which may result in termination of this Agreement pursuant to section 13.3 above. Also, if a party refuses to participate in the settlement meeting or mediation within the respective time frames set forth in this section 14.1, the other party may immediately commence an arbitration proceeding pursuant to section 14.2 below.

(b) If the parties are unable to settle the Dispute at this settlement conference, within 10 business days after the date this conference took place (or should have taken place), you and we may submit the dispute to non-binding mediation conducted by and before a mediator, and at a location in California, mutually agreeable to both parties; provided however the mediator must be a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law. Any mediation proceedings may take place at any mutually agreed location. The proceedings should be completed within 45 days after the following the date either party first gives notice of mediation. The fees and expenses of the mediator will be shared equally by the parties. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matter.

(c) Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the mediation.

**14.2 Arbitration.**

**(a) Except as specifically provided in sections 13.2(c) and 13.3(c) above, any Dispute between us (and/or our affiliated entities) and you (and/or your Principal Equity Owners and affiliated entities) not settled through the procedures described in section 14.1 above will be resolved through binding arbitration by and before JAMS, Inc. ("JAMS"), in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than $250,000) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is $250,000 or more), or if the parties in dispute mutually agree, through binding arbitration by any other mutually agreeable arbitration organization. It is explicitly agreed by each of the parties hereto that no arbitration of any Dispute may be commenced except in accordance with this section 14.2.**

**(b) Arbitration proceedings, hearings and other proceedings will take place in Riverside County, California, or other county where our headquarters is then located; or if we so elect, at the JAMS business location nearest in the county where your (or an applicable Principal Equity Owner's) principal place of business is then located.**

**(c) Either party may present briefs and affidavits of witnesses who are unable to attend hearings. A limited amount of discovery is permitted within the discretion of the arbitrator (including affidavits, interrogatories and depositions). The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance and injunctive relief, provided that the arbitrator will not have the right to declare any Mark generic or otherwise invalid or to award punitive damages. If either party**

**fails to appear or participate in the arbitration proceeding, the other party will be entitled to a default judgment award. The arbitration award will be final and binding on the parties, and judgment on the award may be entered in any federal or state court having jurisdiction.**

**(d) TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL CLAIMS BROUGHT UNDER THIS AGREEMENT WILL BE BROUGHT IN AN INDIVIDUAL CAPACITY. THIS AGREEMENT MAY NOT BE CONSTRUED TO ALLOW OR PERMIT THE CONSOLIDATION OR JOINDER OF OTHER CLAIMS OR CONTROVERSIES INVOLVING ANY OTHER FRANCHISEES OR PERMIT SUCH CLAIMS OR CONTROVERSIES TO PROCEED AS A CLASS ACTION, CLASS ARBITRATION, COLLECTIVE ACTION, OR ANY SIMILAR REPRESENTATIVE ACTION. NO ARBITRATOR WILL HAVE THE AUTHORITY UNDER THIS AGREEMENT TO ORDER ANY SUCH CLASS OR REPRESENTATIVE ACTION. BY SIGNING BELOW, YOU ACKNOWLEDGE YOU ARE AGREEING TO WAIVE ANY SUBSTANTIVE OR PROCEDURAL RIGHTS THAT YOU MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS. ACCORDINGLY, YOU EXPRESSLY AGREE TO WAIVE ANY RIGHT YOU MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS.**

**(e) TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. ACCORDINGLY, THE ARBITRATOR WILL HAVE NO POWER TO ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY.**

**(f) This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement. If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party by default or otherwise notwithstanding said failure to appear.**

**(g) The provisions of this section 14.2 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect after (and notwithstanding) the expiration or termination of this Agreement. Furthermore, this section 14.2 will be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with the law.**

**[Our Initials: _____ Your Initials: _____ ]**
**[Principal Equity Owners' Initials: _____ _____ _____ _____ _____ ]**

**14.3 Injunctive Relief.**
Any party has the right in a situation where there is an imminent threat of harm to the legal rights of a party and damages would not be adequate relief to seek a temporary restraining order and temporary or preliminary injunctive relief from a court of competent jurisdiction in California, without the necessity of first complying with sections 14.1 and 14.2 above or posting any bond, and if bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of $1,000 will be a sufficient bond (this amount may be adjusted by changes in the Consumer Price Index since the Effective Date). If an arbitration proceeding has already commenced pursuant to section 14.2 above when a party seeks injunctive relief, then the party seeking such injunctive relief agrees to contemporaneously submit the merits of its dispute to the arbitrator. The existence of a proceeding commenced under section 14.1 or 14.2 above will in no event abate or otherwise affect the ability of party to seek injunctive relief under this section 14.3. You acknowledge that failure on your part to comply fully with any of the terms of this Agreement respecting the obligations regarding examinations, audits and the Marks could cause irreparable damage to us or other affiliated persons or entities and we or our affiliates are empowered to seek injunctive relief to protect the Marks. This covenant is independent, severable and enforceable notwithstanding any other rights or remedies that any party may have.

**14.4 Legal Fees and Expenses.**
The prevailing party in any arbitration or litigation to resolve a dispute between any of the parties hereto will be entitled to recover from the losing party reasonable legal fees (and incurred costs of the prevailing party's counsel) and all other "Expenses" (as defined in section 16.2(e) below) incurred by the prevailing party in bringing or defending such arbitration, action or proceeding and/or enforcing any resulting award or judgment (including without limitation arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator), whether incurred prior to or in preparation for or in contemplation of the filing of the action or thereafter. The prevailing party will be determined by the arbitrator or court. This section 14.4 is intended to be expressly

severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

**14.5 Survival.**
The terms of this Article XIV survive termination, expiration or cancellation of this Agreement.

## XV. OBLIGATIONS AND RIGHTS UPON TERMINATION OR EXPIRATION

**15.1 Your Obligations.**

(a) In the event of termination, cancellation or expiration of this Agreement whether by reason of your breach, default, non-renewal, lapse of time or other cause, in addition to any other obligations provided for in this Agreement, you must forthwith discontinue the use or display of the Marks in any manner whatsoever, and you may not thereafter operate or do business under the Marks or any other Lifetime Blinds brand or any other name or in any manner that might tend to give the general public the impression that you are in any way associated or affiliates with us, or any of the businesses conducted by us or the owner of the Marks, including without limitation repainting the business premises in a distinctively different color and removing or rearranging distinctive elements of the Lifetime Blinds Trade Dress. You must contact online review sites and other online directories and websites which have made reference to your Outlet during the 18 months prior to the date this Agreement terminates, is cancelled or expires, and request the removal of all use of the trademarks in connection with the former Lifetime Blinds franchised Outlet (and the physical address of the former Lifetime Blinds Business Office) and all use of former reviews from the period you were a Lifetime Blinds franchisee. And, you also must comply with section 15.2 respecting the return to us of certain materials and must not thereafter use, in any manner, or for any purpose, directly or indirectly, any of our trade secrets, procedures, techniques, or materials acquired by you by virtue of the relationship established by this Agreement, including, without limitation, (i) any training or other materials, manuals, bulletins, instruction sheets, or supplements thereto, or (ii) any equipment, videotapes, videodiscs, forms, advertising matter, devices, insignias, slogans or designs used from time to time in connection with the Franchised Business.

(b) If there is a termination, cancellation or expiration as described in section 15.1(a) above, you must comply with section 11.2 of this Agreement respecting post-termination competition and also promptly:

(i) Remove at your expense all signs erected or used by you and bearing the Marks, or any word or mark indicating that you are associated or affiliated with us;

(ii) Erase or obliterate from letterheads, stationery, printed matter, advertising or other forms used by you the Marks and all words indicating that you are associated or affiliated with us;

(iii) Permanently discontinue all advertising of yours that states or implies you are associated or affiliated with us or the System (if you engage in any business thereafter, you must use trade names, service marks or trademarks that are significantly different from those under which you had done business and must use sign formats that are significantly different in color and type face; and take all necessary steps to ensure that your present and former employees, agents, officers, shareholders and partners observe the foregoing obligations); and

(iv) Assign all interest and right to use all telephone numbers and all listings applicable to the Franchised Business in use at the time of such termination to us and take all action necessary to change all such telephone numbers immediately and change all such listings as soon as possible.

(c) If you fail or omit to make or cause to be made any removal or change described in section 15.1(b)(i) through 15.1(b)(iv) above, then we will have the right within 15 days after written notice to enter your Business Office or other premises from which the Franchised Business is being conducted without being deemed guilty of trespass or any other tort, and make or cause to be made such removal and changes at your expense, which expenses you agree to pay to us promptly upon demand; and you hereby irrevocably appoint us as your lawful attorney upon termination of this Agreement with authority to file any document in the name of and on our behalf for the purpose of terminating any and all of your rights in any trade name you have used that contains any of the Marks.

**15.2 Our Rights as Franchisor.**

(a) The termination, cancellation, expiration or assignment of this Agreement will be without prejudice to any of our rights against you and such termination, cancellation, expiration or assignment will not relieve you of any of your obligations to us existing at the time of termination, cancellation, expiration or assignment or terminate those

obligations of ours which, by their nature, survive the termination, cancellation, expiration or assignment of this Agreement.

