**FRANCHISE DISCLOSURE DOCUMENT**

# LINDEN CREEK

LINDEN CREEK LLC
A North Carolina limited liability company
8450 Falls of Neuse #200
Raleigh, NC 27615
919-417-3447
linden-creek.com
alisa@linden-creek.com

The franchisee will own and operate a design-focused business offering home staging services, interior design services, and related products and services with the goal of highlighting beauty, one house at a time. The franchisor, LINDEN CREEK LLC, provides services to franchisees including assistance with training, operations, advertising, purchasing, and promotional techniques.

The total investment necessary to begin operation of a LINDEN CREEK single franchise is between 227,225 and $637,075. This includes between $171,000 and $522,500 that must be paid to us or our affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, 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 availability of disclosures in different formats, contact the Franchise Administration Department of LINDEN CREEK LLC, at 8450 Falls of Neuse #200, Raleigh, NC 27615, 919-417-3447.

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

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

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

Issuance Date: April 21, 2025

## How to Use This Franchise Disclosure Document

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

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

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

## Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

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

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

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

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

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

6. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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

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

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

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

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

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

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

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

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

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

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

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

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

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

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

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and

conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.** Any questions regarding the notice should be delivered to the Department of the Attorney General, Department of Licensing and Regulatory Affairs, Corporations, Securities and Commercial Licensing Bureau, 2501 Woodlake Circle, Okemos, MI 48864, Telephone: (517) 241-6470.

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EXHIBITS

| | |
|---|---|
| Exhibit A | Linden Creek Franchise Agreement with Attachment 1 (Franchise Rider), Attachment 2 (Internet, Social Media, and Telephone Assignment), Attachment 3 (Guaranty), Attachment 4 (Nondisclosure and Noncompetition Agreement) and Attachment 5 (Nondisclosure and Non-solicitation Amendment) |
| Exhibit B-1 | Listing Of Current Franchisees |
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| Exhibit E | Federal And State Regulators And Agents For Service Of Process |
| Exhibit F | Sample General Release Agreement |
| Exhibit G | Ach/Eft Transfer Agreement |
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| Exhibit I | Agreement And Conditional Consent To Transfer |
| Exhibit J | Small Business Administration Addendum |
| Exhibit K | Brand Standards Manual Table Of Contents |
| Exhibit L | Form Of Franchise Compliance Certification |
| Exhibit M | Receipt |

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

The Franchisor. To simplify the language in this disclosure document, "we," "LINDEN CREEK," "our," or "us" means LINDEN CREEK LLC. "You" means the person or company that buys the franchise, including, if any, such company's owners, partners, members, shareholders, and guarantors. Use of the term "affiliate" means an entity's subsidiary or parent and an entity controlled by, controlling, or under common control with, another entity.

We are a North Carolina limited liability company, formed under the name "LINDEN CREEK LLC," on December 20, 2022. Our principal business address is 8450 Falls of Neuse #200, Raleigh, NC 27615. We operate under the name "LINDEN CREEK" and "LINDEN CREEK LLC." Our registered agent is Alisa Sparks located at 8450 Falls of Neuse #200, Raleigh, NC 27615. Our sole business activity since inception is selling LINDEN CREEK franchises and providing training and other goods and services to LINDEN CREEK franchisees. We began selling LINDEN CREEK franchises in 2023. We are not currently engaged in any other business activities and have never offered franchises in any other line of business. We have never operated a LINDEN CREEK business, although affiliates of ours do. Exhibit E identifies the names and addresses of our agents for service of process in certain states that require we appoint them upon our registration there.

Parents, Predecessors, and Affiliates. We have no parents or predecessors.

Our affiliate, Linden Creek Home Staging, L.L.C. ("LCHS"), a North Carolina limited liability company, was formed August 30, 2017. LCHS shares our principal place of business. From August 2017 to summer 2020, LCHS offered and sold home staging services and furniture and décor in the Raleigh, NC metropolitan area. In summer 2020, LCHS also began offering interior design services. Since January 2023, LCHS has offered the home staging and furniture and decor sales only while the interior design services are provided by another affiliate, described below.

Our affiliate, Linden Creek The Studio LLC ("LC Studio"), a North Carolina limited liability company, was formed August 24, 2022. LC Studio shares our principal place of business. Since January 2023, LC Studio has offered interior design services in the Raleigh, NC metropolitan area.

Our affiliate, Linden Creek Shoppe LLC ("Shoppe"), a North Carolina limited liability company, was formed May 11, 2023. Shoppe shares our principal place of business. Shoppe is an approved and exclusive supplier of furniture and décor inventory items to franchisees.

Our affiliate, Archd LLC ("Archd Co."), a North Carolina limited liability company, was formed March 22, 2023. Archd Co. shares our principal place of business. Archd Co. is an approved and exclusive supplier of the business management software that franchisees use. The Archd software has inventory management, project management, invoicing, scheduling, market data, reporting, email, and ecommerce capabilities and connections.

Neither Archd Co., LCHS, Shoppe, nor LC Studio offers nor has offered franchises in this or any other line of business. It is not anticipated that LCHS nor LC Studio will provide any goods or services to our franchisees but they may in the future. Since January 2023, the interior design services that LC

Studio and the home staging and furniture and décor retail services that LCHS offers are substantially similar to goods and services you will provide as a franchisee.

The Franchise Offered. As a LINDEN CREEK franchisee, you will own and operate a design-focused business offering home staging services, interior design services, and related products and services with the goal of highlighting beauty, one house at a time ("Franchised Business"). You will have the option to also sell furniture as part of the services and offer set ups for vacation or short-term rental properties. These three lines of business opportunity (home and rental property staging, interior design, and retail sales) set LINDEN CREEK apart.

The Franchised Businesses are characterized by a unique system that includes three distinct lines of business; unique methods and procedures; supply relationships; distinctive décor; color schemes; trademarks; the confidential operations manuals and instructions ("Brand Standards Manual"); marketing and promotional programs; and other standards, specifications, and procedures for operations; all of which we may improve, amend, and further develop from time to time (collectively, the "System"). You will be required to operate using our trademarks, System, and in accordance with the Brand Standards Manual.

The typical Franchised Business is operated from a home office and a warehouse with adequate storage for furniture and decor. We recommend that the initial warehouse be between 2,000 and 6,000 square feet. Services and goods are then provided at customers' properties.

Market and Competition. You will also compete with businesses offering interior design services, retail services, and home and property staging services. Some businesses may combine these offerings but many will specialize in just one. These businesses may be national and regional chains, as well as local operations. Interior design is typically offered through independent local businesses. Your ability to succeed with this franchise will in part be determined by your ability to compete with these other establishments. The general market for this service is fragmented and consists of residential property owners. Interior design and retail sales are a developed market while home and property staging is a developing market.

Laws and Regulations. State and local jurisdictions have enacted laws, rules, regulations, and ordinances that may apply to the operation of your Franchised Business, including those that (a) regulate matters affecting the health, safety, security, and welfare of your customers and their property; (b) set standards pertaining to employee health and safety; (c) set standards and requirements for fire safety and general emergency preparedness; (d) govern labor and employment practices for your employees; (e) govern the application of the Affordable Care Act and Americans with Disabilities Act; (f) address transportation of people and property; and (g) require licensing and taxes for business. Since you accept credit cards as a method of payment, you must comply with payment card infrastructure ("PCI") industry and government requirements. PCI security standards are technical and operational requirements designed to protect cardholder data. The standards apply to all organizations that store, process, or transmit cardholder data and cover technical and operational payment system components involving cardholder data. You should investigate the application of these laws further.

## ITEM 2. BUSINESS EXPERIENCE

| Name | Position | Principal Occupation During the Past 5 Years |
|---|---|---|
| Alisa Sparks | Chief Executive Officer | Alisa Sparks is our founder and Chief Executive Officer. She is also the founder and has been the Chief Executive Officer for the Linden Creek affiliate-owned business since August 2017. Since March 2023 she has been the Chief Executive Officer for Archd Co. All positions are located in Raleigh, North Carolina. |
| Cameron Kessler | Vice President of Business Development | Cameron Kessler has served as our Vice President of Business Development since November 2024. From January 2024 to November 2024 he was a Branch Manager with Guardian Roofing in Garner, NC. From April 2021 to December 2023 he was a lab technician for MLA Geotechnical in Austin, Texas. From January 2020 to May 2021 he was a sales representative for Universal Pest Control in Virginia Beach, VA. From March 2019 to May 2021, Mr. Kessler owned a lawn care business and worked as an Uber Eats driver, each in Virginia Beach, Virginia. |

## ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

## ITEM 4. BANKRUPTCY

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

## ITEM 5. INITIAL FEES

The initial franchise fee to open a LINDEN CREEK Franchised Business will vary based upon the size of your Territory. The standard Territory will include at least 200,000 single family residences and you will pay an initial franchise fee of $60,000 for such standard Territory. Depending on availability in your area and subject to our approval, you may be able to purchase Additional Territories. You will pay an additional $50,000 for the first Additional Territory of 200,000 single family residences, and $40,000 for each Additional Territory of 200,000 single family residences thereafter that you are approved to purchase. For example, if you purchased a Territory and four (4) Additional Territories, which together consist of 1,000,000 single family residences, your initial franchise fee would be $230,000 (($60,000 + $50,000+3($40,000)). The initial franchise fee is due when you sign the franchise agreement and is payable as a lump sum. We do not refund the initial franchise fee under any circumstance.

Our affiliate will be the supplier of your initial inventory package. You have choices with respect to the type and quantity of inventory you purchase from our affiliate, but we estimate that you will spend between $111,000 and $185,000 for an initial inventory package sufficient for 6 to 12 houses. You

may purchase an additional and optional inventory package covering between 5 to 15 houses of inventory, which we estimate will cost between $92,500 and $277,500. The payments for the inventory are due at the time you order. These payments are non-refundable.

All fees mentioned were uniformly applied to our franchisees last year.

## ITEM 6. OTHER FEES

**OTHER FEES**

| **Name of Fee**[1] | **Amount** | **Due Date** | **Remarks** |
|---|---|---|---|
| Royalty | Greater of 7% of Gross Revenues or $1,500 per month | Monthly; payable by electronic funds transfer (EFT) | Gross Revenues is defined in Note 2. The minimum royalty of $1,500 per month does not begin until after the first 12 months of operations. |
| Brand Fund | 1% of Gross Revenues | Monthly; payable by EFT | Gross Revenues is defined in Note 2. |
| Technology Fee | 1% of Gross Revenues | Monthly | This fee supports the development, implementation, and maintenance of technologies to be used by franchisees. We reserve the right to modify, amend, delete, or add to the technologies, goods, and services, provided for the Technology Fee. This fee includes subscriptions to Google Workspace, our required business management software, DesignFiles, ProfitKeeper, Archd, a phone number, and up to five email addresses. |
| Minimum Local Advertising Spend | $1,500 per quarter | As incurred | You must spend the Minimum Local Advertising Spend on approved local advertising. We can require you to provide us with documentation of your expenditures. In the event that you spend less than the required minimum on local advertisement, we will require that you pay the Brand Fund the difference between the required minimum and the amount you actually spent on local advertising. We can require that you spend this money with us and designated suppliers. |
| Renewal Fee | Greater of $5,000 or 10% of the then-current initial franchise fee | Upon signing a then-current form franchise agreement | Payable in immediately available funds. |

| Name of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Transfer Fee | Internal Transfer: $1,500<br><br>All others: $7,500 | At the time of transfer<br><br>Initial payment of $4,000 is due at the time you notify us of your intent to transfer; remainder is due at the time of transfer | "Internal Transfer" means the addition of a new interest holder that does not result in a change of control of the entity. |
| Transfer Training Fee | $5,000 | A week before training | This fee is applied when the transferee has not successfully completed the required initial training program before. |
| Advertising Cooperative Fee | There are currently no plans for an advertising cooperative, but one may be formed in the future | When designated by cooperative | Any percentage contribution would be set by the cooperative on a vote of a majority of its members. Each franchisee and each affiliate-owned business is entitled to one vote. Any money you contribute to the cooperative will count towards your required local marketing expenditure. The cooperative can require you to contribute up to 1% of Gross Revenues per month. |
| Shared Third Party Supplier Charges | Your share of any charges billed to us on behalf of your business. | As incurred. | Sometimes it may be in the best interest of the brand for suppliers to bill us a system-wide charge for a product or service. We will then divide the invoice among our franchisees and charge you for your share. |
| Goods and Services | Varies. | As incurred. | We and our affiliates reserve the right to become the supplier of any goods and services for your Franchised Business. |
| Business Directory Listings | Our costs and expenses. | Upon demand. | You will place and pay the cost of business listings in the directories and categories we specify. Alternatively, we can do so on your behalf and at your expense. |
| Data Inspections and Reimbursement | Our costs and expenses | Upon demand. | If you repeatedly violate the required data privacy and security obligations under the Franchise Agreement, we reserve the right to charge you our costs and expenses to inspect your business. Additionally, you are responsible for our costs and expenses that arise from your non-compliance or a security breach caused by you or your personnel. |
| Legal Fees | Our costs and expenses | Upon demand. | If we incur legal expenses while providing assistance to you in legal compliance or negotiation circumstances, we may require you to reimburse us for the legal expenses we incur. |

| Name of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Audit Fee | Our costs and expenses | As incurred | Audit Fee is paid by you if the difference in reported royalties or revenue is 2% or greater. |
| Interest | 2% per month or highest rate allowed by law | Calculated and payable monthly | Interest accrues from the original due date until payment is received in full. |
| Late Fee | 10% of each late payment | As incurred | Failure to make timely payment of any fee owed to us. |
| Insufficient Funds Fee | $250 per violation | As incurred | Failure to have sufficient funds available for payment to us. |
| Testing or Supplier Evaluation Fee | Costs and expenses up to $750 | Upon request | If requested by you, you will pay all fees and costs incurred by us to obtain the necessary information and evaluate new suppliers, goods, or services. If we accept the supplier, good, or service to be used with the whole franchise network, we will refund this fee. |
| Additional Training | $500 per trainer per day, plus our costs and expenses | As incurred prior to beginning of additional training | If you request or if we require additional training, we have the right to charge you an additional training fee. You are also responsible for the travel, living expenses, and wages for the trainees. The maximum training fee that can be charged is $1,500 per person per day, plus our costs and expenses. |
| Legal fees and expenses | Our costs and expenses, including but not limited to attorneys' fees | As incurred | You will pay our costs to enforce the Franchise Agreement. Loser pays winner's fees and costs to discourage meritless litigation. We could have to pay your fees. |
| Customer Complaint Fee | Varies, our costs and expenses | Upon demand | If a customer complains to us and you fail to satisfactorily remedy the complaint, you will pay us our costs to respond to the complaint. |
| Indemnification | Any and all types of damages, liabilities, losses, costs, and expenses we or related parties incur as a result of third parties claims or from your ownership and operations of the Franchised Business | As incurred | You, your owners, and your guarantors must indemnify us and related parties for a broad range of claims related to your actions, omissions, ownership, and operations of the Franchised Business. |

| Name of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Post-Termination or Post-Expiration Expenses | Costs and expenses | As incurred | You must pay all costs and expenses related to de-identifying the Franchised Business or otherwise complying with your post-termination or post-expiration obligations. |
| Default Damages | Damages, costs, losses, and expenses | As incurred | You must reimburse us for our damages, costs, losses, and expenses incurred because of your defaults under the Franchise Agreement. |
| Fines | $1,000 per occurrence | As incurred | Fines can be levied for each instance where you fail to obtain prior written approval for advertisements, fail to attend required training or franchisor sponsored conventions, offer unauthorized merchandise or services, late reporting, or otherwise fails to comply with our system's operating standards. |
| Re-inspection Costs | Our costs and expenses | As incurred | If you fail an inspection or are in default and we must re-inspect or inspect your business, you must reimburse us for our costs to do so. |
| Continued Operation After Expiration | 150% of Royalties per month | Monthly | If we permit you continue to operate the Franchised Business on a month-to-month basis after expiration of the Franchise Agreement, then you must pay to us, in addition to all Royalties and other fees due to us, a fee equal to 150% of the Royalties due for the same month for every month during the month-to-month operations, up to our then-current initial franchise fee. |
| Convention | $500 | As incurred prior to the convention | We may hold periodic conventions for franchisees. We reserve the right to charge you a fee for attendance and reserve the right to require attendance. You will be responsible for all of the expenses of the people you send to the convention, including travel, lodging, and food. The maximum convention fee that can be charged is $1,500 per person per day, plus our costs and expenses. |
| System Modifications | All costs and expenses associated with System modification | As required | If we make changes to the System, you must adapt your business to conform to the changes. By way of example only, such changes may include new equipment, software, or construction materials. These may be paid to us, our affiliates, or a third-party supplier we designate. |

| Name of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Insurance Reimbursement | Costs plus administrative fee of 10% of costs | As incurred | If you fail to obtain the required insurance and we must obtain it on your behalf, you will reimburse us for our costs along with an administrative fee. |
| Quality Assurance Program | Varies | Quarterly | If we establish a systemwide quality assurance program, you will be required to pay your Franchised Business's share of the costs. We may require you to pay the vendor directly or to pay us and we will remit payment to the vendor. |
| Liquidated Damages | Will vary under the circumstances. Subject to a minimum of $24,000 | Within 15 days after termination of the Franchise Agreement | Liquidated damages are determined by multiplying the monthly average Royalty (without regard to any fee waivers or other reductions) that is owed by you to us during the 24 months of operation preceding the effective date of termination multiplied by the lesser of: (i) 24, or (ii) the number of full months remaining in the Initial Term or Renewal Term of the Franchise Agreement. Subject to a minimum of $24,000. |
| Transfer Damages | 15% of the price paid by the transferee or $25,000, whichever is greater. | Within 15 days of our demand. | Due only if you breach your transfer obligation to us. These are liquidated damages and not a penalty. |

Note 1. Some of our original franchisees pay a lower royalty and a different technology fee than described above. Additionally, as part of a pilot program, last year we did not charge our franchisees fees for access to Archd. Otherwise, all fees and expenses described in this Item 6 are non-refundable and imposed uniformly by, and are payable to and collected by, us. We have the right to adjust flat and maximum fees due to inflation.