(b) We may direct that all applicable suppliers immediately cease providing you with equipment, inventory, marketing materials, e-mail access, website access, accessories and other items comprising or to be used to provide Lifetime Blinds Products and Services.

(c) You are obligated to return, at no expense to us, all copies of the Confidential Operations Manual and all other Lifetime Blinds proprietary materials and any other items that were supplied by us for your use without additional charge in connection with the operation of the Franchised Business. You must also permanently erase anything relating to us or the Franchised Business from any computers and other media storage devices you retain after expiration, cancellation or termination of this Agreement.

(d) Upon a lawful termination or nonrenewal of this Agreement, Franchisor will purchase from Franchisee, at the value of price paid, minus depreciation, all inventory, supplies, equipment, fixtures, and furnishings purchased or paid for under the terms of this Agreement or any ancillary or collateral agreement by Franchisee to Franchisor or Franchisor's approved suppliers and sources, that are, at the time of the notice of termination or nonrenewal, in Franchisee's possession or used by Franchisee in the Franchised Business. Franchisor is not required to purchase any personalized items, inventory, supplies, equipment, fixtures, or furnishings not reasonably required to conduct the operation of the Franchised Business in accordance with this Agreement or any ancillary or collateral agreement or to which Franchisee, at the cessation of operation of the Franchised Business by Franchisee, cannot lawfully, or does not, grant us clear title and possession upon our payment to Franchisee for the inventory, supplies, equipment, fixtures, or furnishings (Franchisor has the right to receive clear title to and possession of all items purchased from Franchisee under this section 15.2(d)). Franchisor may offset against the amounts owed to Franchisee under any such purchase under this section 15.2(d) any amounts Franchisee owes to Franchisor. Notwithstanding the foregoing however, Franchisor's requirement to purchase from Franchisee under this section 15.2(d) will not apply:

(i) if and when Franchisee declines a *bona fide* offer of renewal from Franchisor;

(ii) if Franchisor does not prevent Franchisee from retaining control of the Outlet or other principal place of the Franchised Business;

(iii) to any termination or nonrenewal of a franchise due to a publicly announced and nondiscriminatory decision by Franchisor to completely withdraw from all franchise activity within the relevant geographic market area in which the Franchise is located;

(iv) if Franchisor and Franchisee mutually agree in writing to terminate and not renew the Franchise; or

(v) to any inventory, supplies, equipment, fixtures, or furnishings that are sold by Franchisee between the date of the notice of termination or nonrenewal, and the cessation of operation of the Franchised Business by Franchisee, pursuant to the termination or nonrenewal.

## XVI. GENERAL TERMS AND PROVISIONS

**16.1 Notices.**

(a) All notices that the parties hereto are required or may desire to give under or in connection with this Agreement must be in writing and (unless personally delivered by an agent of the sending party) must be sent by reliable overnight courier, for delivery on the next business day and addressed as follows:

(i) If to us:

LIFETIME BLINDS INC.
1775 E PALM CANYON DR STE 110-21
PALM SPRINGS CA 92264-1623
Phone: 760-778-6978

(ii) If to you:

_____
_____
_____
Phone:

(b) Unless delivered in person by an agent of the sending party, notices between you and us will be deemed given the next business day after deposit with a reliable overnight courier, properly addressed and marked for delivery on the next business day.

(c) Any change in the addresses listed in section 16.1(a) above must be sent to the other party as soon as practicable after the change occurs by reliable overnight courier.

(d) Any notices sent to you which include a statement of intent to terminate or not renew the Franchise must provide (i) the reasons why and (ii) the effective date of such termination or nonrenewal or expiration.

**16.2 Indemnity.**

(a) You and your Principal Equity Owners, jointly and severally, hereby agree to protect, defend and indemnify us, and all of our past, present and future owners, affiliates, officers, directors, employees, attorneys and designees, and each of them, and hold them harmless from and all Losses arising out of or in connection with any "Proceeding" (as defined in section 16.2(f) below) concerning your intentional tort or negligence, or the intentional tort or negligence of your agents, servants or representatives, relating to your development, maintenance or operation of the Franchised Business in your Territory from the Business Office, except if caused by our intentional misfeasance, negligence or material default of any terms of, or our obligations arising under, this Agreement.

(b) We hereby agree to protect, defend and indemnify you, your Principal Equity Owners, other owners, affiliates, officers, directors, employees and attorneys and each of them, from any Losses any of them may incur as a result of any third party Proceeding arising out of our intentional misfeasance, negligence or material breach of our obligations under this Agreement, except if caused by the intentional misfeasance of, negligence of, or material breach by, you (or any of your Principal Equity Owners, or other owners, affiliates, officers, directors, employees or attorneys of yours) of any terms of, or your obligations arising under, this Agreement.

(c) In order for the indemnification to be effective, each indemnified party ("Indemnified Party") will give the indemnifying party ("Indemnifying Party") reasonable notice of each claim or loss for which the Indemnified Party demands indemnity and defense, except that failure to provide such notice will not release the Indemnifying Party from any obligations hereunder except to the extent that the Indemnifying Party is materially prejudiced by such failure. The Indemnifying Party will assume, at its sole cost and expense, the defense of such Proceeding through legal counsel reasonably acceptable to the Indemnified Party, except that the Indemnified Party may at its option and expense select and be represented by separate counsel. The Indemnifying Party will have control over the Proceeding, including the right to settle; provided, however, the Indemnifying Party will not, absent the written consent of the Indemnified Party, consent to the entry of any judgment or enter into any settlement that: (i) provides for any admission of liability on the part of the Indemnified Party or relief other than the payment of monetary damages for which the Indemnifying Party will be solely liable; or (ii) adversely affects the rights of the Indemnified Party under this Agreement, or (iii) does not release the Indemnified Party from all Proceedings and "Losses" (as defined in section 16.2(d) below) in respect thereof. In no event will the Indemnified Party be liable for any Losses that are compromised or settled in violation of this section 16.2. The Indemnifying Party's duty to defend is independent of its duty to indemnify. Each indemnified party must submit all of its claims to its insurers in a timely manner. Any payments made by an indemnified party will be net of benefits received by any indemnified party on account of insurance in respect of such claims.

(d) The term "Losses" means, refers to, and includes all "Expenses" (as defined in section 16.2(e) below), liabilities, obligations, losses, fines, penalties, costs, or damages including all reasonable out of pocket fees and disbursements of legal counsel in the investigation or defense of any of the same or in asserting any party's respective rights hereunder but excluding punitive damages (unless resulting from third party claims).

(e) The term "Expenses" means, refers to, and includes, all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding casts, telephone charges, postage, delivery service fees and all other disbursements or expenses of the 'types

customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses will also include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreements, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent.

(f) The term "Proceeding" means, refers to, and includes any threatened pending or completed suit, claim, demand, action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether civil, criminal, administrative or investigative.

**16.3 Your Relationship to Us as Franchisee.**

(a) It is expressly agreed that the parties intend by this Agreement to establish between you and us the relationship of franchisee and franchisor. It is further agreed that neither you nor any Principal Equity Owner has the authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as agent or representative on our behalf for any purpose whatsoever. Neither you (including any Principal Equity Owner) nor we are the employer, employee, agent, partner, fiduciary or co-venturer of or with the other, each being independent. You and all Principal Equity Owners jointly and severally agree none will hold themselves out as our agent, employee, partner or co-venturer or the Owner of the Marks. All employees or agents hired or engaged by or working for you will be only the employees or agents of yours and will not for any purpose be deemed employees or agents of ours or the Owner of the Marks, nor subject to our control; and in particular, we will have no authority to exercise control over the hiring or termination of these employees, independent contractors, or others who work for you, their compensation, working hours or conditions, or their day-to-day activities, except to the extent necessary to protect the Marks. You and we agree to file our own tax, regulatory and payroll reports with respect to our respective employees or agents and operations.

(b) You agree to diligently consider customer reviews and respond to customer indications of dissatisfaction with services rendered by you, your employees and agents, in a diligent and professional manner and you agree to cooperate with representatives of ours or the Owner of the Marks in any investigation undertaken by us of complaints respecting your activities.

**16.4 No Third Party Beneficiaries.**
This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity (other than financing sources to whom we may have granted or consented to a collateral assignment of this Agreement) will be entitled to any rights hereunder because of so-called "third party beneficiary rights" or otherwise.

**16.5 Survival of Covenants.**
The covenants contained in this Agreement that by their terms require performance by the parties after the expiration or termination of this Agreement will be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

**16.6 Successors and Assigns.**
This Agreement is binding upon (i) us and inures to the benefit of our successors and assigns, (ii) you and inures to the benefit of your successors and assigns, and (iii) Principal Equity Owners and inures to the benefit of their respective successors and assigns.

**16.7 Joint and Several Liabilities.**
If you consist of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to us are joint and several.