Note 2: "Gross Revenues" means the total revenue that you derive from the operation of the Franchised Business, including, but not limited to, revenue from services rendered by the Franchised Business and products sold by the Franchised Business, whether from sales for cash or credit and regardless of the collection thereof. Gross Revenues does not include sales taxes.

## ITEM 7. ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

| TYPE OF EXPENDITURE | AMOUNT | | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT IS MADE |
|---|---|---|---|---|---|
| | **LOW** | **HIGH** | | | |
| PRE-OPENING COSTS [1] | | | | | |
| Initial Franchise Fee[2] | $60,000 | $60,000 | Lump sum | At signing of Franchise Agreement | Us |
| Deposits [3] | $2,000 | $6,000 | As incurred | Before opening | Landlord, Third-party provider |
| Three Months Warehouse Rent[4] | $6,000 | $18,000 | Typically monthly | Before and while operating | Landlord |
| Cargo Van – 3 Months[5] | $0 | $2,250 | As incurred | Before and while operating | Third-party provider |
| Signage [6] | $200 | $1,000 | As incurred | Before opening | Third-party provider |
| Equipment [7] | $2,000 | $20,000 | As incurred | Before opening | Third-party provider |
| Computer Systems [8] | $400 | $1,500 | As incurred | Before opening | Third-party provider |
| Other Supplies [9] | $150 | $300 | As incurred | Before opening | Third-party provider |
| Business Licenses [10] | $250 | $1,000 | As incurred | Before opening | Licensing Authorities |
| Professional Fees [11] | $5,000 | $7,000 | As incurred | Before opening | Professional Service Providers |
| Opening Inventory of Décor and Furniture [12] | $111,000 | $462,500 | As incurred | Before opening | Our affiliate |
| Insurance [13] | $3,000 | $6,000 | As incurred | Before opening | Third-party provider |
| Training Expenses [14] | $1,500 | $2,000 | As incurred | Before opening | Airline, hotel, restaurants, etc. |
| Grand Opening Marketing [15] | $3,075 | $3,075 | As incurred | Before opening | Third-party provider |
| Additional Funds – 3 Months [16] | $32,650 | $46,450 | As incurred | Before opening | Third-party providers and Us |
| **TOTAL** | **$227,225** | **$637,075** | | | |

Note 1: All fees and payments are non-refundable unless otherwise noted or allowed by third-party vendors. The above table represents your estimated initial investment through the third month of operation of your Franchised Business. Neither we nor our affiliate offer direct or indirect financing

for your initial franchise fee or for any other payments you must make or costs you must incur in starting and operating your business.

Note 2: The initial franchise fee to open a Franchised Business varies by the size of the Territory you are approved to purchase. This estimate assumes you will operate in a standard territory consisting of approximately 200,000 single family residences.

Note 3: You will likely need to pay a rent deposit for the warehouse. The low estimate reflects one month of rent as a security deposit and the high estimate reflects two months rent for a warehouse with between 2,000 and 6,000 square feet.

Note 4: You will need to rent a warehouse space that meets our specifications, including having a loading dock. You can change your warehouse space during the Initial Term or Renewal Term of the Franchise Agreement but we recommend that you commence operations with 2,000 – 6,000 square feet. These rent estimates reflect costs to rent a 2,000 – 6,000 square foot warehouse in the Raleigh, NC market.

We have not included any estimate for an office space since it is assumed (and we recommend) that you will operate from a home office. If you rent any additional office space, your initial investment and operating costs will increase.

Note 5: We recommend that by your second year of operations you obtain a cargo van or other approved vehicle capable of transporting inventory and other materials. If you choose to obtain this vehicle prior to opening or during your first three months of operations, you will incur additional costs. The low estimate assumes that you do not obtain a van until your second year of operations and the high estimate assumes three months of lease or financed payments for a cargo van. Neither estimate assumes that you purchase the vehicle outright, which requires additional funds. If you do not purchase a cargo van, you will need to budget for moving service expenses to transport the furniture and décor items to customer properties and to the warehouse, and these estimates are reflected in the Additional Funds category.

Note 6: This estimate reflects exterior signage for the warehouse.

Note 7: You will need to obtain equipment like shelving, totes, and a commercial grade dolly to move the furniture and décor from customer properties to the warehouse and back. The low estimate assumes you do not obtain any pallet racking and the high estimate assumes that you do.

Note 8: You will need to obtain the required Computer Systems, which include a computer and a printer.

Note 9: You will need to obtain other supplies to provide the staging and design services, such as tools, cleaning supplies, and art hanging tools.

Note 10: You are responsible for obtaining all licenses to operate your business, which can vary widely by jurisdiction.

Note 11: We recommend you use the services of accountants and attorneys as you prepare to open the Franchised Business.

Note 12: You must obtain an opening inventory of furniture, art, accessories, area rugs, and textiles to use in the property staging and design services. You may also retail sale these items to your customers. We will assist you with inventory selection and ordering. You will purchase these items from our affiliate. This initial inventory estimate reflects inventory for approximately 6 to 12 homes that we estimate will cost between $111,000 and $185,000. We recommend that you purchase additional inventory at the time of signing or later in the first or second year of operations so that you can take on additional clients and grow your Franchised Business. Our affiliate offers an optional inventory package for an additional 5 to 15 houses. We estimated that the additional package will cost between $92,500 and $277,500. The low estimate assumes that you purchase only the initial inventory of 6 homes, and the high estimate assumes that you purchase the maximum inventory for 27 homes. If you do not incur these additional costs to purchase inventory at the launch of your business, you will incur them within the first or second year of ongoing operations.

Note 13: You will need to obtain business insurance, which will vary widely by provider, your operational history, number of staff, and your location. This estimate reflects three months of premiums.

Note 14: The cost of training is included in the initial franchise fee; however, you are responsible for costs associated with training, including but not limited to transportation, lodging and food, if any such costs are incurred. These estimates reflect the costs to send two trainees to the initial training program at our designated location. These estimates do not include any labor costs nor the costs associated with any onsite training at your own Franchised Business location.

Note 15: You must spend at least $3,075 on grand opening advertising and marketing during the time period that begins 30 days before you open for business and ends 60 days after. We must approve your uses of the grand opening advertising money. You may choose to spend more money.

Note 16: You should have a 3-month cash reserve to cover the operations of the LINDEN CREEK business. Our estimates for the cash reserve you should have on hand include our estimates for three months of initial staffing with one full time employee, rent, fuel, Technology Fee payments, marketing expenses, moving services expenses, and miscellaneous maintenance and expenses, offset by the revenues we estimate you will collect in the first three months of operation. Our estimates do not include any owner's salary or owner's living expenses, nor do they account for the Royalty and Brand Fund contributions that are due as a percentage of Gross Revenues. Our estimates do not include any other charges or expenses, including finance charges, interest or debt service obligations or any other expenses. Your costs, and the amount you should have in reserve, will be affected by factors in the local market, your technical, marketing and general business skills, local economic conditions, local competition, local cost factors and where your Franchised Business is located. You may need to have more in your cash reserve than what we have estimated to cover lower than estimated sales or higher than estimated operating costs. You should speak with a financial advisor to get a more accurate estimate of the amount you should have in reserve. The operating costs for which you may use the cash reserve are typically non-refundable, but you should ask about refund policies before you patronize any vendor. If you do not purchase a cargo van, you will need to budget for moving service

expenses to transport the furniture and décor items to customer properties and to the warehouse. These estimates do not reflect the purchase or lease of your own moving van. The amounts shown in these and all other estimates in Item 7 are based on the experience of our affiliate in operating a design and property staging business in North Carolina and the experiences of our franchisees.

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

Required Vendors, Products, and Services. You must purchase all goods, services, merchandise, accessories, supplies, computer hardware and software, and equipment you use or sell in the Franchised Business from the vendors we approve or designate, which may include us or our affiliates, in strict conformance with our confidential Brand Standards Manual, proprietary guidelines, standards, and specifications. We reserve the right to modify the suppliers, standards, and specifications for all the goods, services, merchandise, accessories, supplies, computer hardware and software, and equipment you use in or sell from your Franchised Business. Such standards and modifications, and any changes to them, will be provided to you in the Brand Standards Manual or in other written communication from us. If we alter the approved suppliers or products and services, we will generally provide you with at least 30 days' notice. We reserve the right to revoke approval for any good, service, or supplier for any reason and you must cease to use that good, service, or supplier.

Currently, our affiliate is the exclusive supplier of the business management software, Archd, which you will receive access to through the Technology Fee. Additionally, through the Technology Fee, we will supply you with access to certain other required software and business programs. However, we are not the original vendor of these other programs.

Currently, our affiliate is the exclusive supplier of your opening inventory for furniture and décor. As you purchase replacement and additional inventory, you will be required to use our designated suppliers. Specifically, we can require you to purchase up to 90% of the inventory items from our required or approved suppliers (which may be our affiliate). Currently, our policy is that you must purchase 80% of these inventory items from our affiliate. The other percentage may be purchased from suppliers of your choice as long as the vendor and items comply with the brand standards.

We reserve all rights to become, or designate our affiliates to become, suppliers of other goods and services to you in the future.

You will be required to use our designated suppliers for certain software and services and marketing collateral.

We recommend that you operate your business from a home office and a warehouse. The warehouse must comply with our specifications and have sufficient square footage for the inventory.

You are required to use the credit card processing service we approve. Notwithstanding the credit card processing requirement, we do not represent, nor certify to you or your customers that the credit card processing service approved or provided by us or an affiliate is compliant, whether or not certified as compliant, with the PCI Data Security Standards.

Insurance. You are obligated to obtain and maintain at your own expense the types and amounts of insurance that we designate in our Brand Standards Manual or otherwise in writing. In addition to any other insurances that may be required by applicable law, your customers, or by your landlord, you must procure:

- Commercial General Liability - $1,000,000 per occurrence/$2,000,000 aggregate for bodily injury and property damage including products liability, personal & advertising liability on an occurrence form;
- Property insurance - Coverage written on Special Form Basis on all assets including inventory, furniture, fixtures, equipment, supplies, buildout and property of others used in the operation of the Franchised Business using 100% Replacement Cost;
- Business Income & Extra Expense - For not less than 50% of your gross sales or 12 months Actual Loss Sustained basis and include extended period of indemnity for 180 days; including Royalty fees;
- Inland Marine coverage insurance in the amount of the Actual Cash Value of the inventory used in your Franchised Business and used to stage properties;
- Professional liability - $1,000,000.00 limit to cover errors and omissions claims in providing professional services to your clients;
- Auto liability - $1,000,000 Combined Single Limit Liability for all owned, non-owned and hired autos used in the Franchised Business;
- Workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and Employer's Liability coverage with a minimum limit of $1,000,000;
- Umbrella Liability - $2,000,000 limit to extend over the Commercial General Liability, Automobile Liability, and Employer's Liability coverages;
- Employment Practices Liability - $1,000,000 limit for employment wrongful acts including third party liability for harassment and discrimination of non-employees, also including a minimum of $100,000 Wage & Hour Defense coverage and the policy must name us as co-defendant;
- Cyber Liability - $1,000,000 limit including but not limited to cyber data breaches, identity theft, PCI compliance, ransomware, notification costs and defense expenses and social engineering sublimit of a minimum of $100,000; and
- Third Party Crime – $100,000 for theft of customer's property by your employees.

All policies must be underwritten by companies having an A- VII rated insurance company by Best's Insurance Review and be acceptable to us and secured from an approved vendor. The Franchise Agreement also outlines the types, amounts, terms and conditions of insurance coverage required for your Franchised Business, including, but not limited to, our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; our right to defend a claim; and similar matters relating to insured and uninsured claims. We have the right to change the required types and minimum coverage levels of your insurance and you must comply with the changes. The cost of this coverage will vary depending on the insurance carrier's charges, terms of payments and your history. All insurance policies must name us as an additional insured party, must expressly protect both you and us on a primary and non-contributory basis, must require the insurer to defend both you and us in any

action while reserving our right to involve counsel of our own choosing in protection of our own and system wide interests, and all shall contain a waiver of all subrogation rights in favor of us and our successors and assigns.

Method of Approving Suppliers and Vendors. If you want to use goods, services, or suppliers that we have not approved, you must first submit to us certain information, including product or service specifications, product or service components, product or service performance history, product samples, supplier information, and any other relevant information. We will evaluate the proposed good, service, or supplier based upon certain criteria and determine if you are approved to use the alternate good, service, or supplier. We do not make the criteria available to you. We do inform you that we generally evaluate technical and performance properties of the good, including design, appearance, product reliability, durability, the manufacturer's warranties, quality control methods, financial ability of the producers and distributors, supplier history and reputation, and supplier capacity. Our review is generally completed in 90 days. If we do not approve of the supplier, good, or service within 120 days, then that supplier is deemed not approved and you must not use that supplier, good, or service. We will advise you in writing of our decision. We will permit you to contract with suppliers who meet our criteria. We impose these restrictions to safeguard the integrity of both the System and our Marks. We reserve the right to revoke approval for any good, service, or supplier for any reason, and you must cease to use the good, service, or supplier upon 30 days' notice from us. If you request that we evaluate an item or supplier, you will pay all fees and costs incurred by us to obtain the necessary information and to conduct the evaluation up to $750. If we accept the supplier, good, or service to be used with the whole franchise network, we will refund this fee.

Required Purchase Percent of Revenue. The cost of the items that you must purchase from us, our affiliates or from suppliers designated by us represents approximately 75% of your total purchases in connection with the establishment of your business. The cost of the items that you must purchase from us, our affiliates or from suppliers designated by us represents between 75% and 85% of your total purchases in operating your business.

Revenue Derived. We did not derive any revenue from franchise purchases or leases of required goods or services in our last fiscal year. We do require payment of the Technology Fee which will cover, in part, your access to Archd, which is supplied by our affiliate. In our last fiscal year, we received $2,548 in Technology Fees, or 1.98% of our total revenue of $128,832. Our affiliate, Linden Creek Shoppe LLC, is the approved and exclusive supplier of furniture and décor inventory items to franchisees. Linden Creek Shoppe LLC derived $117,296 in revenue during its last fiscal year. We and our affiliates reserve all rights to receive any form of revenue, rebates, commissions, discounts, royalties, or other benefits from the products and services you are required to purchase or lease from vendors and suppliers in the future.