**16.8 Titles for Convenience Only.**
Section titles used in this Agreement are for convenience only and do not affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement.

**16.9 Gender.**
All terms used in any one number or gender will extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any section may require.

**16.10 Severability; Partial Invalidity.**
Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between (i) any provisions of this Agreement or the Confidential Operations Manual and (ii) any present or future statute, law, ordinance, regulation or judicial decision, contrary to which the parties have no legal right under this Agreement, the latter will prevail, but in such event the provision of this Agreement or the Confidential Operations Manual thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, section, sentence or clause of this Agreement or the Confidential Operations Manual is held to be indefinite, invalid or otherwise unenforceable, that specific language will be deemed deleted but the remaining parts thereof will continue in full force and effect.

**16.11 Counterparts.**
This Agreement may be executed in multiple copies, each of which will be deemed to be an original, and both of which together will be deemed to be one and the same instrument.

**16.12 Compliance with U.S. Anti-Terrorism and Other U.S. Federal Laws.**

(a) You and each of the Principal Equity Owners certify that none of you, the Principal Equity Owners, employees, or anyone associated with you is listed in the Annex to Executive Order 13224 (available at http://treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html). You covenant not to hire or have any dealings with a person listed in the Annex. You certify that you have no knowledge or information that, if generally known, would result in you, the Principal Equity Owners, employees or anyone associated with you being listed in the Annex to Executive Order 13224. You and each of the Principal Equity Owners will comply with and assist us to the fullest extent possible in our efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, you and each of the Principal Equity Owners certify, represent and warrant that none of your respective property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that you and the Principal Equity Owners are not otherwise in violation of any of the Anti-Terrorism Laws. You are solely responsible for ascertaining what actions must be taken by you to comply with all such Anti-Terrorism Laws. You specifically acknowledge and agree that your indemnification responsibilities as provided in this Agreement pertain to your obligations under this section 16.12. Any misrepresentation by you under this section 16.12 or any violation of the Anti-Terrorism Laws by you, any of the Principal Equity Owners, or employees will constitute grounds for immediate termination of this Agreement and any other agreement you entered into with us or one of our Affiliates. "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 United States 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.

(b) Neither you nor any Principal Equity Owner conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under any applicable Anti-Terror Legislation.

(c) Neither you nor any Principal Equity Owner nor any employee of either is named as a "Specially Designated National" or "Blocked Person" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control, and published at www.treas.gov/offices/enforcement/ofac/sdn/. You acknowledge that you are not directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States of America, nor do you or any Principal Equity Owner act directly or indirectly on behalf of the government of any country that is subject to an embargo imposed by the United States of America. You and the Principal Equity Owners agree that you will notify us in writing immediately of the occurrence of any event that renders the foregoing representations and warranties of this section 16.12 incorrect.

[Your Initials: _____ Principal Equity Owners' Initials: _____ _____ _____ _____ _____]

**16.13 Governing Law.**
The Federal Arbitration Act (9 U.S.C. §1 *et seq*.) governs the arbitration of disputes under this Agreement. Otherwise, the laws of California govern this Agreement and all related matters, documents and agreements, without regard to conflicts of laws. If any provision of this Agreement is impermissible under a governing law, the provision will be

deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision, or if the provision as amended cannot substantially maintain the original intent, then the provision will be deemed deleted.

**16.14 Entire Agreement.**

(a) The parties to this Agreement each acknowledge and warrant to each other that they wish to have all of the terms of this business relationship defined solely in and by this written Agreement and the Confidential Operations Manual. Recognizing the costs on all parties which attend uncertainty, the signatories to this Agreement each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings (which have been or may in the future be exchanged between them) serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, the signatories each agree and promise each other that this Agreement, the Confidential Operations Manual, and the representations made by us in the Lifetime Blinds Franchise Disclosure Document ("FDD") provided to you, supersede and cancel any prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements, understandings or any other term), by any of the parties or by anyone acting on their behalf, with respect to the rights and obligations of the parties to this Agreement or the relationship between them. Each signatory to this Agreement agrees and promises the other that they have placed, and will place, no reliance on any such discussions or writings.

(b) In accordance with the foregoing section 16.14(a), the parties to this Agreement agree that this Agreement, and the Confidential Operations Manual, constitutes the entire agreement between the parties and contain all of the terms, conditions, rights and obligations of the parties with respect to the Franchised Business contemplated by this Agreement and any other aspect of the relationship between the parties; provided however, that nothing in this Agreement or in any related agreement or writing is intended to disclaim the representations made in the FDD that was provided to you.

(c) This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto.

## XVII. EFFECTIVENESS OF AGREEMENT

This Agreement will become effective only upon the execution thereof by you and by us, and only after you were provided an FDD. HOWEVER, THIS AGREEMENT IS NOT BINDING ON US UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY US.

## XVIII. ACKNOWLEDGMENTS AND REPRESENTATIONS

**18.1 Acknowledgments and Representations.**

(a) You and each of your Principal Equity Owners hereby jointly and severally represent and warrant that the following statements in this section 18.1 are true and accurate.

(b) You do not seek to obtain the Franchise for speculative or investment purposes and have no present intention to sell or transfer or attempt to sell or transfer the Franchised Business or the Franchise within 12 months after the Opening Date.

(c) You understand and acknowledge the value to the System of uniform and ethical standards of quality, appearance and service described in and required by the Confidential Operations Manual and the necessity of operating the Franchised Business under the standards set forth in the Confidential Operations Manual. You represent that you have the capabilities, professionally, financially and otherwise, to comply with our standards.

(d) If you are an entity, you are duly organized and qualified to do business in the state and any other applicable jurisdiction within which the Business Office is located.

(e) Your execution of this Agreement will not constitute or violate any other agreement or commitment to which you are a party.

(f) Any individual executing this Agreement on your behalf is duly authorized to do so and the Agreement constitutes a valid and binding obligation of yours and all of your Principal Equity Owners.

(g) You and your Principal Equity Owners (i) carefully read this Agreement and all other related documents to be executed by you concurrently or in conjunction with the execution hereof, (ii) conducted an independent investigation of the business contemplated by this Agreement, (iii) obtained, or had the opportunity to obtain, the advice of counsel in connection with the execution and delivery of this Agreement, (iv) understand the nature of this Agreement, and (v) intend to comply with the terms hereof and be bound hereby. You also recognize that the Franchise involves significant risks, making the success of the Franchised Business largely dependent on your abilities and attention. We expressly disclaim the making of, and you agree that you have not received or relied on, any representation or warranty from us regarding the likelihood of your success in your operating the Franchised Business in your Territory from your Business Office.

(h) In entering into this Agreement, you have not relied on any representation by us, or any of our officers, managers, partners, shareholders, employees or agents concerning the Franchised Business that is contrary to the (i) terms of this Agreement, (ii) any documents incorporated into this Agreement (or attached to it), or (iii) the FDD that was provided to you.

(i) You agree that complete and detailed uniformity among our franchisees under varying conditions may be inadvisable, impractical or impossible, and accordingly agree that we, in our sole discretion, may modify or vary aspects of the System as to any franchisee or group of franchisees based on, for example, local sales potential, demographics, competition, business practices or other conditions. You further agree that we have no obligation to disclose or offer the same or similar variances to you. You are aware that other Lifetime Blinds franchisees may operate under different agreements and, consequently, that our obligations and rights as to those franchisees may differ materially in certain circumstances.

(j) You received an FDD and a copy of this Agreement at least 15 calendar days before you signed this Agreement.

(k) You made no payment to us before you signed this Agreement.

(l) You and each Principal Equity Owner acknowledge that in operating the System, we must consider the needs of the System as a whole, and the need to protect the Marks, even if our actions are contrary to your individual interests as a franchisee.

(m) You and each Principal Equity Owner acknowledge that the success of the business venture is speculative and depends in large part on your participation in the daily affairs of the Franchised Business.

**18.2 Additional Information Respecting You and Your Principal Equity Owners.**

(a) Attached as Exhibit 2 is a schedule containing complete information regarding your Principal Equity Owners.

(b) The address (written notice of any change in this information after the Effective Date must be delivered to us pursuant to section 16.1 hereof) where your financial and other records are maintained is either [ ] the same address as provided in section 16.1 hereof, or [ ] the following address:

_____

_____.

IN WITNESS WHEREOF, and each signatory being jointly and severally liable, the parties hereto executed this Agreement as of the Effective Date:

YOU:

_____

By: _____

_____
[PRINTED NAME AND TITLE]

US:

LIFETIME BLINDS INC.

By: _____
Mark Huckins, Chief Executive Officer

PRINCIPAL EQUITY OWNERS:

(*Note: each Principal Equity Owner is signing below as a party to this Agreement, and is individually obligated hereunder to perform or guarantee the performance by an entity franchisee of all duties and obligations of the franchisee under this Agreement).*

x_____

_____
[PRINTED NAME]

x_____

_____
[PRINTED NAME]

x_____

_____
[PRINTED NAME]

x_____

_____
[PRINTED NAME]

x_____

_____
[PRINTED NAME]

List of Exhibits to Franchise Agreement:

Exhibit 1 – Territory and Location of Business Office

Exhibit 2 – Names and Addresses of Principal Equity Owners

## EXHIBIT 1 - TERRITORY AND LOCATION OF BUSINESS OFFICE

The Territory is the geographical area depicted in a map attached to this Exhibit 1.