Interest in Suppliers. Our officer, Alisa Sparks, owns an interest in us and our affiliates, who are and are approved to be suppliers of goods and services to you. Otherwise, we do not, nor do any of our affiliates, officers, or owners own any interest in any approved supplier of goods or services to our franchisees. We reserve all rights to become, or designate our affiliates to become, suppliers of goods and services to you in the future.

Purchasing or Distribution Cooperatives. Currently you are not required to participate in a purchasing or distribution cooperative, but we have the right to require you to participate in one in the future. We

also have the right to require you to participate in a local advertising purchasing cooperative in the future.

Miscellaneous. We may negotiate purchase agreements with suppliers, including price terms, for the benefit of the franchisees; however, we are not required to do so. We do not provide franchisees with any material benefits based upon a franchisee's use of approved suppliers.

Product Specifications. Currently, we do not issue specifications or standards to designated suppliers.

## ITEM 9. FRANCHISEE'S OBLIGATIONS

**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 AGREEMENT | DISCLOSURE DOCUMENT ITEM |
|---|---|---|
| a. Site selection and acquisition/lease | Franchise Agreement §§ 1, 2(b)(viii), and 6; Franchise Rider | Items 7, 8, and 11 |
| b. Pre-opening purchases/leases | Franchise Agreement §§ 4, 6, 11, and 12 | Item 8 |
| c. Site development and other pre-opening requirements | Franchise Agreement §§ 2(b)(viii), 6, 7, 8(a)(i), 8(e), 9, 11(a), 11(c), 11(m), 12(a)-(c) | Items 7, 11 |
| d. Initial and ongoing training | Franchise Agreement §§ 4(a)(ii), 4(c), 11(a) and 11(c) | Items 6, 7, 11 |
| e. Opening | Franchise Agreement §§ 1, 3, 4 and 8(a)(i) | Items 5, 7, 11 |
| f. Fees | Franchise Agreement §§ 2(b)(vi), 2(d), 3, 11(c), 11(p), 13(d)(vii), 13(e), Attachment 1 (Franchise Rider) and Attachment 3 | Items 5, 6, 7, and 17 |
| g. Compliance with standards and policies/Brand Standards Manual | Franchise Agreement §§ 2(b)(viii), 2(b)(ix), 4, 11, and Brand Standards Manual | Items 13 and 15 |
| h. Trademarks and proprietary information | Franchise Agreement §§ 7, 11(b), 15; Brand Standards Manual | Items 13 and 14 |
| i. Restrictions on products/services offered | Franchise Agreement §§ 11(b), 11(f) and 12 | Items 8 and 16 |
| j. Warranty and customer service requirements | Franchise Agreement §§ 10, 11(h) and (i), and 17(c)(iv) | Item 15 |
| k. Territorial development and sales quotas | Franchise Agreement § 5 | Item 12 |
| l. Ongoing product/service purchases | Franchise Agreement § 12 | Not Applicable |
| m. Maintenance, appearance and remodeling requirements | Franchise Agreement §§ 2(b)(viii), 6(d), 11(b) and 13(d)(x) | Item 8 and 11 |

| OBLIGATION | SECTION IN AGREEMENT | DISCLOSURE DOCUMENT ITEM |
|---|---|---|
| n. Insurance | Franchise Agreement § 16 | Item 8 |
| o. Advertising | Franchise Agreement §§ 6(c) and 8 | Items 6, 7, and 11 |
| p. Indemnification | Franchise Agreement § 19(b) | Item 6 |
| q. Owner's participa-tion/management/staffing | Franchise Agreement § 11 | Item 15 |
| r. Records and reports | Franchise Agreement § 11(l) | Items 6 and 17 |
| s. Inspections and audits | Franchise Agreement § 6(b), 11(l) and 11(o) | Item 6 |
| t. Transfer | Franchise Agreement §§ 13 and 14 | Item 17 |
| u. Renewal | Franchise Agreement § 2(b) - (c) | Item 17 |
| v. Post-termination obligations | Franchise Agreement §§ 7(d), 11(f), 14, 15, 17, 18, 19 and Attachment 4 and 5 | Item 17 |
| w. Non-competition covenants | Franchise Agreement §§ 11(f), 14, 15, 18, and Attachment 4 and 5 | Item 17 |
| x. Dispute resolution | Franchise Agreement §§ 19 and 21 | Items 6 and 17 |

## ITEM 10. FINANCING

Neither we nor any of our affiliates offer direct or indirect financing. Neither we nor any of our affiliates will guarantee your lease, note, or other obligations.

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

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

After you sign your Franchise Agreement, but before you open your business:

1. Initial Training. We will offer up to two people (including your Operations Manager) a training program as described in more detail below. (Franchise Agreement Section 4(a)(ii).)

2. Brand Standards Manual. We will provide you with access to the Brand Standards Manual. (Franchise Agreement Section 11(f).)

3. Site Selection. It is your responsibility to select a warehouse that complies with our standards. We recommend that the warehouse is located within your Territory, but it is not required. We are not required to provide or assist you in locating a site, negotiating a lease, or obtaining your business premises. We do not own the business premises or lease it to you. However, we will provide general advice about standards for the warehouse. We also recommend that you operate from a home office. Your office does not need to be within the Territory, but that is preferred. If you choose to rent other office space you must obtain our permission to do so. You must obtain our acceptance of your warehouse (and if applicable, an office space) within 90 days of signing the Franchise Agreement. To obtain our acceptance, your warehouse must have a loading dock, be at least 2,000 square feet, be in good condition, and meet our other standards. We will consider these items along with the general location, traffic patterns, parking availability, and lease terms, among other factors. We accept or reject

a site within 15 days of receiving the request. In the event we do not accept a proposed site within said 15 days, such site shall be deemed rejected by us. It is your responsibility to ensure that your warehouse conforms to local ordinances and codes as well as obtain any required permits. If you fail to select a warehouse and office that we accept within 90 days and/or begin operations within 180 days, we will be able to terminate your franchise agreement, and you will not be entitled to a refund if the agreement is terminated. It is your responsibility to construct, remodel and equip your warehouse and office in accordance with our standards. (Franchise Agreement Sections 1, 4, and 6.)

4. List of Approved Vendors and Suppliers. Before you open your location and to the extent we have standards, specifications, or designated suppliers, we will provide you with a copy of our list of approved vendors and suppliers and standards and specifications for required or recommended fixtures, furnishings, merchandise, equipment, signage, décor, and other goods and services. We will give you our advice and guidance as you order your opening inventory. We do not deliver or install these items. Our affiliate who serves as a supplier for certain inventory items will cause inventory items to be delivered to you. (Franchise Agreement Section 4(a)(i).)

We do not provide you with assistance in hiring your employees.

During the operation of the Franchised Business under your Franchise Agreement:

1. Advice and Other Assistance. We will provide advice and consultation services to you. We will provide our recommendations on resolving operating problems you encounter. We do establish and reserve the right to modify systems for administration, bookkeeping, accounting, and inventory control. We do not assist you in hiring your employees. We do not generally train your employees. If you request a level of assistance greater than what we provide to other franchisees, we have the right to charge you our then-current additional training fee. (Franchise Agreement Section 4(a)(iv).)

2. System Improvements. We will make available to you from time to time all improvements and additions to the System to the same extent and in the same manner as they are made available to LINDEN CREEK franchisees generally. These improvements may include new products or services you can offer to your customers. There is no limit to the maximum amount required to be spent on improvements. These improvements are in addition to the regular maintenance you must undertake and the implementation of new goods and services we require. (Franchise Agreement Section 4(a)(v).)

3. Other Advice. We will make available field support to you, which will involve communications at least weekly. (Franchise Agreement Section 4(a)(v).)

4. Brand Fund. We (or our designee) will administer the Brand Fund (defined below). (Section 8(b))

Optional Support:

1. Advertising. We may make available to you from time to time advertising materials we prepare for use by LINDEN CREEK franchisees generally. (Franchise Agreement Section 8(f).)

2. Proprietary Software. We may make available to you our proprietary software from time to time, including Archd. Archd currently assists in managing your LINDEN CREEK business through management of projects, schedules, inventory tracking, furniture sale management, and various metric tracking. (Section 11(m)(ii))

3. Additional Training. We may offer additional and refresher training as we see fit or as you request. We will charge you our then-current additional training fee. You must pay for it at the time of the training, unless alternative billing arrangements are agreed to. Also, you bear all indirect training costs and expenses, such as salary expenses of your employees and all expenses of travel, lodging, meals and other living expenses you and your designee incur. While most additional training is optional, you may be required to attend the additional training and pay our associated fee. Some of the additional training requirements we might require include online and in-person training sessions. (Franchise Agreement Section 4(a)(iv).)

4. Conferences and Conventions. While we are not required to do so, from time to time we may offer conferences and other training courses relating to our industry and to the conduct of the Franchised Business. Franchisees are required to attend all conferences and other required training courses. These courses may be conducted by our employees and/or by other trainers and will address various aspects of our business and other topics of interest to franchisees. We have the right to charge you a tuition fee for each attendee, whether or not the attendee is required to attend. Additionally, you will be responsible for all transportation, lodging, food and other costs incurred by any of your attendees in attending such seminar. (Franchise Agreement Section 11(c).)

5. Online Presence. We may maintain a website in order to promote the Marks, or any or all of the Franchised Businesses within the System. We may also develop and maintain any other type of online, internet, virtual, or digital presence (each an "Online Presence") as we see fit. An Online Presence includes but is not limited to (1) the website, other webpages, or domain names; (2) accounts, pages, or profiles on social media sites; social networking sites; news sites and groups; online, internet, or digital directories; video, audio, photography, and messaging services; blogs; or forums; (3) e-commerce sites or accounts; (4) digital or online advertising and marketing content and services; (5) mobile applications; (6) virtual reality platforms; (7) any identifiers of an Online Presence; or (8) a presence on any other type of online, internet, virtual, or digital tool, good, or service that may be developed. We will have the sole right to control all aspects of each Online Presence, including its design, content, functionality, links to any other Online Presence, legal notices, and policies and terms of usage. We will also have the right to discontinue operation of any Online Presence at any time without notice to you. You may not establish or operate an Online Presence (including a website, webpage, domain name, Internet address, social media account, blog, forum, advertisement, or e-commerce site) that in any way concerns, discusses or alludes to us, the System or your Franchised Business without our written consent. The Marks may not be used as part of, in conjunction with, to establish, or to operate any Online Presence, except as specifically approved by us. You may not post, and must take such steps as necessary to ensure that your employees do not post any information on an Online Presence that relating to us, the System, the Marks, or the Franchised Business that (a) does not comply with our brand, social media, or Online Presence guidelines described in the Brand Standards Manual, (b) is derogatory, disparaging, or critical of us, the System, or the Marks, (c) is offensive, inflammatory or indecent, or (d) harms the goodwill and/or public image of the System and/or the Marks. Subject to the terms of the Franchise Agreement and Brand Standards Manual, we

may make available for the benefit of your Franchised Business a location-specific webpage ("Subpage"). We may, at any time, modify the Subpage program or cease to make the Subpage available to you or the public. Upon the termination or expiration of the Franchise Agreement for any reason or a default under the Franchise Agreement for any reason, we will not upload content for you, you may not use the Subpage and we may cease to make the Subpage available to you.

For any Online Presence or email address you are approved to create, use, or maintain, we reserve the right to be exercised at our option to have the Online Presence or email address directly owned by us or to require it to be transferred to us after the expiration or termination of the Franchise Agreement. We have the right to require that any Online Presence or email address we permit you to use, create or maintain be registered in our name. Upon request, you must provide us with any login credentials for any Online Presence or email address you are authorized to use. We have the right to access any Online Presence to take corrective action if any content or post on the Online Presence is in violation of our policies and we may take ownership of any Online Presence upon expiration or termination of the Franchise Agreement or during the Initial Term or Renewal Term of the Franchise Agreement and operate it as we see fit. (Franchise Agreement Section 8(h)(iii).)

6. Franchise Advisory Council. While we are not required to do so, we reserve the right to form a Franchise Advisory Council ("FAC"). The FAC would provide advice to us on various matters, including advertising. The FAC would serve in an advisory capacity only and would have no operational or decision-making power. We would appoint the members of the FAC in our sole discretion and have the power to form, change or dissolve it at any time. (Franchise Agreement Section 11(q).)

7. Pricing. To the extent permissible under applicable law, we reserve the right to set promotional and maximum and minimum prices for certain products and services. Our current approach is to provide you with pricing guidelines and to allow you to establish your own prices. (Franchise Agreement Section 12(b).)

## DEVELOPMENT SCHEDULE

You must obtain our acceptance of the warehouse within 90 days after signing the Franchise Agreement. We expect you to open within 90 days of signing the Franchise Agreement and have the right to terminate the Franchise Agreement, without providing you with any refund, if you fail to open within 180 days after you sign the Franchise Agreement. The factors that affect your opening timeline include the amount of time and effort you commit to the site selection process; the availability of warehouses within and around the geographical area you choose; your ability to obtain a lease and financing; your credit and personal financials; delays in the delivery and ordering of inventory; inventory shortages; and licensing requirements.

## INITIAL TRAINING PROGRAM

We will provide an initial training program for up to two people for the initial franchise fee. Additional people can attend with our approval and with payment of an additional fee. The Operations Manager must attend and an owner must attend. All training must be completed prior to opening your Franchised Business and to our satisfaction. The initial training programs will be held online and in and around Raleigh, North Carolina at our affiliates' warehouse and customer locations. Currently the

program is held on an as-needed basis. You are responsible for all of your attendees' associated travel, lodging, food, per diem expenses, and compensation during the period that they attend training. We require you to attend training between 45 to 60 days before you open the Franchised Business.

Alisa Sparks or another member of our management team will provide the training. All trainers have a minimum of one year experience with a LINDEN CREEK business and at least three years of experience in the industry. The training materials include videos, presentations, the Brand Standards Manual, and hands-on experience.

**TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of On The Job Training | Location |
|---|---|---|---|
| Overview | 2 | 0 | Online |
| Business Systems and Operations | 3 | 0 | Online |
| Home Staging Services | 0 | 24 | Raleigh, NC |
| Financial Accounting | 1 | 0 | Online |
| Franchise Compliance | 1 | 0 | Online |
| Design Services | 9 | 0 | Virtual |
| **TOTALS** | **16** | **24** | |
| | **40** | | |

Additionally, at least one of our representatives will spend up to 2 days assisting and training you at the Franchised Business within 60 days of the launch of your operations.

**BRAND STANDARDS MANUAL**

The Brand Standards Manual contains mandatory and suggested specifications, standards, and procedures. It is confidential and remains our property. The Brand Standards Manual currently contains a total of 298 pages. The table of contents for our Brand Standards Manual is in Exhibit K. (Franchise Agreement Section 11(f).) We may periodically amend, update or replace the contents of the Brand Standards Manual. Beginning on the 30th day (or any longer time we specify) after our delivery of written notice, you will comply with each amended, updated or replaced provision. Revisions to the Brand Standards Manual will be made in our sole discretion.

**ADVERTISING**

You must use only advertising materials we have approved for your use. (Franchise Agreement Section 8(e).) You may develop marketing materials for your own use at your own cost. We encourage the sharing by franchisees of marketing ideas and materials. We require you to submit marketing and promotional materials to us in advance and to obtain our approval before using them. If we do not approve of your marketing materials within 20 days after you submit them to us, then they are deemed

disapproved, and you may not use such materials. You can only advertise your Franchised Business on websites approved in advance by us. You are required to follow our instructions in connection with any marketing or promotional materials we provide for your use. (Franchise Agreement Section 8(d).) You may use such materials in any local marketing. You will pay for all associated costs. (Franchise Agreement Section 8(f).)

Brand Fund. We have established a fund to pay for a brand development program, which is supported by a fee paid by franchisee. Your contribution is 1% of Gross Revenues per month.

We have the sole discretion to determine where the Brand Fund contributions will be spent to promote, enhance, or further the growth of the LINDEN CREEK brand, Franchised Business, and System, including, but not limited to: research; promotional marketing, public relations, and advertising expenses to promote the brand; hiring marketing, public relations and advertising agencies, and technology companies, or paying the salaries of in-house personnel to assist in developing the LINDEN CREEK brand name; developing, evaluating, or using technologies that we believe may benefit the brand, the customers, the franchisees, or the brand's reputation; developing new training curricula, equipment, and new franchisee revenue sources; expenses associated with listings on websites, contest registrations, digital marketing content, influencer marketing, radio, billboards, TV, print, or internet advertising, and events and promotions designed to garner media attention and promote the brand name; expenses associated with conducting market research; travel expenses in connection with promotions and marketing meetings, training, development of trademarks and trademarked materials; production of marketing, public relations, or digital or social media content, including, but not limited to, advertisements, coupons, and other promotional materials; expenses incurred in developing and maintaining non-franchise sales portion of any Online Presence; and expenses incurred in using search engine optimization, pay-per-click, or other digital marketing software, services, or companies to help promote the brand. Your contributions will not be used to offset our expenses, except for our reasonable administrative costs and overhead that we incur because of the administration of the Brand Fund and its activities and for the cost of personnel we hire or contract with to create and implement the programs paid for by the Brand Fund.

While we do not anticipate that any part of contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Brand Fund for public relations or recognition of the LINDEN CREEK brand, for the creation and maintenance of a website or Online Presence, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available" or similar language.

We are not required to make expenditures for you that are equivalent or proportionate to your Brand Fund contributions or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising.

During 2024, we made expenditures from the Brand Fund as follows:

| **USE** | **PERCENTAGE OF TOTAL EXPENDITURES** |
|---|---|
| Production | 0% |

| | |
|---|---|
| Media Placement | 30% |
| Administration | 70% |
| Other | 0% |
| **TOTAL** | **100%** |

Other franchisees' Brand Fund contributions may be calculated at a different rate or on a different basis and, under limited circumstances, certain franchisees may not be required to pay Brand Fund fees. Our company-owned outlets are required to contribute to the Brand Fund on the same basis as franchisees. We have the sole discretion to settle or forgive any accrued and unpaid Brand Fund contributions owed by a franchisee. Currently, the Brand Fund contributions are payable to us. We reserve the right to establish in the future a nonprofit corporation or other business entity to collect Brand Fund contributions from our franchisees. The Brand Fund is administered by our personnel under our direction. Unless required by state law, we are not required to provide you with any accounting of or financial statements relating to the expenditures of the Brand Fund. The Brand Fund is not audited. Brand Fund monies not spent in the fiscal year in which they accrue are carried forward to cover marketing expenses in future years. Although the Brand Fund is intended to be perpetual, we may terminate it at any time. We will not terminate the Brand Fund, however, until all money in the Brand Fund has been spent for brand building purposes, or returned to the contributors of the Brand Fund on the basis of their respective contributions. (Franchise Agreement Section 8(b).) We may have the Brand Fund borrow from us or other lenders to cover any Brand Fund deficits. We may have the Brand Fund invest any surplus for the Brand Fund's future use.

Other Advertising by Franchisor. We may use our own funds from time to time to conduct advertising. We have no obligation to do so. We will have the sole discretion to determine advertising products, advertising sources, geographical markets to be included, and the media employed. We do not have any obligation to supply you with any advertising or promotional materials produced by or for us at our sole expense. We have no obligation to advertise in your Territory.

Local Advertising Requirement. We require that you spend at least $1,500 per quarter on local advertisement. We can require that you submit documentation at least quarterly to us to verify to us that you are meeting this requirement. In the event that you spend less than the required minimum on local advertisement, we will require that you pay the Brand Fund the difference between the required minimum and the amount you actually spent on local advertising. We can require that you spend this money with us and designated suppliers.

Grand Opening Advertising. You must spend at least $3,075 on grand opening advertising and marketing during the time period that begins 30 days before you open for business and ends 60 days after. We may require you to spend the money with third parties that we approve, or we may require you to remit the money to us and we will spend it on your behalf. We must approve your uses of the grand opening advertising money. You may choose to spend more money. (Franchise Agreement Section 8(a)(i).)

Local Advertising Cooperatives. While we have not yet established any local advertising cooperatives, we have the right to require that cooperatives be formed, changed, dissolved, or merged. The membership of the cooperative is likely to be defined regionally and will be made in our sole discretion. If you are required to participate in a cooperative, the amount of your contribution is

established by the cooperative, up to a maximum fee of 1% of Gross Revenues. Franchisees and franchisor- or affiliate-owned outlets will contribute at the same rate as other members in the cooperative. Each cooperative is required to adopt written governing documents which are available for your review. Each cooperative would determine its own voting procedures; however, each LINDEN CREEK business is entitled to one vote in any local advertising cooperative in which it is a member. The members and their elected officials are responsible for administration of the cooperative. All members of the cooperative will contribute amounts according to the rules established by the members of the cooperative. Cooperatives are required to prepare quarterly and annual financial statements and these will be available to all businesses in the cooperative. The cooperative is not a trust fund. We and our affiliates have no fiduciary duty to you or any franchisee in connection with the collection or use of the cooperative monies or any aspect of the operation of the cooperative. We have the sole discretion to exempt any LINDEN CREEK business from the requirement to participate in a cooperative. (Franchise Agreement Section 8(c).)

**COMPUTER SYSTEMS**

You must obtain and use the Computer Systems we require from time to time. "Computer Systems" means hardware; electronics; computer systems; mobile devices; applications; software, online services, and cloud-based systems; communications links, systems, providers, and applications; scheduling systems; security systems; robotics; automation; and other technologies available now or developed in the future. We may modify specifications for and components of the Computer Systems. Our modification of specifications for the Computer Systems might require you to purchase, lease, and/or license new or modified Computer Systems and to obtain service and support for the Computer Systems. There are no limitations on the frequency or cost of your obligations to change, upgrade, and update your Computer Systems. We have no obligation to provide ongoing maintenance, repairs, upgrades, or updates to your Computer Systems.

Currently, our required Computer Systems include a computer and a printer. We estimate that you will pay between $400 and $1,500 to make these initial purchases. We estimate that it will cost $1,000 per year to maintain the current Computer Systems, although we do not currently require any specific maintenance program.

Through the Technology Fee, we will provide you with subscriptions to Google Workspace and our required business management software, DesignFiles, ProfitKeeper, Archd, a phone number, and up to five email addresses. The current fee is 1% of Gross Revenues per month.

The data generated and stored on these Computer Systems includes customer data, inventory data, project and design information, financial and accounting information, marketing information, business operational data, and payment information.

We may develop proprietary or non-proprietary Computer Systems. Accordingly, we may require that you enter into a license agreement with us or our affiliate, which may require you to pay us commercially reasonable fees and/or enter into license agreements directly with vendors. Additionally, if we enter into a license agreement with a vendor and sublicense the Computer Systems to you, we may charge you for all amounts we pay to the vendor based on your use, plus a reasonable amount to compensate us for the services that we or our affiliate provide.

Despite the fact that you must buy, use, and maintain the Computer Systems according to our standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer Systems; (2) the manner in which your Computer Systems interface with our and any third party's computer system; and (3) any and all consequences if the Computer Systems are not properly operated, maintained, and upgraded. We recommend that you back up your data locally, which may require you to purchase a "back-up" subscription service. We are not responsible under any circumstances for any malfunction or "crash" of the Computer Systems we require, recommend, provide, or approve, including for any Franchised Business data lost as a result of that malfunction or "crash."

You will grant us and we will have access to the information collected by your Computer Systems. We will require you to provide us with 24/7, unlimited, and remote access to your Computer Systems and data. There are no other contractual limitations on our right to access your Computer Systems for this information and data. You must disclose to us any passwords or codes associated with the Computer Systems. We have the free and unfettered right to independently retrieve any data and information from your Computer Systems as we, in our sole discretion, deem appropriate.

## ITEM 12. TERRITORY

We will grant to you a protected territory that we designate in the Franchise Rider (Attachment 1 to the Franchise Agreement) ("Territory"). Typically, that standard initial Territory will consist of at least 200,000 single family residences, as determined by the latest U.S. Census, or other data we deem reliable, at the time the Franchise Agreement is signed. We may define your Territory by any other boundaries we choose, such as Zip code, city or county boundaries, natural boundaries, and/or highways and roads. We reserve the right to grant you a Territory with a smaller or greater population or radius, based upon the market conditions in your proposed area. Your home office must be within the Territory at a location we accept. We recommend that your warehouse is within your Territory but do not require it.

If you meet our standards for multiple Territory ownership and have markets contiguous to your Territory that have not been purchased by other franchisees and/or are not reserved for corporate markets, then at the time of signing the Franchise Agreement you can also purchase one or more additional Territories ("Additional Territories") for a larger initial franchise fee. The Additional Territories will be subject to the same terms and conditions as the initial Territory and be considered part of your overall Territory.

Your Territory is protected only to the extent that we will not establish or operate, or license any other person to establish or operate, a LINDEN CREEK-branded property staging and interior design business within your Territory, as long as you are not in default under your Franchise Agreement. In the event of breach under the Franchise Agreement, we have the right to modify your Territory and territory protections and terminate the Franchise Agreement.

A LINDEN CREEK franchise relates to the operation of a single Franchised Business in a designated territory. The Franchised Business will have an office and a warehouse and provide services at customers' properties. The Franchised Business can also sell at retail different furniture and décor to its customers. You do not have any rights to offer products and services through any other channel of distribution. Other channels of distribution include, without limitation, mail order, catalog sales,

wholesaling, computer, telemarketing, other retail locations or events, kiosks, traveling carts or trucks, mobile application, social media, and/or internet marketing. You cannot offer goods and services outside of your Territory without prior written approval.

You may seek our permission to sell goods and services outside of your Territory but you do not have a right to these activities nor do we have an obligation to approve you to undertake them. If we grant you permission to sell goods and services outside of your Territory, you do not gain any territory or exclusivity rights. We have the right to terminate or suspend your approval to conduct any out-of-Territory. The sale of goods and services must be done in accordance with the requirements of the Franchise Agreement and the procedures set forth in the Brand Standards Manual. We retain the right to control all online sales. If you receive a lead for a customer that is in another franchisee's Territory, you must comply with our then-current referral policies. You will generally not be permitted to provide services in another franchisee's territory.

You may not advertise or market outside your Territory unless you receive our prior approval.

Modification of Territorial Rights: We have the right to evaluate your market penetration upon the 5th, 7th, and 9th anniversaries of your Franchise Agreement execution. If at the time of evaluation, you are failing to achieve at least 25% of your Gross Revenues or 25% of your leads during the preceding 1-year look-back period from the areas defined as Additional Territories, then we can remove the underperforming Additional Territories from your overall Territory upon notice and resell such Additional Territories. Additionally, we reserve the express right on renewal to modify your Territory, including, without limitation, to remove Additional Territories if your performance data shows insufficient revenue or leads from such Additional Territories.

Additionally, if the number of single-family homes within the Territory increases by more than 20% at any point during the Initial Term of the Franchise Agreement, we reserve the right to modify your Territory and the number of homes within it in our discretion. In no instance will the modified Territory have less than 200,000 single family residences per initial Territory or Additional Territory, as determined by the latest U.S. Census, or other data we deem reliable.

Minimum Gross Revenues. You are required to achieve certain minimum gross revenues as described below. If you do not achieve the minimum gross revenues, we reserve the right, but not the obligation, to: (1) modify your Territory; (2) not renew your Franchise Agreement; and/or (3) terminate your Franchise Agreement.

The Minimum Gross Revenues Requirements are as follows:

| Term Year | Minimum Gross Revenues |
|---|---|
| 1st calendar year of Franchised Business operations | No Minimum |
| 2nd calendar year of Franchised Business operations and for each year thereafter of the Initial Term. | $240,000.00 |

The Territory may also be modified by mutual agreement or if you default under the Franchise Agreement.

Except as stated above, we cannot modify your Territory during the Initial Term of the Franchise Agreement.

National Account Program: At our option and not obligation, we may establish National Accounts within your Territory and the territories of other franchisees. You will have the right and obligation to provide services to National Account customers in your Territory at the prices we establish and in accordance with our standards. If there is no established price, you may provide services for your standard rate. We and our affiliates may solicit customers located in your Territory, whether or not you currently provide services to them, in order to develop them into National Accounts.

If (a) you decline to service a National Account customer, (b) you do not service the National Account customer in accordance with our standards or by any specified deadlines, (c) we reasonably determine that you are not able to reliably service the National Account customer, or (d) the National Account customer requests that you not fulfill the service order, we reserve the right to designate another party to service the National Account customer in the Territory from that time on without paying any compensation to you. These designated parties could be us, our affiliate, another franchisee, or other business. Services provided by the designated parties are not a breach of the Franchise Agreement.

Because of these reserved rights with respect to the National Accounts, your territory cannot be described as "exclusive." You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Rights Reserved by Us: Regardless of either proximity to your Territory or your Franchised Business, or any actual or threatened impact on sales of your Franchised Business, we retain the right all rights not expressly granted to you, including, among others, to: (a) use the Marks and System in connection with establishing and operating LINDEN CREEK businesses at any location outside the Territory; (b) use the Marks or other marks in connection with selling or distributing any goods (including branded merchandise or product) or services anywhere in the world (including within the Territory), whether or not you also offer them, through channels of distribution other than a LINDEN CREEK-branded property staging and interior design business, including, for example, mail order, catalog sales, wholesaling, computer, telemarketing, other retail locations or events, kiosks, traveling carts or trucks, mobile application, social media, and/or internet marketing; (c) acquire, establish or operate, without using the Marks, any business of any kind at any location anywhere in the world (including within the Territory); (d) use the Marks in connection with soliciting or directing advertising or promotional materials to customers anywhere in the world (including within the Territory); (e) service National Account customers through parties we designate under the circumstances described above and (f) use and license any party to use our or our affiliates' (1) intellectual property and/or (2) software anywhere in the world (including within the Territory); provided, however, that such licenses shall not include the right to use the Marks in connection with a LINDEN CREEK branded business in the Territory that uses the System. Although we do not presently sell products, services, or franchises other than under the trademarks, we have the right to do so. If we decide in the future to exercise any of these rights, like accepting customers or soliciting orders within your Territory, we will not be obligated to

compensate you for such sales or solicitations made inside your Territory. We do not currently operate or franchise businesses under a different trademark that sells similar goods or services, but reserve the right to do so in the future.

Miscellaneous: You may not establish more than one LINDEN CREEK business without entering into a separate Franchise Agreement. We do not grant under this disclosure document any option, right of first refusal, or similar right to acquire additional franchises. You cannot relocate the warehouse or office until you have received our acceptance of the new warehouse or office.

## ITEM 13. TRADEMARKS

We own all the trademarks used by our franchisees. The trademarks and service marks listed below and any additional trademarks and service marks are referred to herein as the "Marks." Upon execution of our Franchise Agreement, we will license to you the limited right to use the following Mark in the operation of your Franchised Business, which is registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

| **US Registration No.** | **Registration Date** | **Mark** |
|---|---|---|
| 7303571 | February 13, 2024 | LINDEN CREEK |

All necessary affidavits of use and renewal applications will be timely filed when they become due. The Marks are not due for renewal yet. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or the Trademark Administrator of any state or any court, nor are there any pending infringement, opposition, or cancellation proceedings or material litigation, involving the Marks. There are no agreements currently in effect that significantly limit our rights to use or license the use to franchisees of the trademarks in any manner material to you. We are not aware of any superior prior rights or infringing uses of the Marks that could materially impact your use of the Marks.

A federal registration does not necessarily protect the use of the concerned mark against a prior user in a given relevant market area. Prior to entering into the Franchise Agreement, you should check and be sure that there are no existing uses of our Marks or names or any marks or names confusingly similar to any of them within the market area where you want to do business. If you find any similar names or marks, you must immediately notify us. Any action to be taken in that event is strictly within our discretion.

Your right to use the Marks is derived solely from Franchise Agreements entered into between you and us for the purpose of operating a LINDEN CREEK business. You must follow our rules and regulations with respect to the use of the Marks. You may not use any Mark in connection with any other business or activity. You cannot use any of the Marks or any other marks, names, or indicia of origin that are or may be confusingly similar to the Marks as part of a corporate name or other legal name. All usage of the Marks by you and any goodwill established from this usage is to our exclusive benefit. After the termination, non-renewal, transfer, or expiration of the Franchise Agreement, you may not, except with respect to LINDEN CREEK businesses operated by you according to Franchise Agreements granted by us, at any time or in any manner identify yourself or any business as a

franchisee or former franchisee of, or otherwise associated with, us or use in any manner or for any purpose any Mark or other distinguishing signs of our Franchised Businesses or any colorable imitation of same.