The Business Office is located at:

_____

_____

_____

(If the address of the Business Office is unknown when this Agreement is signed, as soon as the address is determined it will be inserted later into the space above or added by addendum attached to this Exhibit 1.)

**EXHIBIT 2 - NAMES AND ADDRESSES OF PRINCIPAL EQUITY OWNERS**

If you are an entity, list below the names, residential addresses and respective percentage equity ownership interests of each Principal Equity Owner:

1. _____

_____

_____

_____ **%**

2. _____

_____

_____

_____ **%**

3. _____

_____

_____

_____ **%**

4. _____

_____

_____

_____ **%**

5. _____

_____

_____

_____ **%**

# LIFETIME BLINDS

## FINANCIAL STATEMENTS

**EXHIBIT B**

LIFETIME BLINDS INC.

# Independent Auditor's Report and Financial Statements

December 31, 2018 and 2017

SCHILD&CO.,INC.
CERTIFIED PUBLIC ACCOUNTANTS

# LIFETIME BLINDS, INC.

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SCHILD&CO.,INC.
CERTIFIED PUBLIC ACCOUNTANTS
18426 Brookhurst St., Ste 205, Fountain Valley, CA 92708 – (714) 587-2477 Phone – (714) 587-2476 Fax

# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lifetime Blinds, Inc.

We have audited the accompanying financial statements of Lifetime Blinds, Inc. (a California Corporation), which comprise the balance sheets as of December 31, 2018 and the period then ended December 31, 2017, and the related statements of income, stockholders' equity and cash flows for the year and period then ended, and the related notes to the financial statements.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

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

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

**Opinion**

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

Fountain Valley, California
April 16, 2019

# LIFETIME BLINDS, INC.

**Balance Sheets**
**December 31, 2018 and 2017**

| | 2018 | 2017 |
|---|---|---|
| **ASSETS** | | |
| **Current assets:** | | |
| Cash | $ 15,379 | $ 3,664 |
| Total current assets | 15,379 | 3,664 |
| **TOTAL ASSETS** | **$ 15,379** | **$ 3,664** |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| **Current liabilities:** | | |
| Due to stockholders | $ 1,200 | $ 1,200 |
| Total current liabilities | 1,200 | 1,200 |
| **Stockholders' Equity** | | |
| Common stock | | |
| Authorized - 10,000,000 shares, no par value | | |
| Issued and outstanding - 10,000,000 shares | 1,000 | 1,000 |
| Additional paid-in capital | 68,519 | 48,519 |
| Retained earnings | (55,340) | (47,055) |
| Total stockholders' equity | 14,179 | 2,464 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | **$ 15,379** | **$ 3,664** |

# LIFETIME BLINDS, INC.

**Statements of Income**
**For the Year Ended December 31, 2018 and**
**For the Period from March 22, 2017 (Inception) to December 31, 2017**

| | 2018 | 2017 |
|---|---|---|
| **REVENUES** | | |
| Franchise fees and royalties | $ - | $ - |
| **Operating expenses:** | | |
| Legal and professional fees | 4,990 | 15,028 |
| Taxes and licenses | 2,295 | 300 |
| Rent expense | 600 | 6,600 |
| Office expenses | 400 | 127 |
| Advertising | - | 5,000 |
| Total operating expenses | 8,285 | 27,055 |
| Loss from operations | (8,285) | (27,055) |
| Total loss before income taxes | (8,285) | (27,055) |
| Provision for Income taxes | - | - |
| **NET LOSS** | **$ (8,285)** | **$ (27,055)** |

# LIFETIME BLINDS, INC.

**Statements of Changes in Stockholders' Equity**
**For the Year Ended December 31, 2018 and**
**For the Period from March 22, 2017 (Inception) to December 31, 2017**

| | Common Stock Shares | Common Stock Amount | Additional Paid-in Capital | Retained Earnings | Total Stockholders' Equity |
|---|---|---|---|---|---|
| **Balance at March 22, 2017** | 10,000,000 | $ 1,000 | $ - | $ - | $ 1,000 |
| Additional paid-in capital | - | - | 48,519 | - | 48,519 |
| Distributions | | | | (20,000) | (20,000) |
| Net loss | - | - | - | (27,055) | (27,055) |
| **Balance at December 31, 2017** | 10,000,000 | 1,000 | 48,519 | (47,055) | 2,464 |
| Additional paid-in capital | | | 20,000 | | 20,000 |
| Net loss | - | - | - | (8,285) | (8,285) |
| **Balance at December 31, 2018** | **10,000,000** | **$ 1,000** | **$ 68,519** | **$ (55,340)** | **$ 14,179** |

# LIFETIME BLINDS, INC.

**Statement of Cash Flows**
**For the Year Ended December 31, 2018 and**
**For the Period from March 22, 2017 (Inception) to December 31, 2017**

| | 2018 | 2017 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net loss | $ (8,285) | $ (27,055) |
| Adjustments to reconcile net income to net cash provided by (used for) operations: | | |
| Increase in due to stockholders | - | 1,200 |
| Net cash provided by (used in) operating activities | (8,285) | (25,855) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from issuance of common stocks | - | 1,000 |
| Stockholder distributions | - | (20,000) |
| Proceeds from additional paid-in capital | 20,000 | 48,519 |
| Net cash provided by (used in) financing activities | 20,000 | 29,519 |
| **NET INCREASE IN CASH** | **11,715** | **3,664** |
| **CASH - beginning** | **3,664** | **-** |
| **CASH - ending** | **$ 15,379** | **$ 3,664** |
| **SUPPLEMENTAL INFORMATION** | | |
| Cash paid for interest | **$ -** | **$ -** |
| Cash paid for taxes | **$ -** | **$ -** |

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Lifetime Blinds, Inc. (the Company) is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

**History and organization** – Lifetime Blinds, Inc. was organized in California on March 22, 2017 and maintains its corporate office in Palm Springs, California. The Company was organized for the purpose of franchising window covering to suit specific needs such as privacy, room darkening, insulation, filtered sunlight, opacity, operating mechanisms and motorization options. The franchise concept was modeled after the high set of standards developed and implemented at the original Lifetime Blinds location in Palm Springs, California.

Lifetime Blinds, Inc. is a business whose planned principal operations is to operate and sell franchises. The Company is currently developing marketing strategies to sell franchises and penetrate U.S. market with its unique operational techniques, service concepts, and proprietary information.

The Company's activities are subject to significant risks and uncertainties, including: (1) the inability to achieve the Company's planned objective and fail in opening and maintaining new franchises and (2) failing to secure additional funding to operationalize the Company's franchise concept.

Franchise operations are regulated by the Federal Trade Commission (FTC) and various state laws regulating the offer and sale of franchises. The FTC's franchise rule and various state laws require that the Company furnish a franchise disclosure document ("FDD") containing certain information to prospective franchisees. The Company must also complete franchise registration, pursuant to state law, in those states where franchises are planned to be sold.

**Basis of accounting** – The accompanying financial statements have been prepared using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

**Cash and cash equivalents** – For purposes of reporting cash flows, cash includes amounts on hand and amounts on deposit at financial institutions. The Company defines cash equivalents as short-term, liquid investments with initial maturity of three months or less. Renewals are generally renewed at the same term. The Company had no cash equivalents as of December 31, 2018 and 2017.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Use of estimates** – Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

**Income taxes** – The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under federal and most state laws, taxes based on income of S corporation are payable by the Company's stockholders to the extent the stockholders are subject to income tax. Accordingly, no provisions for current federal income taxes have been provided in the accompanying financial statements for the years ended December 31, 2018 and 2017. Some states may impose certain franchise taxes; such provision for state income taxes was included in the operating expenses in the accompanying statement of income.

The Company's income tax filings are subject to examination by the appropriate tax jurisdictions. As of December 31, 2018, the Company's federal and states tax returns generally remain open for the last three years.

The Company is required to recognize, measure, classify, and disclose in the financial statements uncertain tax positions taken or expected to be taken in the Company's tax returns. Management has determined that the Company does not have any uncertain tax positions associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company will not be subject to additional tax, penalties and interest as a result of such challenge.

**Recently Adopted Accounting Pronouncement**

Financial Accounting Standards Board (FASB) issued ASU-2014-09, *Revenue from Contracts with Customers (Topic 606),* which provides guidance for revenue recognition that supersedes existing revenue recognition guidance. The ASU's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted ASU 2014-09.

## NOTE 2 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Substantially all of the Company's current assets and liabilities are considered financial instruments. These assets and liabilities are reflected at fair value, or at carrying value that approximate fair value because of the short term nature of the instrument. The recorded value of these financial instruments approximated fair value at December 31, 2018 and 2017.