You must immediately notify us of any unauthorized use of the Marks or any marks confusingly similar to them, any challenge to the validity of the Marks, any claim of apparent infringement or challenge to your use of any Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Marks. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement. We or our have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. If there is any litigation relating to your use of the Marks, you must sign all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action. We will not indemnify you for damages obtained by a third party based on your use of the Mark. We are not obligated to protect your rights to use the Marks or protect you from or participate in your defense against claims of infringement or unfair competition arising from your use of the Marks.

We reserve the right to change, revise, modify, and substitute, or discontinue any Marks. You must promptly comply with all such changes and bear the related expenses.

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

You do not receive the right to use an item covered by a patent, patent application, or copyright registration, but you can use our proprietary information. Although we have filed no applications for a copyright registration for the Brand Standards Manual, we claim a copyright and the information is proprietary.

You must strictly limit your employees' access to trade secrets, proprietary information, and confidential information (collectively, "Confidential Information"). Confidential Information includes trade secrets; knowledge, know-how, standards, methods, and procedures related to the establishment and operation of the Franchised Business not generally known to the public; all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Franchised Business; formulas; electronic code, designs, marketing materials, and business, sales, and marketing strategies; financial information; databases; training materials; knowledge of the franchise system; and any other data and information that the we designate as confidential, including all information contained in the Brand Standards Manual.

You must use the Confidential Information only in the manner required by us and in no other manner. You must share Confidential Information with employees only to the extent they have a "need to know" to perform their jobs. All owners and their spouses, officers, managers, employees and persons to whom you are authorized to grant access to the Brand Standards Manual or any other Confidential Information must sign our form of confidentiality agreement. You must fully and strictly comply with all security measures required by us for maintaining the confidentiality of the Confidential Information.

If you or your owners, officers, managers, or employees conceive, invent, create, design and/or develop any ideas, techniques, methods, designs, processes or procedures, formulas, products, packaging, code, or other concepts and features relating to business operations of the Franchised Business or business practices in the fields of design, home décor, and property staging ("Innovations"), you (or they) will be deemed to have assigned all of your (or other) rights, title and interests in the Innovations, including any intellectual property rights, to us. You and your owners, officers, managers and employees also must cooperate with us in connection with protecting the Innovations, including executing any and all instruments and do any and all acts necessary to establish our ownership of the Innovations.

You will not have the exclusive right to use the Innovations or any of our patents, patent applications, copyrights, or Confidential Information, nor will you acquire, by use or otherwise, any right, title or interest in or to them, other than as expressly contained in, and limited by, the Franchise Agreement. Your right to use the Innovations, the claimed subject matter of any patents or patent applications, the copyrights, and the Confidential Information is limited and temporary. Upon expiration, non-renewal, transfer, or termination of the Franchise Agreement, you may not, directly or indirectly, use the Innovations, the claimed subject matter of any patents or patent applications, the copyrights or the Confidential Information in any manner or for any purpose.

You must immediately notify us of any conduct that could constitute infringement of or challenge to the Innovations, the patents or patent applications, copyrights and Confidential Information. We will decide, with sole discretion, whether to institute any action (or take no action) in connection with infringement of or challenge, and will control any proceedings and litigation. We are not required to protect your right to use the Innovations, the patents or patent applications, the copyrights or the Confidential Information. We will not indemnify you for losses arising out of your use or misuse of the Innovations, patents or patent applications, copyrights, or Confidential Information. We are not obligated to defend you against claims arising from your use of any Innovations, patents or patent applications, copyrights, or Confidential Information.

There are no material determinations of any administrative body or court and no pending proceedings in any administrative body or court relating to the patents or copyrights. There are no agreements that limit our ability to license to you any patents or copyrights. We do not know of any patent or copyright infringement that could materially affect you.

We may, with sole discretion, modify, substitute, or discontinue use of the Innovations, the claimed subject matter of any patents or patent applications, the copyrights, and the Confidential Information. If we decide to do so, you must do so also, at your expense.

During the Initial Term or Renewal Term of the Franchise Agreement, you must maintain, to the extent collected, a current list of the names, home addresses, property addresses, service and purchase history, design information, e-mail addresses and telephone numbers of the customers who supply you this information ("Customer List"). You must provide the Customer List to us upon request. The Customer List will be our property at all times, and you must not disclose the Customer List to any person or entity other than us, or sell the Customer List (or any portion of it) to any person or entity without our express written consent.

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

We require an Operations Manager to personally supervise on-site operations of the Franchised Business and to devote his or her personal attention and best efforts to the management and operation of the Franchised Business. The Operations Manager is not required to be an owner in the franchise. However, our preference is to have an owner be the Operations Manager. The Operations Manager must successfully complete our initial training program before assuming any managerial responsibility. The Operations Manager must execute our form of confidentiality, non-competition, and non-solicitation agreements.

You may hire additional managers to assist in the day-to-day supervision of the Franchised Business, but the Operations Manager is ultimately responsible for the operations and management of the Franchised Business. All personnel employed by you in connection with the operation of your LINDEN CREEK Franchised Business must maintain the professional standards we require.

The people you retain to work in your Franchised Business will be your agents and employees. They are not our agents or employees, and we are not a joint employer of such persons. You will be solely responsible for recruiting and hiring the persons you employ to operate the Franchised Business and must determine whom to hire, how many people to hire, retain, and train, and how you will compensate such persons. You are responsible for your employees' and agents' training, wages, taxes, benefits, safety, schedules, work condition, assignments, discipline, hours, workplace health and safety, supervision, assignment, and termination. You will be responsible for the work rules and directions regarding the manner, means, or methods of work performance. You must comply with all applicable employment laws. We will not operate your Franchised Business, direct your employees, or oversee your employment policies or practices.

All owners in the franchisee, and all such persons' spouses, must sign our form of non-competition, non-solicitation, and non-disclosure agreements, as well as personal guarantees of performance in which they will guarantee the performance of the Franchised Business's obligations to us.

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

Under the Franchise Agreement, you must offer and sell only authorized services and products and all services and products we require. This also prohibits you from offering any other services or products without first obtaining our written permission. We impose these requirements to control the quality and uniformity of the services and goods you and other franchisees may offer through use of Marks. We have the right to add and delete items from the list of approved and required products and services. There are no limits on our right to make these changes. We reserve the right to charge you a fine up to $1,000 per occurrence if you sell unapproved services or products, or if you fail to follow our system standards.

A LINDEN CREEK franchise relates to the operation of a single Franchised Business in a designated territory. The Franchised Business will have an office and a warehouse and provide services at customers' properties. The Franchised Business can also sell at retail different furniture and décor to its customers. You do not have any rights to offer products and services through any other channel of

distribution. Other channels of distribution include, without limitation, mail order, catalog sales, wholesaling, computer, telemarketing, other retail locations or events, kiosks, traveling carts or trucks, mobile application, social media, and/or internet marketing. You cannot offer goods and services outside of your Territory without prior written approval.

You will be obligated to offer and sell those new services and products, and to participate in all local, regional, and promotional program initiatives and campaigns adopted by us in which we require you to participate. There is no limit on the number of promotions you may be required to offer during a year or on the amount you would be required to spend. You will not receive any credits or offsets for participation. We have the right to designate which of our franchisees may, or will be required to, participate in new product or service tests, new or modified product or service offerings and other programs and initiatives that we may, from time to time, develop. If we designate you for participation in any such program, initiative, or campaign, you must participate when and as required by us. There are no limits on rights to require you to offer and sell those new products or services or to participate in those programs, initiatives, and campaigns.

## 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 AGREEMENT | SUMMARY |
|---|---|---|
| a. Length of the franchise term | Franchise Agreement § 2(a) | Initial term is 10 years from the date that you sign your Franchise Agreement. |
| b. Renewal or extension of the term | Franchise Agreement § 2(b) and 2(c) | One 5-year renewal terms provided you remain a franchisee in good standing. |
| c. Requirements for franchisee to renew or extend | Franchise Agreement § 2(b) and 2(c) | You must be in good standing and exercise your option within a window of time. You must timely provide notice of intention to renew. You must agree to the terms of the Franchise Agreement then being offered, make required upgrades to your Franchised Business, sign a release, attend training, and pay your renewal fee. Upon renewal, you may be asked to sign a contract with materially different terms and conditions than your original contract. The royalty rate and protected Territory could be different. |
| d. Termination by franchisee | Franchise Agreement §§ 2(d) and 17(e) | For cause, if we breach a material provision of the contract and fail to cure 90 days after written notice then you can terminate with 30 days' notice if you are compliant with the terms of your agreement. |

| PROVISION | SECTION IN AGREEMENT | SUMMARY |
|---|---|---|
| e. Termination by franchisor without cause | Not Applicable | We cannot terminate except for cause. |
| f. Termination by franchisor with cause | Franchise Agreement §§ 17(a), 17(b), and 17(c) | Section 17(a) describes cause for automatic termination. Section 17(b) describes cause for termination upon notice. Section 17(c) describes causes for termination if you fail to cure the default after receiving notice. A default under any Franchise Agreement will be a default under all Franchise Agreements with us. The laws of your state may provide additional rights to you concerning termination of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control. |
| g. "Cause" defined–curable defaults | Franchise Agreement § 17(c) | Noncompliance; failure to timely open, obtain lease, or identify a site; non-payment; unauthorized transfers; threats to health or safety; misuse of the System or Marks; unlawful behavior; under-reporting; failure to maintain a good credit rating; failure to provide service in compliance with standards; failure to have sufficient funds in account; repeated customer complaints. Unless we have been through this 2 times already within 12 months or 3 times in a 3-year period, you have 15 days to totally cure after we deliver you a notice of default. |

| PROVISION | SECTION IN AGREEMENT | SUMMARY |
|---|---|---|
| h. "Cause" defined non-curable defaults | Franchise Agreement §§ 17(a), 17(b), and 17(c) | Abandonment; loss of right to the premises or to do business; unauthorized transfers; criminal convictions or conduct; failure to timely transfer upon death or disability; 2 defaults within 12 months or 3 defaults in 3 years; misrepresentations; failure to comply with covenants; false records or submissions; impair the value of the Chain, Marks, or System; liability for discrimination; dishonest dealings with employees; repeated defaults within 6 months; failures of Franchisee and the Operations Manager to satisfy pre-opening obligations; loss of a required license; commencing operations without our approval; operating under unapproved trademarks; unauthorized supply relationships or failure to comply with our standards for offerings and suppliers; uncurable actions; bankruptcy, receivership, attachment and the like. A provision in the Franchise Agreement that terminates the franchise upon the bankruptcy of the franchise may not be enforceable under Title 11, U. S. Code Section 101. |
| i. Franchisee's obligations on termination/ non-renewal | Franchise Agreement §§ 11(f), 14, 15, and 18 | Cease operations; cease using the System, Marks, trade dress, customer information and other proprietary information; return our property; cancel assumed names; pay all sums owed to us; pay damages and costs associated with the termination, including liquidated damages; cooperate with our purchase rights; assign us phone numbers and other accounts; comply with the covenants against unfair competition and covenants of confidentiality and non-solicitation. |
| j. Assignment of contract by franchisor | Franchise Agreement § 13(a) | We may freely assign our rights and duties under the Franchise Agreement. |
| k. "Transfer" by franchisee - definition | Franchise Agreement § 13(b) | The definition of transfer includes issuance, sale, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by judicial order, merger, consolidation share exchange, and transfer by operation of law. |
| l. Franchisor's approval of transfer by franchisee | Franchise Agreement § 13(c)(ii) | Our prior written approval is generally required to transfer. The franchise can be terminated for non-compliance. We will not unreasonably withhold approval. |

| PROVISION | SECTION IN AGREEMENT | SUMMARY |
|---|---|---|
| m. Conditions for Franchisor's approval of transfer | Franchise Agreement § 13(d) | Transferee must attend and successfully complete our training and execute the Franchise Agreement and collateral agreements in the then-current form. Transferee must refurbish the Franchised Business to our then-current specifications and provide required information. You must release us of all claims. Guarantees and share restriction agreements are required if transfer is to a corporation or LLC. You must offer us a 45 day right of first refusal. You must pay us a transfer fee and a transfer training fee. A purchaser must have a credit rating, moral character, reputation and business qualifications satisfactory to us, and must meet all then current requirements of new franchisees. Exiting owners and franchisees must continue to comply with covenants under the franchise agreement. |
| n. Franchisor's right of first refusal to acquire franchisee's business | Franchise Agreement §13(c)(i) | 45 days. We may assign it to another. We may substitute value for cash. |
| o. Franchisor's option to purchase franchisee's business | Franchise Agreement: §§ 13(c), 18(g), 18(i) and 18(k) | We have a 60-day option to purchase your assets upon termination or expiration of the Franchise Agreement for book value. Upon termination or expiration, you may have to assign your lease, phone numbers, accounts, Online Presences, etc. to us without compensation. |
| p. Franchisee's death or disability | Franchise Agreement § 13(g) | Your interest must be transferred to an approved transferee within 6 months after your death or disability. |
| q. Non-competition covenants during the term of the franchise | Franchise Agreement §§ 14(a) and 14(b) | You must not own or otherwise engage in any business that receives 10% or more of its gross revenues from offering one or more of the following services: furnishing and decorating properties owned by others, home staging, or interior design. You will be required to get your managerial staff to agree to follow this same non-competition covenant. There are separate confidentiality and non-solicitation covenants as well. |

| PROVISION | SECTION IN AGREEMENT | SUMMARY |
|---|---|---|
| r. Non-competition covenants after the franchise is terminated/ expires | Franchise Agreement §§ 14(c) and 14(d) | For 2 years after termination or expiration of the Franchise Agreement, you must not own or engage in any business, within your Territory, the territory of another LINDEN CREEK business, or 5 miles of any such territories own or otherwise engage in any business that receives 10% or more of its gross revenues from offering one or more of the following services: furnishing and decorating properties owned by others, home staging, or interior design. You will be required to get your managerial staff to enter into the same non-competition covenant. There are separate confidentiality and non-solicitation covenants as well. |
| s. Modification of the agreement | Franchise Agreement § 23(e) | We reserve the right to amend the Franchise Agreement if a change is agreed to by 70% of the then-current franchisees. Otherwise, no modifications to the Franchise Agreement other than in writing. |
| t. Integration/ merger clause | Franchise Agreement § 23(c) | Only the terms of the Franchise Agreement, as applicable, are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. |
| u. Dispute resolution by arbitration or mediation | Franchise Agreement § 21(c) | Except for certain claims, all disputes not first settled informally or by mediation must be litigated in courts with jurisdiction for Raleigh, North Carolina. |
| v. Choice of forum | Franchise Agreement §§ 21(a) and 21(b) | North Carolina courts with jurisdiction for Raleigh, North Carolina. This provision is subject to state law. |
| w. Choice of law | Franchise Agreement § 21(i) | North Carolina law. This provision is subject to state law. |

Refer to the state law addendums in Exhibit D for information specific to the laws of your state.

## ITEM 18. PUBLIC FIGURES

We currently use no public figures to promote the franchise.

## ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a

franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

This Item sets forth certain historical information regarding the performance of the affiliate-owned LINDEN CREEK business that operates in the Raleigh and Durham, North Carolina metropolitan areas in recent years. The affiliate-owned and operated LINDEN CREEK business included in this financial performance representation is substantially similar to the LINDEN CREEK Franchised Business for which we are offering franchises in this disclosure document. Our affiliate-owned business began offering home staging services in 2017 and interior design services in 2020.

We currently have two franchise outlets that are operational. In 2023 a franchisee location began operations in Southwest Charlotte, NC. In 2024, we sold part of our affiliate-owned territory to a franchisee who operates in Cary, NC. Since this franchisee had not operated for a full year as of our fiscal year end, we have excluded this franchisee's results from this disclosure. This Item sets forth certain historical information regarding the performance of one franchisee in 2024.

For purposes of the tables below, "Gross Revenues" means total revenue that derived from the operation of the business, including, but not limited to, revenue from services rendered by the business and products sold by the business, whether from sales for cash or credit and regardless of the collection thereof. Gross Revenues does not include sales taxes.

**Table A: Total Gross Revenues**
**2022-2024**

| Data Type | 2022 | 2023 | 2024* |
|---|---|---|---|
| Total Gross Revenues | $1,814,268 | $2,227,019 | $2,605,441 |

Table A above shows the number of single-family homes in the territory in which the affiliate business operated. The data for single family homes was taken, as applicable, from Orange County, Durham County, and Wake County, North Carolina for calendar years 2022, 2023, and 2024. The data for single family homes was taken from each of the respective counties' tax departments. This table reflects performance data from affiliate-owned outlets only.

* During 2024, our affiliate sold part of its territory to the Cary, North Carolina franchisee. The data disclosed for 2024 includes affiliate revenues in the Cary area until the time that it was sold to a franchisee.

**Table B: Total Gross Revenues**
**2018-2021**

| Data Type | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Total Gross Revenues | $131,227 | $358,889 | $567,990 | $1,159,352 |

Table B shows the Gross Revenues of our affiliate's business as it commenced and ramped up operations. Data is not provided on a single-family home basis as the client base for our affiliate was smaller in the early years of operations and comparable to the operations of a franchisee. This table reflects performance data from affiliate-owned outlets only.

**Table C1: Affiliate-Owned Total Gross Revenues, Certain Expenses, and Profit 2022-2024**

| | **2022** | **2023** | **2024** |
|---|---|---|---|
| **Total Gross Revenues** | $1,814,268 | $2,227,019 | $2,605,441 |
| Cost of Goods Sold [1] | $1,109,302 | $1,116,607 | $1,256,515 |
| Labor [2] | $382,069 | $461,338 | $607,880 |
| | | | |
| **Gross Profit** | $322,897 | $649,074 | $741,046 |
| Gross Profit as a Percent of Total Gross Revenues | 18% | 29% | 28% |
| | | | |
| **Franchise Adjustments [3]** | | | |
| Royalty (greater of 7% of Gross Revenues or $1,500 per month) | $126,999 | $155,891 | $182,381 |
| Brand Fund (1% of Gross Revenues) | $18,143 | $22,270 | $26,054 |
| Technology Fee (1% of Gross Revenues) | $18,143 | $22,270 | $26,054 |
| Minimum Local Advertising Spend ($1,500 per quarter) | $6,000 | $6,000 | $6,000 |
| Total Franchise Costs | $169,284 | $206,432 | $240,490 |
| | | | |
| **Adjusted Gross Profit** | $153,613 | $442,642 | $500,556 |
| Adjusted Gross Profit as a Percent of Total Gross Revenues | 9% | 20% | 19% |

**Table C2: Franchisee Total Gross Revenues, Certain Expenses, and Profit 2024**

| **Franchisee Location** | **Southwest Charlotte, NC[4]** |
|---|---|
| **Total Gross Revenues** | $372,676 |

| **Franchisee Location** | **Southwest Charlotte, NC[4]** |
|---|---|
| Cost of Goods Sold [1] | $186,380 |
| Labor [2] | $41,239 |
| | |
| **Gross Profit** | $145,057 |
| Gross Profit as a Percent of Total Gross Revenues | 39% |
| | |
| **Franchise Expenses [3]** | |
| Royalty (greater of 7% of Gross Revenues or $1,500 per month) | $26,087 |
| Brand Fund (1% of Gross Revenues) | $3,727 |
| Technology Fee (1% of Gross Revenues) | $3,727 |
| Minimum Local Advertising Spend ($1,500 per quarter) | $6,000 |
| Total Franchise Costs | $39,541 |
| | |
| **Adjusted Gross Profit** | $105,516 |
| Adjusted Gross Profit as a Percent of Total Gross Revenues | 28% |

Note 1: Cost of Goods Sold includes subcontracting services, freight and delivery, job debris removal, staging supplies and staging inventory. We require you to purchase inventory for 6 to 12 houses prior to opening for business. We offer an optional inventory package if you wish to purchase additional inventory for an additional 5 to 15 houses. Your purchase of additional inventory is your choice. In 2024, our Charlotte, NC franchisee purchased staging inventory for 18 houses.

Note 2: "Labor" includes the compensation of employees only, not any owner(s).

Note 3: Table C1 – The affiliate owned LINDEN CREEK business is not subject to the same fee obligations as a franchisee. We have added these additional fees and costs as though our affiliate were a franchisee and paid them. You will pay the Royalty, Brand Fund Fee, and Technology Fee, and will be required to expend the Minimum Local Advertising Spend.

Table C2 – Franchise Expenses disclose expenses paid to us inclusive of royalties, the brand fund, technology fee, and the local advertising spend. This does not include any other expenses paid to us, our affiliates, or to third parties as you operate.

**Some outlets have sold or earned this amount. Your individual results may differ. There is no assurance you will sell or earn as much.**

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Alisa Sparks, 8450 Falls of Neuse #200, Raleigh, NC 27615, the Federal Trade Commission and any appropriate state regulatory agencies.

## ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

**Table 1**
**Systemwide Outlet Summary**
**For years 2022, 2023, and 2024**

| OUTLET TYPE | YEAR | OUTLETS AT THE START OF THE YEAR | OUTLETS AT THE END OF THE YEAR | NET CHANGE |
|---|---|---|---|---|
| **Franchised** | 2022 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | +1 |
| | 2024 | 1 | 2 | +1 |
| **Company Owned** | 2022 | 1 | 1 | 0 |
| | 2023 | 1 | 1 | 0 |
| | 2024 | 1 | 1 | 0 |
| **Total Outlets** | **2022** | **1** | **1** | **1** |
| | **2023** | **1** | **2** | **+1** |
| | **2024** | **2** | **3** | **+1** |

**Table 2**
**Transfers from Franchisees to New Owners (Other than the Franchisor)**
**For years 2022, 2023, and 2024**

| STATE | YEAR | NUMBER OF TRANSFERS |
|---|---|---|
| **All States** | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 0 |
| **Totals** | **2022** | **0** |
| | **2023** | **0** |
| | **2024** | **0** |

**Table 3**
**Status of Franchised Outlets**
**For years 2022, 2023, and 2024**

| STATE | YEAR | OUTLETS AT START OF YEAR | OUTLETS OPENED | TERM-INATIONS | NON-RENEWALS | OUTLETS REACQUIRED BY FRANCHISOR | CEASED OPERATIONS—OTHER REASONS | OUTLETS AT END OF THE YEAR |
|---|---|---|---|---|---|---|---|---|
| North Carolina | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| **Totals** | **2022** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| | **2023** | **0** | **1** | **0** | **0** | **0** | **0** | **1** |
| | **2024** | **1** | **1** | **0** | **0** | **0** | **0** | **2** |

**Table 4**
**Status of Company-Owned Outlets**
**For years 2022, 2023, and 2024**

| STATE | YEAR | OUTLETS AT START OF YEAR | OUTLETS OPENED | OUTLETS REACQUIRED FROM FRANCHISEE | OUTLETS CLOSED | OUTLETS SOLD TO FRANCHISEE | OUTLETS AT END OF THE YEAR |
|---|---|---|---|---|---|---|---|
| North Carolina | 2022 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 1* | 1 |
| **Totals** | **2022** | **1** | **0** | **0** | **0** | **0** | **1** |
| | **2023** | **1** | **0** | **0** | **0** | **0** | **1** |
| | **2024** | **1** | **0** | **0** | **0** | **1** | **1** |

*Note: In 2024, our affiliate-owned outlet sold a portion of its territory to a franchisee, who commenced operations in 2024. For the purpose of Item 20 tables, we disclose this outlet as sold to a franchisee. Our affiliate-owned outlet remains operational in other portions of its territory in North Carolina.

**Table 5**
**Projected Openings as of December 31, 2024**
**For Year 2025**

| STATE | FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED | PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR | PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR |
|---|---|---|---|
| Florida | 0 | 1 | 0 |
| New Jersey | 1 | 0 | 0 |
| North Carolina | 0 | 1 | 0 |
| Pennsylvania | 0 | 1 | 0 |
| **TOTALS** | **1** | **3** | **0** |

Among the attached Exhibits you will find:

Exhibit B-1 Listing of Current Franchisees lists the names of all current franchisees and the addresses and telephone numbers of their outlets as of December 31, 2024.

Exhibit B-2 List of Certain Past Franchisees lists the name, city, state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this FDD.

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

There are no independent or trademark specific franchisee organizations that have been asked to be included in this disclosure document or that we have created, sponsored, or endorsed. Within the past three years, we have not signed any confidentiality agreements with our franchisees limiting their communication with you.

## ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit C is our audited financial statements for the period ending December 31, 2024 and December 31, 2023. Because we have not been franchising for 3 years or more, we do not have 3 years of audited financial statements. Our fiscal year ends December 31.

## ITEM 22. CONTRACTS

A copy of the following contracts or documents are also attached as Exhibits hereto:

| | |
|---|---|
| Exhibit A | LINDEN CREEK FRANCHISE AGREEMENT with Attachment 1 (Franchise Rider), Attachment 2 (Internet, Social Media, and Telephone Assignment), Attachment 3 (Guaranty), Attachment 4 (Nondisclosure and Noncompetition Agreement), Attachment 5 (Nondisclosure and Non-solicitation Agreement) |
| Exhibit F | Sample General Release Agreement |
| Exhibit G | ACH Transfer Agreement |
| Exhibit L | Form of Franchise Compliance Certification |

## ITEM 23. RECEIPT

You will find copies of a detachable receipt in Exhibit M at the very end of this disclosure document. Please sign both acknowledging receipt of this disclosure document and return one of them to us for our files.

# EXHIBIT A

# FRANCHISE AGREEMENT

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Attachment 1 -- Franchise Rider
Attachment 2 -- Internet, Social Media, and Telephone Assignment
Attachment 3 -- Guaranty
Attachment 4 -- Nondisclosure and Noncompetition Agreement
Attachment 5 – Nondisclosure and Non-solicitation Agreement

**LINDEN CREEK FRANCHISING, LLC**
**FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** ("Agreement") is made and entered into as of _____ by and between LINDEN CREEK LLC, North Carolina limited liability company ("Franchisor"), and _____, a _____, ("Franchisee"). If the Franchisee is a corporation, partnership, limited liability company or other legal entity, certain provisions to this Agreement also apply to its owners ("Owners").

## RECITALS:

**A.** Franchisor has expended time, money and effort to develop a unique system for operating a design-focused business offering home staging services, interior design services, and related products and services with the goal of highlighting beauty, one house at a time. (The methods of operation, know how, experience and form of operation acquired, devised and/or established by Franchisor are referred to herein as the "System"; the chain of current and future LINDEN CREEK businesses are referred to herein as the "Chain.")

**B.** The distinguishing characteristics of the System include the name "LINDEN CREEK", three distinct lines of business; unique methods and procedures; supply relationships; distinctive décor; color schemes; high-quality products, superior services, proprietary marks, information, the Brand Standards Manual (defined below), methods of operation, management programs, and advertising and promotional programs, all of which Franchisor may improve, amend, and further develop from time to time.

**C.** Franchisor has the right to license certain service marks, trade names and trademarks, including, but not limited to, the "LINDEN CREEK" trademark as well as certain other trademarks, service marks, slogans, logos and emblems which have been and which may hereafter be designated by Franchisor for use in connection with the System ("Marks").

**D.** Franchisee desires to obtain a license from Franchisor for use of the Marks and the System solely for the operation of a business at the location listed below ("Franchised Business"), and Franchisee desires to use the Marks, the System, other benefits derived from this franchise relationship strictly in accordance with the provisions set forth below.

NOW, THEREFORE, in consideration of the recitals and the mutual agreements set forth below and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

## 1. Grant.

Franchisor hereby grants to Franchisee, on the terms and conditions contained in this Agreement, and Franchisee accepts from Franchisor, a license ("License") to establish, own, and operate under the System, one (1) Franchised Business within the Territory specified in the Franchise Rider ("Franchise Rider") attached hereto as Attachment 1. Franchisee agrees to identify the Franchised Business and all of the items and services Franchisee sells or offers for sale only

by the Marks. Franchisee has no right to use the System or the Marks for any purpose other than as expressly provided herein. Franchisor and Franchisor's affiliates reserve any and all rights not expressly granted to Franchisee under this Agreement. Franchisor grants franchises and the rights to develop and operate a LINDEN CREEK Franchised Business only pursuant to the express terms of written agreements and not orally. For the purposes of this Agreement, the use of the term "affiliate" shall mean an entity's subsidiary or parent and an entity controlled by, controlling, or under common control with, another entity.

Pursuant to this grant, Franchisee, at its own expense, shall construct or establish, staff, open and operate the Franchised Business within the Territory, in accordance with this Agreement. Unless otherwise agreed in a writing executed by Franchisor, Franchisee shall commence operating the Franchised Business within one hundred eighty (180) days of the execution of this Agreement, and shall diligently operate such business in accordance with this Agreement for the Initial Term stated herein. Failure to timely open the Franchised Business shall constitute an event of default under the Agreement. If Franchisee fails to timely open the Franchised Business, Franchisor, in its sole discretion may: (i) allow more time; or (ii) terminate this Agreement without any refund to Franchisee. Franchisee shall obtain Franchisor's prior permission to commence operations of the Franchised Business. Franchisee shall always operate the Franchised Business in accordance with the terms of this Agreement, which terms expressly require compliance with the Brand Standards Manual (as defined in Section 11(f)) and Franchisor's standards and specifications. Franchisee covenants that during the Initial Term, it will at all times faithfully, honestly and diligently perform its obligations under this Agreement, and that it will continuously exert its best efforts to promote and enhance the business of the Franchised Business and other Franchised Businesses established and operated by Franchisee.

**2. Term, Expiration, and Additional License Period.**

**(a) Initial Term.** The initial term of this Agreement shall commence upon the execution of this Agreement, and shall expire at midnight on the day preceding the tenth ($10^{th}$) annual anniversary date of the execution of this Agreement ("Initial Term"), unless this Agreement has been sooner terminated in accordance with the terms and conditions herein.

**(b) Additional License Period.** Upon expiration of the Initial Term, Franchisee will have the right to be granted a renewal of the License for one (1) additional consecutive period of five (5) years from the date of expiration of the Initial Term ("Renewal Term"), provided the following conditions have been met prior to the expiration of the Initial Term:

**(i) Notice.** Franchisee has given Franchisor written notice of its intent to renew the License not less than nine (9) months nor more than twelve (12) months prior to the expiration of the Initial Term;

**(ii) Compliance**. Franchisee is not in default of any of the provisions of this Agreement, in default of the Minimum Gross Revenues amount as defined below, or any other agreement between Franchisee and Franchisor or its affiliates, both at the time Franchisee gives notice of its intent to exercise its rights under the terms of this Section 2(b) and at the commencement of the Renewal Term;

**(iii) Debts Current.** All debts and obligations of Franchisee under this Agreement shall be current, including but not limited to Franchisee's obligations to make contributions to the Brand Fund (as defined herein) and each Cooperative (as defined herein) of which Franchisee is a member;

**(iv) Notice of Default**. Franchisee has not received more than two (2) notices of default during any consecutive twelve (12) month period during the Initial Term;

**(v) Renewal Agreement**. Franchisee, its Owners, and its guarantors execute and deliver to Franchisor, within thirty (30) days after delivery to Franchisee, the then-current form of LINDEN CREEK franchise agreement and ancillary agreements, which agreements shall supersede this Agreement in all respects, and the terms, conditions, obligations, rights, and other provisions of which may be substantially and materially different from those spelled out in this Agreement (including for example, different performance standards, fees structures, increased fees, and/or reduced territory protections);

**(vi) Renewal Fee**. Franchisee has paid to Franchisor a renewal fee equal to the greater of Five Thousand Dollars ($5,000) or ten percent (10%) of the then-current initial franchise fee, which fee shall be due in immediately available funds upon the execution of the new franchise agreement;

**(vii) Release**. Franchisee; Owners; guarantors of the Franchisee; and their respective predecessors, affiliates, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns, execute and deliver to Franchisor a general release, in the form prescribed by Franchisor, releasing, to the fullest extent permitted by law, all claims that they may have against Franchisor; Franchisor's predecessors, and affiliates; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities;

**(viii) Renovating**. Franchisee shall make or provide for in a manner satisfactory to Franchisor, such renovation, upgrading, and re-equipping of the Franchised Business as Franchisor may require, including, without limitation, renovation, upgrading, or replacement of equipment, signs, inventory, Computer Systems (as defined in Section 11 below), fixtures, colors, vehicles and decor, to reflect the then-current standards and image of the System;

**(ix) Current Training**. Franchisee complies with Franchisor's then-current training requirements.

If Franchisee fails to perform any of the acts set forth in paragraphs (i) through (ix) of this subsection in a timely fashion, such failure will be deemed an election by Franchisee not to

exercise its right to enter into a renewal franchise agreement, and will cause Franchisee's right to enter into a renewal franchise agreement to expire without further notice or action by Franchisor.