## NOTE 3 – DUE TO STOCKHOLDERS

The Company's stockholders advanced funds to the Company from time to time to help pay operating costs. The due to stockholders balance was $1,200 and $1,200 at December 31, 2018 and 2017. The advances are unsecured, non-interest bearing and are due on demand.

## NOTE 5 – COMMON STOCK

At December 31, 2018 and 2017, the Company has authorized, issued, and outstanding 10,000,000 shares of common stock no par value.

## NOTE 6 – SUBSEQUENT EVENTS

**Common stocks –** In January 2019, the Company cancelled 2,000,000 shares of common stock that had previously been issued. As a result of this cancellation, total Company shares of stock issued and outstanding is 8,000,000 shares of common stock.

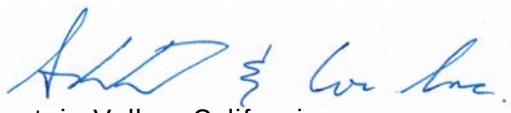
**Date of management review –** The Company has evaluated subsequent events through April 16, 2019, the date of which the financial statements were available to be issued. Through that date, management has determined that the Company did not have any material recognizable or non-recognizable subsequent events.

SCHILD&CO.,INC.
CERTIFIED PUBLIC ACCOUNTANTS
18426 Brookhurst St., Ste 205, Fountain Valley, CA 92708 – (714) 587-2477 Phone – (714) 587-2476 Fax

## CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To Whom It May Concern:

Schild & Co., Inc. consents to the use in the Franchise Disclosure Document issued by Lifetime Blinds, Inc. ("Franchisor") on April 16, 2019, as it may be amended, of our report dated April 16, 2019, relating to the financial statements of Franchisor for the year ended December 31, 2018 and the period ended December 31, 2017.



Fountain Valley, California
April 16, 2019

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.

# Lifetime Blinds Inc.

## BALANCE SHEET

As of February 28, 2019

| | TOTAL |
|---|---|
| ASSETS | |
| Current Assets | |
| Bank Accounts | |
| Checking - Pacific Western Bank | 20,136.57 |
| **Total Bank Accounts** | **$20,136.57** |
| **Total Current Assets** | **$20,136.57** |
| Other Assets | |
| Franchise Fee | 8,500.00 |
| **Total Other Assets** | **$8,500.00** |
| **TOTAL ASSETS** | **$28,636.57** |
| LIABILITIES AND EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Other Current Liabilities | |
| Due to Stockholder | 1,200.00 |
| **Total Other Current Liabilities** | **$1,200.00** |
| **Total Current Liabilities** | **$1,200.00** |
| **Total Liabilities** | **$1,200.00** |
| Equity | |
| Paid-In Capital | 54,518.76 |
| Retained Earnings | -26,839.34 |
| Net Income | -242.85 |
| **Total Equity** | **$27,436.57** |
| **TOTAL LIABILITIES AND EQUITY** | **$28,636.57** |

# Lifetime Blinds Inc.

## PROFIT AND LOSS

January - February, 2019

| | TOTAL |
|---|---|
| Income | |
| **Total Income** | |
| GROSS PROFIT | **$0.00** |
| Expenses | |
| Office Supplies & Software | 242.85 |
| **Total Expenses** | **$242.85** |
| NET OPERATING INCOME | **$ -242.85** |
| NET INCOME | **$ -242.85** |

# LIFETIME BLINDS

## LIST OF FRANCHISE OUTLETS

**EXHIBIT C**

## LIST OF FRANCHISE OUTLETS

As of April 16, 2019, there were no franchised outlets opened and operating.

As of April 16, 2019, no franchisee had signed a franchise agreement but not yet opened its outlet.

**LIFETIME BLINDS**

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**LIST OF TERMINATED FRANCHISES**

**EXHIBIT D**

## LIST OF TERMINATED FRANCHISES

No Lifetime Blinds franchisee had an outlet terminated, canceled or not renewed, or otherwise voluntarily or involuntarily ceased to do business under its franchise agreement (i) during 2018 or (ii) between January 1, 2019 and April 16, 2019.

No franchisee has failed to communicate with us within the 10 weeks ending on the date of this disclosure document.

# LIFETIME BLINDS

## AREA DEVELOPMENT AGREEMENT

**EXHIBIT E**

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# AREA DEVELOPMENT AGREEMENT

This Area Development Agreement ("Agreement") is made on _____, 20 __ (the "Effective Date") by and between _____ ("you") and Lifetime Blinds Inc., a California corporation doing business as "Lifetime Blinds" ("we" or "us").

You are concurrently entering into a Franchise Agreement with us, under the terms of which you are being granted a right to open and operate a Lifetime Blinds business location ("Outlet") providing the "Franchised Business" (as defined in the Franchise Agreement), under the Lifetime Blinds trademarks within a defined territory and in accordance with our business format.

In consideration of the mutual promises, covenants, agreements and conditions contained in this Agreement, and other good and valuable consideration, you and we hereby agree as follows.

## I. GRANT OF RIGHTS TO OPEN ADDITIONAL OUTLETS

### 1.1 Additional Outlets.

(a) Subject to the terms and conditions contained herein, we hereby grant to you the right, and you hereby agree to establish and operate a specific number of additional territorial Outlets in accordance with the schedule of openings attached hereto as Exhibit 1 (the "Development Schedule").

(b) So long as your obligations under the Development Schedule are being met on a timely basis and until this Agreement terminates, we will not ourselves nor allow any other licensee or franchisee to operate an Outlet within the geographical area (the "Development Area") indicated in the Development Schedule.

### 1.2 Franchise Agreements.

(a) When you open an additional Outlet under the Development Schedule, you must enter into our then current form of Franchise Agreement for that additional Outlet (provided the economic terms, specifically royalty and advertising fees, of this Franchise Agreement for the additional Outlet will not change from the economic terms of the initial Franchise Agreement you are concurrently executing). So long as you are in good standing under this Agreement, you will continue to have the exclusive right to open and operate Outlets in the Development Area in accordance with the Development Schedule.

(b) Each Franchise Agreement executed pursuant hereto will provide that we and our affiliates may not open or operate, or franchise or license the operation of, any Outlet within the protected territory of the Outlet opened by you pursuant to such Franchise Agreement.

### 1.3 Term.

The term of this Agreement commences on the Effective Date and, unless sooner terminated by your material breach hereof, will continue until you are no longer operating a franchise Outlet in the Development Area. However, your exclusive right to open additional Outlets under this Agreement will terminate once you have opened all Outlets to be developed in accordance with the Development Schedule. There will be no extensions or renewal periods relating to the Development Schedule unless done so in writing. Notwithstanding the above, you may terminate this Agreement upon 30 days written notice to us.

### 1.4 No Subfranchising Rights.

You do not have the right under this Agreement to enter into any subfranchise agreements for Lifetime Blinds Outlets with anyone.

## II. DEVELOPMENT OBLIGATIONS

### 2.1 Development Obligations.

(a) You must construct, equip and open each additional Outlet and related "Business Office" (as defined in the Franchise Agreement) not later than the date specified in Exhibit 1 applicable to the Outlet, and thereafter continue to operate the Outlet or assign it with our consent to another Lifetime Blinds franchisee.

(b) Any Outlet developed hereunder which is open and operating and which has been assigned to an affiliate of yours, or to another Lifetime Blinds franchisee, or to a third party with our consent, will continue to be considered as partial satisfaction of your obligations under the Development Schedule for so long as the assignee remains in good standing under the Franchise Agreement relating to that Outlet.

**2.2 Timing of Execution of Leases and Franchise Agreements.**

(a) Notwithstanding anything to the contrary contained herein, on or before the date that is 90 days before the date an Outlet is required to be opened, you must have executed a Franchise Agreement, paid the balance of the required Initial Franchise Fee, and located the premises where your Business Office will be located.

(b) Regarding the location, equipping, opening and operation of an additional Outlet and related Business Office you are opening under the Development Schedule, you must comply with the Franchise Agreement that is applicable to that Outlet.

**2.3 Force Majeure.**

(a) The term "*Force Majeure*" means natural disasters (such as tornadoes, earthquakes, hurricanes, floods, fires or other natural catastrophes); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which you could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by any federal, state, county, municipal and local governmental and quasi-governmental agency, commission or authority, nor the performance, non-performance or exercise of rights under any agreement with you by any lender, landlord, or other person will be a *Force Majeure*, except to the extent such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise a *Force Majeure*. For the avoidance of doubt, your financial inability to perform or your insolvency will not be a *Force Majeure* hereunder.

(b) Subject to your continuing compliance with section 2.3(c) below, should you be unable to meet its development obligation for a scheduled additional Outlet solely as the result of a *Force Majeure* which results in your inability to construct or operate the Outlets pursuant to the terms of this Agreement, the date on which the scheduled additional Outlet is to be opened will be extended by an amount of time equal to the time period during which the *Force Majeure* exists.

(c) In the event of the occurrence of a *Force Majeure*, you must notify us in writing within 10 business days following commencement of the alleged *Force Majeure* of the specific nature and extent of the *Force Majeure*, and how it has impacted your performance hereunder. You must continue to provide us with updates and all information as may be requested by us, including your progress and diligence in responding to and overcoming the *Force Majeure*.

(d) We will not be liable to you for any consequential damages, including lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by you by reason of any conduct not due to our gross negligence or intentional misfeasance.

**2.4 Termination of Agreement and Limited Additional Development Rights.**

(a) Once you have opened all additional Outlet specified in the Development Schedule, your exclusive right to open Outlets in the Development Area will automatically terminate. However, all rights under Franchise Agreements you enter into respecting the additional Outlets will remain in full force and effect. If you desire to engage in further development in excess of the obligations committed to under the Development Schedule, you must at the earlier of (i) 180 days prior to the scheduled expiration of the term hereof or (ii) the date on which acceptance of the proposed site for the last Outlet required to meet the Development Schedule is issued, notify us in writing of your desire to develop additional Outlets and present your plan for such development over a new term, setting forth the number of proposed Outlets and the deadlines for the development of each of them within such proposed term. We have the sole discretion to determine whether such additional development is desirable, and if we agree to allow you to develop additional Outlets, it will be subject to the conditions set forth in section 2.4(b) below. Otherwise, the exclusive development rights granted under this Agreement may not be extended.

(b) Your rights to additional development described in this section 2.4 are subject to your fulfillment of the following conditions:

(i) You (and each of your affiliates developing or operating Outlets) must have fully performed all your obligations under this Agreement and all other agreements between you (or the applicable affiliate) and us.

(ii) You must have demonstrated to us your financial capacity to perform the additional development obligations set forth in any restated or revised Development Schedule. In determining if you are financially capable, we will apply the same criteria to you as we then apply to prospective Lifetime Blinds area developers.

(iii) You and we must agree to, and initial, a restated or revised Development Schedule.

## III. DEVELOPMENT FEE

**3.1 Development Fee.**

(a) When all of our initial obligations as franchisor under the Franchise Agreement for your first Outlet are complete and your first outlet is open for business, you must pay us the sum of $_____ as a "Development Fee" for the exclusive right to open ___ additional Outlets pursuant to the Development Schedule. The Development Fee is computed by multiplying the number of additional Outlets by $12,500 (for example, if Franchisee agrees to open three additional Outlets pursuant to the Development Schedule, the Development Fee would be $37,500).

(b) If you do not successfully complete initial franchise training required by the first Lifetime Blinds Franchise Agreement you enter into, we will refund your Development Fee, less any expenses we incurred relating to this Agreement. **Otherwise, the Development Fee is not refundable**.

**3.2 Franchise Agreements for Additional Outlets.**
Each additional Outlet to be opened pursuant hereto will require execution by you and by us of a separate Franchise Agreement (using our then current form thereof) respecting that additional Outlet, with a credit of $12,500 to be applied against $25,000 initial franchise fee due under that Franchise Agreement, and Franchisee would then pay the remaining balance of $12,500.

## IV. TRANSFER OR ASSIGNMENT

**4.1 Assignability.**

(a) This Agreement has been signed by us in reliance upon and in consideration of the singular personal qualifications, trust and confidence that we repose in you. Accordingly, although you may assign individual Franchise Agreements, you may not assign this Agreement except as provided in Section 4.2 below.

(b) We may assign this Agreement in our sole discretion and without your consent, and you acknowledge we are permitted to do so without liability or obligation to you, and you expressly and specifically waive any claims, demands or damages arising from or related to any such assignment.

**4.2 Transfers from You to an Affiliated Entity.**
You may at any time without our consent, but upon 30 days prior written notice to us, assign and transfer this Agreement to an entity (i) organized to operate as a developer of Outlets and (ii) entirely owned by you. Any assignment and transfer to an affiliated entity must be evidenced by a written instrument, in form reasonably satisfactory to us, under the terms of which said business entity expressly assumes all of your obligations hereunder, whether accrued at the time of such assignment or arising thereafter, and agrees to be bound by all the terms and provisions of this Agreement to the same extent and in the same manner as you are. A copy of said instrument executed by both you and by said business entity must be delivered to us before the effective date of the transfer.

## V. NON-COMPETITION

**5.1 Restriction on Competitive Activities.**
You must comply with the non-competition covenants contained in each effective Franchise Agreement executed by you and by us.

**5.2 Website and Unauthorized Advertising.**
During the term of this Agreement, neither you nor any principal equity owner of yours may establish a website or register an Internet domain name containing, or otherwise advertise on the Internet or anywhere else, the trademark "Lifetime Blinds", or marks similar to "Lifetime Blinds", or any combination or derivations thereof, or any other trademarks of ours, except as specifically authorized by us in writing.

## VI. DEFAULT AND TERMINATION

**6.1 General.**
This Agreement may be terminated by us if you (i) fail to substantially comply with any obligation, duty or promise under this Agreement, including failure to open an Outlet within the time specified in the Development Schedule, after being given a notice of default and reasonable opportunity to cure the default (no more than 30 days), or (ii) are in material breach of any Franchise Agreement which you (or your affiliated entity) entered into with us.

**6.2 Operation of Opened Outlets after Termination or Expiration of this Agreement.**
If we terminate this Agreement for the reasons described in section 6.1 above, you will be able to maintain ownership and operation of the Outlets which you have developed so long as you are not in material breach of the applicable Franchise Agreements; however, you will forfeit (i) any further exclusive rights under the Development Schedule and this Agreement, and (ii) any rights to have a credit applied against the Initial Franchise Fee for Outlets which were not developed.

## VII. DISPUTE RESOLUTION

**7.1 Initial Steps to Resolve a Dispute; Mediation.**

(a) We and you have entered into a long-term franchise relationship which gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, in light of the overall best interests of the System, as contemplated by this Agreement. To that end, you and we acknowledge that you and we need to attempt to resolve disagreements or disputes before such disagreements or disputes negatively impact the relationship. Good faith communications between you and us are an important aspect of that obligation. The parties hereby pledge and agree that they will first attempt to resolve any dispute, claim or controversy arising out of or relating to this Agreement or any alleged breach hereof, including any claim that this Agreement or any part hereof is invalid, illegal or otherwise voidable or void (collectively, "Dispute") by first having our executive officers and your Principal Equity Owners meet in person within five business days after a party notifies the other party that a Dispute has arisen at your principal executive office (without their respective legal counsel) to conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement. We may proceed to terminate this Agreement if you fail to meet your obligations under the Development Schedule and your default is not cured within 30 days. Also, if a party refuses to participate in the settlement meeting or mediation within the respective time frames set forth in this section 7.1, the other party may immediately commence an arbitration proceeding pursuant to section 7.2 below.

(b) If the parties are unable to settle the Dispute at this settlement conference, within 10 business days after the date this conference took place (or should have taken place), you and we may submit the dispute to non-binding mediation conducted by and before a mediator, and at a location, mutually agreeable to both parties; provided however the mediator must be a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law. Any mediation proceedings may take place at any mutually agreed location. Mediation proceedings should be completed within 45 days after the following the date either party first gives notice of mediation. The fees and expenses of the mediator will be shared equally by the parties. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matter.

(c) Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission because of its use in the mediation.

**7.2 Arbitration.**

**(a) Any Dispute between us (and/or our affiliated entities) and you (and/or your affiliated entities or persons) not settled through the procedures described in section 7.1 above will be resolved through binding arbitration by JAMS, Inc. in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than $250,000) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is $250,000 or more), or if the parties in dispute mutually agree, through binding arbitration by any other mutually agreeable arbitration organization. It is explicitly agreed by each of the parties hereto that no arbitration of any Dispute may be commenced except in accordance with this section 7.2.**

**(b) Arbitration proceedings, hearings and other proceedings will take place in Riverside County, California, or other county where our headquarters office is then located; or if we so elect, at the JAMS business location nearest in the county where your principal place of business is then located.**

**(c) Either party may present briefs and affidavits of witnesses who are unable to attend hearings. A limited amount of discovery is permitted within the discretion of the arbitrator (including affidavits, interrogatories and depositions). The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance and injunctive relief, provided that the arbitrator will not have the right to declare any Mark generic or otherwise invalid or to award punitive damages. If either party fails to appear or participate in the arbitration proceeding, the other party will be entitled to a default judgment award. The arbitration award will be final and binding on the parties, and judgment on the award may be entered in any federal or state court having jurisdiction.**