**(c) Expiration.** Renewal of the License after the Initial Term or Renewal Term shall not constitute an extension of this Agreement, but shall be conditioned upon satisfaction of the above provisions and shall, upon expiration of the Initial Term and Renewal Term, be governed by the Franchise Agreement then executed by Franchisee. If Franchisee fails to meet any of the conditions under this Section 2 with respect to renewal of the License, then the License shall automatically expire at the end of the Initial Term or Renewal Term, as applicable. Subject to the requirements of this Section 2, Franchisee may only be granted a maximum of one (1) Renewal Term. Franchisee will have no further rights to operate the Franchised Business following the expiration of the Renewal Term unless Franchisor grants Franchisee another franchise or agrees to further renewals, in Franchisor's sole discretion. As necessary, the renewal franchise agreement may be amended to reflect this provision. If this Agreement is a renewal agreement, the renewal provisions in Franchisee's original franchise agreement will dictate the length of the term of this Agreement as well as Franchisee's remaining renewal rights, if any.

**(d) Continued Operation Following Expiration.** Unless Franchisee exercises its option to renew the License granted under this agreement in accordance with this Section, Franchisee has no right to continue to operate the Franchised Business after the expiration date. If Franchisor permits Franchisee to continue to operate the Franchised Business after the expiration date, but before the execution by Franchisee of a renewal franchise agreement for a new Renewal Term as required by Section 2(b) to 2(c) above, then the temporary continuation of the operations Franchised Business will be on a month-to-month extension of this Agreement and all of its terms, and will be terminable at Franchisor's will by giving Franchisee written notice of termination at least thirty (30) days before the termination is effective. If Franchisor allows Franchisee to continue to operate the Franchised Business on a month-to-month extension of this Agreement and all of its terms, after the expiration of this Agreement for any reason, then Franchisee must pay to Franchisor monthly an additional fee equal to one hundred fifty percent (150%) of the Royalty due for the same month for every month of month-to-month operation after the expiration date, up to Franchisor's then-current initial franchise fee, which fee shall be in addition to Royalty, Brand Fund contributions, and any other payments due to Franchisor under this Agreement. If applicable law requires a longer notice period, the thirty (30)-day period will be deemed modified to be the shortest notice period required by such laws.

**(e) Territory Modification on Renewal.** Franchisor has the sole discretion to modify Franchisee's Territory upon renewal, including reducing the Territory size. One of the factors Franchisor may evaluate at that time is the market penetration throughout the Territory.

**(f) Notice**. If applicable law requires that Franchisor gives notice of expiration or non-renewal to Franchisee prior to the expiration of the Initial Term or any Renewal Term, this Agreement shall be deemed to remain in effect on a month-to-month basis until Franchisor has given to Franchisee that notice of expiration or non-renewal so required and the applicable period required to pass before the notice becomes effective shall have expired.

**3. Required Franchise Fees and Payments.**

**(a) Initial Franchise Fee and Royalties.** In consideration of Franchisor's execution of this Agreement and the services that Franchisor will perform, Franchisee agrees to pay to Franchisor the following fees in such manner as Franchisor may from time to time designate and on the due dates specified below, in the Franchise Rider, or as otherwise designated by Franchisor (each a "Due Date"):

**(i) Initial Franchise Fee.** An initial franchise fee in the amount set forth on Attachment 1 hereto ("Initial Franchise Fee") for the initial grant of the License and Franchisor's associated pre-opening obligations. The Initial Franchise Fee shall primarily compensate Franchisor for Franchisor's pre-opening obligations. The parties recognize the value of the Initial Franchise Fee approximates the market value of the pre-opening services. The Initial Franchise Fee is non-refundable.

**(ii) Royalty.** In further consideration of the grant of the License and in consideration of Franchisor's ongoing services to Franchisee, Franchisee agrees to pay to Franchisor a continuing royalty fee (the "Royalty"), as set forth on Attachment 1 attached hereto. The Royalty is due and payable monthly by the tenth ($10^{th}$) day of the month for the sales in the preceding month, or on such other Due Date Franchisor designates with thirty (30) days' advanced written notice to Franchisee.

**(iii) Technology Fee**. On each Due Date, Franchisee will be required to pay Franchisor's fee for the development, implementation, and maintenance of technologies for use at the Franchised Business in the amount of One Percent (1%) of the Gross Revenues of the Franchised Business ("Technology Fee"). Franchisor reserves the right to modify, amend, delete, or add to the technologies, goods, and services provided for the Technology Fee.

**(iv) Supplier Fees**. If Franchisor or its affiliate is the designated supplier for any required product or service for the Franchised Business (including but not limited to Computer Systems (like Archd) or marketing or website services), Franchisee shall pay Franchisor's or its affiliate's then-current rates for such products or services.

**(v) Shared Fees**. Franchisor reserves the right to have suppliers bill it or an affiliate for goods and services that benefit the system of LINDEN CREEK franchisees. Franchisee agrees to pay Franchisor its pro rata share of these goods and services costs and fees.

**(b) Franchisee's Account.** On each Due Date, Franchisee must pay Franchisor the fees set forth above, as well as any other amounts due to Franchisor under this Agreement or any other agreement between Franchisor and Franchisee. Franchisor may instead transfer these amounts due from the Franchisee's bank operating account ("Account"). Franchisee's sales report, in the form designated by Franchisor, shall be submitted to Franchisor on or before the Due Date of the Royalty or such other date determined by Franchisor with thirty (30) days' advanced written notice to Franchisee. If a transfer from Franchisee's Account is refused, an administrative fee of

Two Hundred Fifty Dollars ($250) will be assessed, as well as reimbursement to Franchisor of any fee its bank charges for uncollected deposit funds. If Franchisee has not reported Gross Revenues to Franchisor for any fiscal period, Franchisor may transfer from the Account an amount calculated in accordance with Franchisor's estimate of the Gross Revenues during the fiscal period. If, at any time, Franchisor determines that Franchisee has underreported its Gross Revenues, or underpaid the Royalty or other amounts due to Franchisor under this Agreement, or any other agreement, Franchisor may initiate an immediate transfer from the Account in the appropriate amount in accordance with the foregoing procedure, including interest as provided in this Agreement. Any overpayment will be credited to the Account effective as of the first reporting date after Franchisor and Franchisee determine that such credit is due. Alternatively, Franchisor shall have the right in lieu of the Royalty report submission procedure outlined above to obtain the Gross Revenues directly by accessing Franchisee's Computer Systems or requiring Franchisee to submit reports to Franchisor from Franchisee's Computer Systems.

Franchisor may, but is not obligated to, require Franchisee to remit payment of the Royalty and other fees by electronic funds transfer ("EFT"). In connection with payment of the Royalty by EFT, Franchisee shall: (1) comply with procedures specified by Franchisor in the Brand Standards Manual; (2) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by EFT as described in this Section; (3) give Franchisor an authorization in the form designated by Franchisor to initiate debit entries and/or credit correction entries to the Account for payments of the Royalty and other amounts payable under this Agreement, including any interest charges; (4) make sufficient funds available in the Account for withdrawal by EFT no later than the Due Date for payment thereof; and (5) maintain a single bank account to make all payments required by this Agreement. Franchisee must advise Franchisor at least fifteen (15) business days prior to any change in Franchisee's bank account or financial institution; no such change will be permitted without the prior written authorization of Franchisor. To ensure the orderly electronic transfer of the Royalties and all other fees as outlined in this Section 3, Franchisee will enter into and maintain a banking agreement with the financial institution which will be responsible for the transfer and payment of the fees owed by Franchisee to Franchisor, and a copy of that agreement will be submitted to Franchisor prior to the effective date of this Agreement. Franchisee shall not withhold any payments required to be made under this Agreement on any grounds, including any allegations of Franchisor's non-performance.

Failure by Franchisee to have sufficient funds in the Account shall constitute a default of this Agreement and may subject this Agreement to termination for cause as hereinafter set forth. If Franchisee is delinquent in the payment of any obligation to Franchisor, its affiliates or designees, then Franchisor (or such affiliates or designees), will have the right to apply any payment from Franchisee to any obligation due, including the oldest obligation due, whether under this Agreement or otherwise, notwithstanding any contrary designation by Franchisee as to such application. For the avoidance of doubt, Franchisor has the right to offset the payments owed to or amounts collected on behalf of Franchisee.

**(c) Inflation Adjustments.** Franchisor and its affiliates reserve the right to increase the amount of any flat or maximum fee provided for hereunder, including, without limitation, the Royalty or Brand Fund payments, due Franchisor or an affiliate under this Agreement or a related agreement ("Inflation Adjustment"). An Inflation Adjustment shall be in relation to the changes in

the Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor, the cost-of-living-adjustment ("COLA") using the COLA factors determined by the United States Department of Labor, or such other measure determined reliable by Franchisor. Franchisor will notify Franchisee of the amount or percentage adjustment thirty (30) days prior to their effective date.

**(d) No Offset or Retention of Funds.** Franchisee may not offset or withhold payments owed to Franchisor or any of its affiliates for amounts purportedly due to Franchisee as a result of any dispute of any nature or otherwise, but will pay such amounts to Franchisor or its affiliates and only thereafter seek reimbursement. Franchisor and its affiliates will have the right to offset any amounts due to Franchisor or its affiliates from amounts that Franchisor or its affiliates may owe Franchisee.

**(e) Late Fees and Interest**. If Franchisee fails to pay the full amount of any fee due to Franchisor under this Agreement on the Due Date of such fee, Franchisee shall pay a late fee equal to ten percent (10%) of each payment that is overdue and interest on the amount due and unpaid at an interest rate equal to the lower of Two Percent (2%) or the maximum interest rate allowed by law.

## 4. Franchisor Services.

**(a) Franchisor Services.** During the Initial Term, Franchisor agrees to provide to Franchisee the following services:

**(i) Specifications, Standards, and Approved Suppliers.** To the extent Franchisor has specifications, approved suppliers, or designated suppliers, Franchisor shall provide Franchisee with specifications and/or a list of required or approved suppliers for any required or recommended goods or services to be used in connection with the Franchised Business; provided that Franchisor reserves the right to amend and/or modify such specifications or supplier lists at any time. To the extent Franchisor has standards and specifications for them, Franchisor shall provide Franchisee with standards and specifications for all goods and services to be provided at the Franchised Business.

**(ii) Initial Training Program.** Franchisor shall provide Franchisee with a pre-opening training program for the Operations Manager (as defined in Section 11(a)) and at least one Owner, and such other persons as Franchisor may reasonably designate; provided that Franchisee shall be responsible for all expenses incurred by such persons in connection with training, including, without limitation, all cost of travel, lodging, meals and wages. Unless this is Franchisee's (or its affiliate's') second or subsequent Franchised Business, as part of the initial training program, Franchisor shall provide at least one (1) representative at the Franchised Business for up to two (2) days for additional training and assistance within sixty (60) days of the opening of the Franchised Business.

**(iii) Advice.** At Franchisee's reasonable request, Franchisor will promptly provide such advice and information as it considers reasonably appropriate to assist Franchisee with all methods and procedures associated with the System marketing and advertising; management and administration, the use of the System or any changes to it

and the use and application of products and services. Franchisee understands and agrees that such advice and information may be rendered by phone, video conference, electronically, through the Brand Standards Manual, training and/or by such other means as Franchisor deems appropriate in its sole discretion. Franchisor may, in its discretion, convene meetings of franchisees as it considers necessary or appropriate, in its discretion. If Franchisee requests advice, information, or assistance at a level greater than what is provided to other franchisees, Franchisor reserves the right to charge Franchisee its then-current training fee.

**(iv)** **Additional Training**. In Franchisor's sole discretion and/or at the request or Franchisee, Franchisor may offer additional or supplemental training, conferences, or conventions. Franchisee shall be responsible for all expenses incurred by such persons in connection with additional or supplemental training, including, without limitation, all cost of travel, lodging, meals and wages. Franchisor also reserve the right to charge an additional fee and to require attendance at additional trainings, conferences, or conventions.

**(v)** **Information.** Franchisor shall communicate to Franchisee information relating to the operation of a LINDEN CREEK Franchised Business, and to the extent necessary or pertinent to the operation of the Franchised Business, Franchisor's know-how, new developments, techniques and improvements in the areas of Franchised Business management, employee training, marketing and service. Franchisor will, directly or through its staff, send communications at least weekly to Franchisee, using communications methods of Franchisor's choice. This shall not be deemed an obligation of Franchisor to create any new developments or improvements.

**(vi)** **Opening Package**. Before the time that Franchisee commences operations of the Franchised Business, Franchisor or its affiliates will sell to Franchisee an opening package of inventory for use with the Franchised Business.

**(b)** **Legal Expenses**. Franchisor may in certain situations incur legal expenses while providing assistance to Franchisee with respect to, without limitation, lease negotiations, or other legal compliance issues. Such assistance may be at the request of Franchisee or required by Franchisor; provided however, that Franchisor shall have the sole discretion as to whether or not to provide legal assistance. In the event Franchisor does incur legal expenses on behalf of Franchisee, Franchisee shall reimburse Franchisor for such expenses immediately upon notice from Franchisor. Franchisor may, at its option, be reimbursed by EFT.

**(c)** **Acknowledgement**. FRANCHISEE AGREES THAT FRANCHISOR IS NOT OBLIGATED TO PROVIDE ANY TRAINING OR ASSISTANCE TO FRANCHISEE'S PARTICULAR LEVEL OF SATISFACTION, BUT AS A FUNCTION OF FRANCHISOR'S EXPERIENCE, KNOWLEDGE AND JUDGMENT. FRANCHISEE ALSO ACKNOWLEDGES THAT NEITHER FRANCHISOR NOR ITS AFFILIATES IS OBLIGATED TO PROVIDE ANY SERVICES TO FRANCHISEE THAT ARE NOT SET FORTH IN THIS AGREEMENT. IF FRANCHISEE BELIEVES FRANCHISOR HAS FAILED TO ADEQUATELY PROVIDE ANY PREOPENING SERVICES TO FRANCHISEE, FRANCHISEE MUST NOTIFY FRANCHISOR

IN WRITING WITHIN THIRTY (30) DAYS FOLLOWING THE OPENING OF FRANCHISEE'S FRANCHISED BUSINESS OR FRANCHISEE WILL BE DEEMED TO CONCLUSIVELY ACKNOWLEDGE THAT ALL PRE-OPENING SERVICES REQUIRED TO BE PROVIDED BY FRANCHISOR WERE SUFFICIENT AND SATISFACTORY IN FRANCHISEE'S JUDGMENT, AND COMPLIANT WITH ALL REPRESENTATIONS MADE TO FRANCHISEE. IF FRANCHISEE FAILS TO SO NOTIFY FRANCHISOR, FRANCHISEE WILL BE DEEMED TO HAVE WAIVED ALL CLAIMS RELATING TO OR ARISING FROM FRANCHISOR'S OBLIGATIONS TO PROVIDE PRE-OPENING ASSISTANCE.

**5. Territorial Provisions.**

**(a) Territory.** Subject to the provisions of this Section 5, provided Franchisee is in compliance with its obligations under this Agreement, Franchisor agrees that during the Initial Term it will not locate nor license another to locate another property staging and interior design business operating under the Marks and the System within the territory set forth in the Franchise Rider ("Territory"). Until such time as the Territory is identified and agreed upon in the Franchise Rider or in the Territory Acceptance Letter (as defined in the Franchise Rider), no Territory will be granted to Franchisee and Franchisor shall have the right to locate other franchises anywhere Franchisor determines without interfering with any territorial rights of Franchisee. Franchisee must use commercially reasonable efforts to develop demand for the services offered by the Franchised Business and to service its customers, all in accordance with the standards and specifications established by Franchisor. Franchisee hereby acknowledges and agrees that the Territory is of sufficient size and scope to support the Franchised Business.