**(d) TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL CLAIMS BROUGHT UNDER THIS AGREEMENT WILL BE BROUGHT IN AN INDIVIDUAL CAPACITY. THIS AGREEMENT MAY NOT BE CONSTRUED TO ALLOW OR PERMIT THE CONSOLIDATION OR JOINDER OF OTHER CLAIMS OR CONTROVERSIES INVOLVING ANY OTHER FRANCHISEES OR PERMIT SUCH CLAIMS OR CONTROVERSIES TO PROCEED AS A CLASS ACTION, CLASS ARBITRATION, COLLECTIVE ACTION, OR ANY SIMILAR REPRESENTATIVE ACTION. NO ARBITRATOR WILL HAVE THE AUTHORITY UNDER THIS AGREEMENT TO ORDER ANY SUCH CLASS OR REPRESENTATIVE ACTION. BY SIGNING BELOW, YOU ACKNOWLEDGE YOU ARE AGREEING TO WAIVE ANY SUBSTANTIVE OR PROCEDURAL RIGHTS THAT YOU MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS. ACCORDINGLY, YOU EXPRESSLY AGREE TO WAIVE ANY RIGHT YOU MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS.**

**(e) TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. ACCORDINGLY, THE ARBITRATOR WILL HAVE NO POWER TO ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY.**

**(f) This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement. If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party by default or otherwise notwithstanding said failure to appear.**

**(g) The provisions of this section 7.2 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect after (and notwithstanding) the expiration or termination of this Agreement. Furthermore, this section 7.2 will be construed as independent of**

**any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with the law.**

**[Our Initials: _____ Your Initials: _____ ]**

**7.3 Injunctive Relief.**
Either party has the right in a situation where there is an imminent threat of harm to the legal rights of a party and damages would not be adequate relief to seek a temporary restraining order and temporary or preliminary injunctive relief from a court of competent jurisdiction in California, without the necessity of first complying with sections 7.1 and 7.2 above or posting any bond, and if bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of $1,000 will be a sufficient bond (this amount may be adjusted by changes in the Consumer Price Index since the Effective Date). If an arbitration proceeding has already commenced pursuant to section 7.2 above when a party seeks injunctive relief, then the party seeking such injunctive relief agrees to contemporaneously submit the merits of its dispute to the arbitrator. The existence of a proceeding commenced under section 7.1 or 7.2 above will in no event abate or otherwise affect the ability of party to seek injunctive relief under this section 7.3. You acknowledge that you are one of a number of licensed franchisees using the Marks and that failure on your part to comply fully with any of the terms of this Agreement respecting the obligations regarding examinations, audits and the Marks could cause irreparable damage to us or other affiliated persons or entities and we or our affiliates could seek injunctive relief to protect the Marks. This covenant is independent, severable and enforceable notwithstanding any other rights or remedies that any party may have.

**7.4 Legal Fees and Expenses.**
The prevailing party in any arbitration or litigation to resolve a dispute between any of the parties hereto will be entitled to recover from the losing party reasonable legal fees (and incurred costs of the prevailing party's counsel) and all other Expenses incurred by the prevailing party in bringing or defending such arbitration, action or proceeding and/or enforcing any resulting award or judgment (including without limitation arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator), whether incurred prior to or in preparation for or in contemplation of the filing of the action or thereafter. The prevailing party will be determined by the arbitrator or court. This section 7.4 is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

**7.5 Survival.**
The terms of this Article VII survive termination, expiration or cancellation of this Agreement.

## VIII. NOTICES

**8.1 Notices.**

(a) All notices that the parties hereto are required or may desire to give under or in connection with this Agreement must be in writing and (unless personally delivered by an agent of the sending party) must be sent by reliable overnight courier, for delivery on the next business day and addressed as follows:

(i) If to us, to:

LIFETIME BLINDS INC.
1775 E PALM CANYON DR STE 110-21
PALM SPRINGS CA 92264-1623
Phone: 760-778-6978

(ii) If to you:

_____
_____
_____
Phone:

(b) Unless delivered in person by an agent of the sending party, notices between you and us will be deemed given the next business day after deposit with a reliable overnight courier, properly addressed and marked for delivery on the next business day.

(c) Any change in the addresses listed in section 16.1(a) above must be sent to the other party as soon as practicable after the change occurs by reliable overnight courier.

## IX. GENERAL TERMS AND PROVISIONS

**9.1 Governing Law.**
The Federal Arbitration Act (9 U.S.C. §1 *et seq*.) governs the arbitration of disputes under this Agreement. Otherwise, the laws of California govern this Agreement and all related matters, documents and agreements, without regard to conflicts of laws. If any provision of this Agreement is impermissible under a governing law, the provision will be deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision, or if the provision as amended cannot substantially maintain the original intent, then the provision will be deemed deleted.

**9.2 Modification.**
This Agreement cannot be modified or changed except by a written instrument signed by all of the parties hereto.

**9.3 Waiver and Delay.**
No waiver by us of any breach or series of breaches or defaults in performance by you and no failure, refusal or neglect by us either to exercise any right of ours hereunder or to insist upon strict compliance with or performance of your obligations under this Agreement, will constitute a waiver of the provisions of this Agreement with respect to any subsequent breach thereof or a waiver by us of our right at any time thereafter to require exact and strict compliance with the provisions thereof.

**9.4 Severability; Partial Invalidity.**
Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance, regulation or judicial decision, contrary to which the parties have no legal right under this Agreement, the latter will prevail, but in such event the provision of this Agreement thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, section, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be deemed appropriately modified, and the remaining parts thereof will continue in full force and effect.

**9.5 Titles for Convenience Only.**
Section titles used in this Agreement are for convenience only and will not be deemed to affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement.

**9.6 No Third Party Beneficiaries.**
This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity (other than financing sources to whom we have granted or consented to a collateral assignment of this Agreement) will be entitled to any rights hereunder by virtue of so-called “third party beneficiary rights” or otherwise.

**9.7 Survival of Covenants.**
The covenants contained in this Agreement which by their terms require performance by the parties after the expiration or termination of this Agreement will be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

**9.8 Successors and Assigns.**
This Agreement is binding upon (i) us and inures to the benefit of our successors and assigns and (ii) you and inures to the benefit of your successors and assigns, subject to the restrictions on any assignment by you contained herein.

**9.9 Counterparts.**
This Agreement may be executed in any number of copies, each of which will be deemed to be an original, and all of which together will be deemed to be one and the same instrument.

**9.10 Entire Agreement.**
This Agreement contains all of the terms and conditions agreed upon by you and by us with respect to the subject matter hereof, provided however, that nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Lifetime Blinds Franchise Disclosure Document provided to you. No other agreements oral or otherwise will be deemed to exist or to bind any of the parties hereto and all prior agreements and understandings are superseded hereby. You acknowledge you executed this Agreement without reliance upon any unauthorized representation or promise.

**IN WITNESS WHEREOF,** and each signatory being jointly and severally liable, the parties hereto executed this Agreement as of the Effective Date.

| FRANCHISEE: | FRANCHISOR: |
|---|---|
| _____ | LIFETIME BLINDS INC. |
| By: _____ | By: _____<br>Mark Huckins, Chief Executive Officer |
| _____<br>[PRINTED NAME AND TITLE] | |

## EXHIBIT 1 - DEVELOPMENT SCHEDULE

The initial Outlet (or Outlet 1) is to be opened and operated under the concurrently signed Franchise Agreement. Additional Outlets will be opened at sites that we have reviewed and consented to, all of which will be located in the "Development Area" described either [ ] in the map immediately following this Exhibit 1 or [ ] as follows:

_____

_____

_____

You must open (and thereafter maintain) Outlets in accordance with the following schedule (if more than five Outlets are committed to be opened, the schedule will be expanded appropriately):

| NUMBER OF OUTLET | DATE BY WHICH OUTLET MUST BE OPENED |
|---|---|
| 1 | |
| 2 | |
| 3 | |
| 4 | |
| 5 | |

We may defer a scheduled opening date in the table above if we determine, in our sole discretion, you made a diligent effort to open an Outlet according to the schedule but were unable to do so due to reasons beyond your reasonable control.

**LIFETIME BLINDS**

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

**EXHIBIT F**

## STATE FRANCHISE ADMINISTRATORS

We intend to register this disclosure document as a franchise in some of or all the following states, in accordance with applicable state law. The following are the state administrators responsible for the review, registration and oversight of franchises in these states:

**California**:
Commissioner of
Business Oversight
1515 K St., Ste. 200
Sacramento, CA 95814
(916) 445-7206

**Hawaii**:
Commissioner of Securities,
Dept. of Commerce and Consumer
Affairs, Business Registration Div.,
Securities Compliance Branch
335 Merchant St., Rm. 203
Honolulu, HI 96813-2921
(808) 586-2722

**Illinois**:
Office of the Attorney General
Franchise Division
500 S. 2nd St.
Springfield, IL 62701-1771
(217) 782-4465

**Indiana**:
Indiana Securities Division
Franchise Section
302 W. Washington St., Rm. E111
Indianapolis, IN 46204-2738
(317) 232-6681

**Maryland**:
Office of the Attorney General
Division of Securities
200 Saint Paul Pl.
Baltimore, MD 21202-2020
(410) 576-6360

**Michigan**:
Michigan Attorney General
Consumer Protection Division
PO Box 30213
Lansing, MI 48909-7713
(517) 373-7117

**Minnesota**:
Commissioner of Commerce
85 7th Pl. E., Ste. 280
Saint Paul, MN 55101-3165
(651) 539-1600

**New York**:
NYS Department of Law
Investor Protection Bureau
28 Liberty St., 21st Flr.
New York, NY 10005-1495
(212) 416-8236

**North Dakota**:
Securities Department
600 E. Boulevard Ave., 5th. Flr.
Bismarck, ND 58505-0510
(701) 328-4712

**Rhode Island**:
Dept. of Business Regulations
Division of Securities
1511 Pontiac Ave., Bldg. 69-1
Cranston, RI 02920-4407
(401) 462-9527

**South Dakota**:
Division of Insurance
Securities Regulation
124 S. Euclid Ave., Ste. 104
Pierre, SD 57501-3168
(605) 773-3563

**Virginia**:
State Corporation Commission
Div. of Securities & Retail Franchising
1300 E. Main St., 9th Flr.
Richmond, VA 23219-3630
(804) 371-9051

**Washington**:
Dept. of Financial Institutions
Securities Division
150 Israel Rd. SW
Tumwater, WA 98501-6456
(360) 902-8760

**Wisconsin**:
Securities Division
201 W. Washington Ave., Ste. 300
Madison, WI 53703-2640
(608) 266-8557

## AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a franchise in some of or all the following states, in accordance with applicable state law. If we register the franchise (or otherwise comply with the franchise investment laws) in any of these states, we will designate the following state offices or officials as our agents for service of process in those states:

**California**:
California Commissioner of Business Oversight
1515 K St., Ste. 200
Sacramento, CA 95814-4052
(916) 445-7206

**Hawaii**:
Hawaii Commissioner of Securities,
Dept. of Commerce and Consumer
Affairs, Business Registration Div.
335 Merchant St., Rm. 205
Honolulu, HI 96813
(808) 586-2744

**Illinois**:
Illinois Attorney General
500 S. 2nd St.
Springfield, IL 62701
(217) 782-4465

**Indiana**:
Indiana Secretary of State
200 W. Washington St., Rm. 201
Indianapolis, IN 46204
(317) 232-6681

**Maryland**:
Maryland Securities Commissioner
200 Saint Paul Pl.
Baltimore, MD 21202
(410) 576-6360

**Michigan**:
Michigan Corporation & Securities Bureau
Department of Commerce
6546 Mercantile Way
Lansing, MI 48911
(517) 373-7117

**Minnesota**:
Minnesota Commissioner of Commerce
85 7th Pl. E., Ste. 280
Saint Paul, MN 55101
(651) 539-1600

**New York**:
New York Secretary of State
One Commerce Plaza
99 Washington Ave., 6th Flr.
Albany, NY 12231-0001
(518) 473-2492

**North Dakota**:
North Dakota Securities Commissioner
600 E. Boulevard Ave., 5th. Flr.
Bismarck, ND 58505
(701) 328-4712

**Rhode Island**:
Director, Rhode Island Department of
Business Regulations
1511 Pontiac Ave., Bldg. 69-1
Cranston, RI 02920
(401) 462-9527

**South Dakota**:
Division of Insurance
Securities Regulation
124 S. Euclid Ave., Ste. 104
Pierre, SD 57501-3168
(605) 773-3563

**Virginia**:
Clerk, Virginia State Corporation Commission
1300 E. Main St., 1st Flr.
Richmond, VA 23219
(804) 371-9733

**Washington**:
Dept. of Financial Institutions
Securities Division – 3rd Flr.
150 Israel Rd. SW
Tumwater, WA 98501
(360) 902-8760

**Wisconsin**:
Administrator, Wisconsin
Division of Securities
201 W. Washington Ave.
Madison, WI 53703
(608) 261-9555

**LIFETIME BLINDS**

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**STATEMENT OF FRANCHISEE**

**EXHIBIT G**

**STATEMENT OF FRANCHISEE**

Lifetime Blinds Inc. and you are entering into a Franchise Agreement under the terms of which you will operate a Lifetime Blinds franchise outlet. The purposes of this Statement of Franchisee are (i) to verify compliance with franchise disclosure legal requirements and (ii) to determine whether any statements or promises were made to you that we did not authorize or that may be untrue, inaccurate or misleading. *This Statement of Franchisee must be completed, signed and dated on the same day you sign your initial Lifetime Blinds Franchise Agreement.* (This Statement of Franchisee will not apply to any Franchise Agreement for an additional outlet being opened under an Area Development Agreement.)

A. The following dates are true and correct:

| | |
|---|---|
| 1. _____, 20___ _____<br>(Date) (Initials) | The date on which I received a Franchise Disclosure Document ("FDD") about the Lifetime Blinds franchise. |
| 2. _____, 20___ _____<br>(Date) (Initials) | The date on which I signed the Lifetime Blinds Franchise Agreement (must be at least 15 days after the date in A.1). |
| 3. _____, 20___ _____<br>(Date) (Initials) | The earliest date on which I delivered cash, check or other consideration to a Lifetime Blinds franchise sales representative (must be at least 15 days after the date in A.1). |

B. Representations:

1. No oral, written or visual claim or representation that contradicted or was not disclosed in the Lifetime Blinds FDD was made to me, except:

_____

_____ Initial: _____

(If none, the franchisee must write none).

2. Lifetime Blinds Inc. made no oral, written or visual claim or representation that stated or suggested any financial performance, sales, income or profit levels to me, except:

_____

_____ Initial: _____

(If none, the prospective franchisee must write none).

I/we certify the above is true and correct to the best of my/our knowledge.

By: _____ Date: _____

By: _____ Date: _____

# LIFETIME BLINDS

## APPENDIX FOR CALIFORNIA FRANCHISEES

**EXHIBIT H**

## APPENDIX FOR CALIFORNIA FRANCHISEES

1. California Business and Professions Code sections 20000 through 20043 (the "Act") provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.

2. Section 31125 of the California Corporations Code requires the franchisor to give you a disclosure document, in a form and containing information that the Commissioner of the Department of Business Oversight may by rule or order require, before solicitation of a proposed material modification of an existing franchise.

3. The Franchise Agreement requires binding arbitration. The arbitration will occur in Riverside County, California with the costs being borne equally by both parties. 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 provision of a franchise agreement that restricts venue to a forum outside of California.

4. 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.*)

5. The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California Law.

6. The Franchise Agreement requires you to execute a general release of claims upon transfer of the Franchise Agreement. California Corporations Code section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (Corporations Code §§31000-31516). Business and Professions Code section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000-20043).

7. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

8. The agreements contain a liquidated damage clause. Under Civil Code, Section 1671, certain liquidated damage clauses are enforceable.

9. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

10. Neither the franchisor, nor any person or franchise broker listed in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934 (15 U.S.C.A. §78A *et seq*.), suspending or expelling these persons from membership in such association or exchange.

11. Payment of all initial fees is postponed until after all of franchisor's initial obligations are complete and franchisee is open for business.

**LIFETIME BLINDS**

**RECEIPTS**

**EXHIBIT I**

## RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Lifetime Blinds Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Lifetime Blinds Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the California Department of Business Oversight at any of its offices.

We have no franchise brokers. The name, address and telephone number of the franchise seller for this offering is: Mark Huckins, 1775 East Palm Canyon Drive, Suite 110-21, Palm Springs, California 92264; telephone 760-778-6978.

Date of Issuance: April 16, 2019.

Lifetime Blinds Inc. authorizes the person identified in Item 1 to receive service of process for it in your state. I received a disclosure document dated April 16, 2019, that included the following Exhibits:

| | |
|---|---|
| "A" | Franchise Agreement |
| | *Exhibits to Franchise Agreement*: |
| | Exhibit 1: Territory and Location of Business Office |
| | Exhibit 2: Names and Addresses of Principal Equity Owners |
| "B" | Financial Statements |
| "C" | List of Franchise Outlets |
| "D" | List of Terminated Franchises |
| "E" | Area Development Agreement |
| | *Exhibit to Area Development Agreement*: |
| | Exhibit 1: Development Schedule |
| "F" | State Franchise Administrators and Agents for Service of Process |
| "G" | Statement of Franchisee |
| "H" | Appendix for California Franchisees |
| "I" | Receipts |

DATED: _____
(Do not leave blank)

If a business entity:

_____
(Name of Business Entity)

_____
(Signature of Primary Contact Owner)

_____
(Print Name and Title)

If an individual:

_____
(Signature of Prospective Franchisee)

_____
(Print Name)

Please date and sign this page, and then keep it for your records

**RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Lifetime Blinds Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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| "H" | Appendix for California Franchisees |
| "I" | Receipts |

DATED: _____
(Do not leave blank)

If a business entity:

_____
(Name of Business Entity)

_____
(Signature of Primary Contact Owner)

_____
(Print Name and Title)

If an individual:

_____
(Signature of Prospective Franchisee)

_____
(Print Name)

Please date and sign this page, and then return it either by first class mail to Lifetime Blinds Inc., 1775 East Palm Canyon Drive, Suite 110-21, Palm Springs, California 92264, or by e-mail to mark@lifetimeblinds.com.