**(b) Territory Modifications.** If Franchisee meets Franchisor's standards for multiple Territory ownership and has markets contiguous to its Territory that have not been purchased by other franchisees and/or are not reserved for corporate markets, then at the time of signing this Agreement, Franchisee can also purchase one or more additional Territories ("Additional Territories") for a larger initial franchise fee. The Additional Territories are included in the meaning of "Territory" as defined in this Agreement and will be subject to all of the terms and conditions related to the Territory.

Franchisor has the right to evaluate Franchisee's market penetration upon the fifth ($5^{th}$), seventh ($7^{th}$), and ninth ($9^{th}$) anniversaries of the execution of this Agreement. If at the time of evaluation, Franchisee is failing to achieve at least twenty five percent (25%) of its Gross Revenues or twenty-five percent (25%) of its leads during the preceding one (1)-year look-back period from the areas defined as Additional Territories, then Franchisor can remove the underperforming Additional Territories from Franchisee's overall Territory upon notice and resell such Additional Territories.

If the number of single-family homes within the Territory increases by more than twenty percent (20%) at any point during the Initial Term, then upon thirty (30) days notice to Franchisee, Franchisor has the right to modify Territory and the number of homes within it, in Franchisor's sole discretion. In no instance will the modified Territory have less than two hundred thousand (200,000) single family residences per initial Territory purchased or Additional Territory, as determined by the latest U.S. Census, or other data Franchisor deems reliable.

**(c)** **Reservation of Rights**. All rights that are not granted to Franchisee in this Agreement are specifically reserved to Franchisor, and Franchisor will not be restricted in any manner from exercising them nor will Franchisor be required to compensate Franchisee should Franchisor exercise them. This includes the right, directly or through others and regardless of either (a) proximity to the Franchised Business or Territory or (b) any actual or threatened impact on sales of the Franchised Business to:

**(i)** use the Marks and System in connection with establishing and operating LINDEN CREEK businesses at any location outside the Territory;

**(ii)** use the Marks or other marks in connection with selling or distributing any goods (including branded merchandise) or services anywhere in the world (including within the Territory), whether or not Franchisee also offers them, through channels of distribution other than a LINDEN CREEK-branded property staging and interior design business (including, for example, other permanent or temporary retail locations, mobile applications, off-site locations, limited-time events in the Territory, kiosks, carts, trucks, catalogs, mail order, wholesaling, social media, or the internet or other electronic means);

**(iii)** acquire, establish or operate, without using the Marks, any business of any kind at any location anywhere in the world (including within the Territory);

**(iv)** use the Marks in connection with soliciting or directing advertising or promotional materials to customers anywhere in the world (including within the Territory);

**(v)** directly, or through an authorized third party, advertise, solicit, enter into contracts with and service National Account customers in any area, including in the Territory, whether or not Franchisee has or is currently providing services to the customer, subject to the terms of Section 5(f). If (1) Franchisee declines to service a National Account customer, (2) Franchisee fails to service the National Account customer in accordance with Franchisor's standards or by any specified deadlines, (3) Franchisor reasonably determines that Franchisee is not able to reliably service the National Account customer, or (4) the National Account customer requests that Franchisee not fulfill the service order, Franchisor may designate another party to service the National Account customer in the Territory from that time on without paying any compensation to Franchisee. Such designated parties could be Franchisor, Franchisor's affiliates, other franchisees, or another third party. Franchisor's exercise of the reserved rights described in this subsection are not a default of this Agreement or any other agreement between the parties; and

**(vi)** use and license to any party to use Franchisor's or its affiliates' (1) intellectual property and/or (2) software anywhere in the world (including within the Territory); provided, however, that such licenses shall not include the right to use the Marks in connection with a LINDEN CREEK branded business in the Territory that uses the System.

**(d)** **Alternate Channels of Distribution**. Franchisee may offer and sell approved products and services only from the Franchised Business and within the Territory, except as Franchisor otherwise approves in advance, and in such event only in accordance with the

requirements of this Agreement and the procedures set forth in the Brand Standards Manual, which approval Franchisor may revoke at any time for any reason. All activities out-of-Territory must be conducted in accordance with, and be at locations that are in compliance, with Franchisor's brand standards and Franchisor may revoke Franchisee's right to conduct out of-Territory activities if Franchisee does not comply with the brand standards. Franchisee may not offer or sell products through any other channels of distribution without Franchisor's prior approval. Other channels of distribution include, without limitation, mail order, catalog sales, wholesaling, computer, telemarketing, other retail locations or events, kiosks, traveling carts or trucks, mobile application, social media, and/or internet marketing. Unless Franchisee obtains Franchisor's prior written permission, Franchisee shall only offer or sell products and services to retail customers for their use and consumption and not for resale. Franchisee shall follow all of Franchisor's standards, procedures, and instructions regarding any activities outside of the Territory. If Franchisor grants Franchisee permission to conduct any out-of-Territory activity, Franchisee acknowledges and agrees that Franchisee does not gain any additional territory or exclusivity rights. Franchisor has the right to terminate or suspend Franchisee's approval to conduct any out-of-Territory activity, and Franchisee shall immediately comply. Franchisee shall provide Franchisor with the information for any customers it has serviced outside of the Territory. Such out-of-Territory customers may be serviced by Franchisor, an affiliate of Franchisor, or any of Franchisor's franchisees. Franchisee agrees to comply with Franchisor's then-current policy for referring customers who Franchisee receives as a lead but who are located outside of the Territory.

**(e) Soliciting and Marketing**. Franchisee shall not advertise, market, or solicit outside of the Territory, except as Franchisor otherwise approves in advance, and in such event only in accordance with the requirements of this Agreement and the procedures set forth in the Brand Standards Manual, which approval Franchisor may at any time for any reason. Franchisor does not warrant or represent that no other LINDEN CREEK Franchised Business will solicit or make any sales within the Territory, and Franchisee hereby expressly acknowledges and agrees that such solicitations or sales could occur within the Territory. Franchisor shall have no duty to protect Franchisee from any such sales, solicitations, or attempted sales.

**(f) No Right of First Refusal or Options**. Franchisee has no right of first refusal or other options or rights to open any additional LINDEN CREEK businesses.

**(g) National Accounts**.

**(i) Establishing Accounts**. At Franchisor's option and not obligation, Franchisor may enter into agreements with third parties to provide services to customers with multiple locations, whether those locations are all within Franchisee's Territory or not ("National Account"). Franchisee shall have the right and obligation to provide services to National Account customers at the prices Franchisor establishes in the Territory; otherwise, if a National Account is located outside Franchisee's Territory, Franchisor reserves the right to designate any of its franchisees or affiliates to service the National Account. Franchisee shall provide the National Account services at the rate Franchisor establishes. Franchisor reserves the right to manage all billing of National Account customers and Franchisee shall comply with Franchisor's billing requirements. Franchisor and its affiliates may solicit prospective National Account customers in Franchisee's Territory,

whether or not Franchisee currently provides services to them. Franchisee shall comply with Franchisor's standards and requirements for providing services and products to National Account customers, which standards and requirements may be specific to each National Account customer.

**(ii)** **Pricing**. Franchisee agrees and acknowledges that Franchisor will negotiate the pricing for National Accounts and that such negotiations may result in discounted prices and higher volumes. Pricing for National Accounts may result in less revenue for Franchisees than if Franchisee were servicing the National Account customer independently. Franchisee acknowledges and agrees that Franchisor may set discounts, commissions, price structures, and performance and maintenance standards for National Accounts.

**(iii)** **Service by Another Party**. If (1) Franchisee declines to service a National Account customer, (2) Franchisee fails to service the National Account customer in accordance with Franchisor's standards or by any specified deadlines, (3) Franchisor reasonably determines that Franchisee is not able to reliably service the National Account customer, or (4) the National Account customer requests that Franchisee not fulfill the service order, Franchisor may designate another party to service the National Account customer in the Territory from that time on without paying any compensation to Franchisee. Such designated parties could be Franchisor, Franchisor's affiliates, other franchisees, or another third party. Failing to service National Account customers according to the terms of this Agreement, the Brand Standards Manual, and/or the terms of the contract with the National Account customer is a default under this Agreement. Neither Franchisor nor any of its designated parties will be liable for or obligated to pay Franchisee any compensation for providing such services and neither Franchisor nor any of its designated parties will be considered in breach of any provision of this Agreement or any other agreement between the parties. Franchisor shall not be liable to Franchisee for the National Account services performed within Franchisee's Territory pursuant to the terms of this Section 5(f)(iii).

## 6. Office, Warehouse, and Vehicle.

**(a)** **Office and Warehouse.** Within ninety (90) days of signing this Agreement, Franchise shall have obtained Franchisor's acceptance of an office location ("Office") and a warehouse ("Warehouse"). The Office does not need to be located in the Territory. Both the Office and the Warehouse must comply with Franchisor's standards and specifications. Failure by Franchisee to acquire an Office and Warehouse for the Franchised Business within the time required herein shall constitute a default under this Agreement, and Franchisor, in its sole discretion, may terminate the Franchise Agreement pursuant to the terms of Section 17 of this Agreement. If it complies with Franchisor's standards, Franchisee may have a home office as the Office. FRANCHISEE EXPRESSLY ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S ACCEPTANCE OF AN OFFICE AND WAREHOUSE FOR FRANCHISEE'S FRANCHISED BUSINESS IS NOT AND SHALL NOT BE CONSTRUED AS A GUARANTEE OR ASSURANCE THAT THE BUSINESS WILL BE PROFITABLE. If Franchisor does not accept of a site proposed by Franchisee within fifteen (15) days after receiving the proposal thereof,

such site shall be deemed rejected by Franchisor and Franchisee shall not locate its Franchised Business at such site. It shall be the responsibility of Franchisee to determine that the Office and Warehouse can be used, under all applicable laws and ordinances, for the purposes provided herein. Franchisee shall obtain all permits and licenses that may be required to establish and operate the Franchised Business from the Office and Warehouse. Franchisee agrees that the Warehouse will not be used for any purpose other than the operation of the Franchised Business in compliance with this Agreement. Franchisee is responsible for constructing, renovating or up fitting or causing to be constructed, renovated or up fitted, the Office and Warehouse for the purpose of operating the Franchised Business. Franchisee shall not, without first obtaining Franchisor's written consent, which is subject to the Franchisor's sole discretion, relocate the Office or Warehouse.

**(b) Inspections**. Franchisee hereby grants Franchisor and its agents the right to inspect the Office, Warehouse, and the operations of the Franchised Business, with or without notice, in person or remotely via communications technology, in order to inspect, photograph, and/or videotape any construction, remodeling, and equipping of any Office and Warehouse as well as the operations of the Franchised Business to ensure compliance with all requirements of this Agreement. Such inspections may occur at the Office and Warehouse or at any location where the goods and services of the Franchised Business are provided, including at customer's locations. These inspections may occur any time after the execution of this Agreement, including before Franchisee has commenced operations of the Franchised Business. Franchisee will cooperate with Franchisor's representatives in those inspections by rendering whatever assistance Franchisor may reasonably request, including using communications or audiovisual technology, such as a smartphone, to facilitate the remote inspection by Franchisor or Franchisor's agents and the assistance necessary to enable Franchisor to contact and interview architects, designers, contractors, sub-contractors, vendors, and employees, as well as Franchisee's customers and former customers. Upon reasonable notice from Franchisor, and without limiting Franchisor's other rights under this Agreement, Franchisee will take such steps as may be necessary to correct the deficiencies detected during any such inspection, including to repairing, updating, or replacing anything that does not conform with Franchisor's standards and specifications and modifying its operations to comply with Franchisor's standards and specifications. Franchisee acknowledges and agrees that any and all inspections by Franchisor and all demands made by Franchisor to correct deficiencies and conform to Franchisor's standards and specifications will not constitute a representation or warranty by Franchisor that an Office and Warehouse, Franchised Business, or its operations comply with applicable laws, codes, ordinances, regulations or governmental standards. Upon reasonable written notification from Franchisor of a scheduled inspection, an Operations Manager or Owner must be present during the inspection. In connection with the inspection and during the inspection, Franchisee also agrees to provide any documents, books, and records to Franchisor or its agent that Franchisor may request. Franchisor may remove samples of inventory from the premises during inspections.

**(c) Signs.** Franchisee shall prominently display, at its own expense, advertising signs in such form, color, number, location and size, and containing such Marks, logos and designs as Franchisor shall designate. Such signs may be placed at the Warehouse or on vehicles associated with the Franchised Business. Franchisee will be responsible for ordering any required signage. Franchisee shall obtain all permits and licenses required for such signs and shall also be responsible

for ensuring that all signs comply with all laws and ordinances. Franchisee shall not display in any sign or advertising of any kind to which Franchisor objects.

**(d) Updating.** Franchisor reserves the right to require Franchisee to generally refurbish and update the Franchised Business at Franchisee's expense, in order to conform to the then-current image for LINDEN CREEK franchises, which include, without limitation, structural changes, installation of new materials, equipment, Computer Systems, remodeling, redecoration, changing color schemes, purchasing new inventory and goods, and modifications and/or repairs to existing improvements. Franchisor may require Franchisee to perform such refurbishing and updating at such times as Franchisor, in its sole discretion, deems necessary and reasonable. FRANCHISEE ACKNOWLEDGES THAT NEW INVENTORY, EQUIPMENT, ALTERATIONS AND RENOVATIONS REQUIRED BY FRANCHISOR MAY INVOLVE SUBSTANTIAL ADDITIONAL INVESTMENT BY FRANCHISEE DURING THE INITIAL TERM. These remodeling and refurbishing obligations are in addition to Franchisee's general responsibility to maintain the condition and appearance of the Office and Warehouse consistent with Franchisor's then-current standards. Franchisee must keep the Office and Warehouse, including all of its fixtures, furnishings, equipment, materials, and supplies, in the highest degree of cleanliness, orderliness, and repair, as determined by Franchisor.

**(e) Vehicle.** Any vehicle used by Franchisee in the operation of the Franchised Business shall meet Franchisor's standards with respect to appearance and shall have the ability to satisfy the requirements imposed on Franchisee hereunder. Franchisee shall keep such vehicle clean and in good working order. Franchisee shall not engage or utilize any individual to operate a vehicle used in the Franchised Business who is under the age of 18 years (or the legal driving age, if greater) or who does not possess a valid driver's license under the laws of the state in which the Franchised Business is located. Franchisee shall require each such individual to comply with all laws, regulations, and rules of the road and to use due care and caution in the operation and maintenance of the vehicles. Franchisee shall cause each vehicle to be wrapped if required by Franchisor.

## 7. Proprietary System and Marks.

**(a) Ownership; Use by Others.** Franchisor and its affiliates shall have and retain all rights associated with the Marks other than those expressly licensed herein. Franchisee acknowledges that any unauthorized use of the System or the Marks is and shall be deemed an infringement of Franchisor's rights. Franchisee shall execute any documents deemed necessary by Franchisor, its affiliates, or their counsel for the protection of the System and the Marks or to maintain their validity or enforceability, or to aid Franchisor or its affiliates in acquiring rights in or in registering any of the System and the Marks or any trademarks, trade names, service marks, slogans, logos and emblems subsequently adopted by Franchisor. Franchisee shall give notice to Franchisor of any knowledge that Franchisee acquires regarding the use by others of the same or similar names or marks or of any claim or litigation instituted by any person or legal entity against Franchisee involving the System or any of the Marks. Franchisee shall cooperate with Franchisor and its affiliates in any suit, claim or proceeding involving the System or the Marks or their use to protect Franchisor's and its affiliates' rights and interest in the System and the Marks. In the event of any settlement, award or judgment rendered in favor of Franchisor or its affiliates relating to the use or ownership of the System or the Marks, such settlement, award or judgment shall be the

sole property of Franchisor, and Franchisee shall not be entitled to or make any claim for all or any part of it. Franchisor shall not be required to indemnify Franchisee against or reimburse Franchisee for any loss or damages arising out of Franchisee's use or misuse of any Mark or Franchisor's copyrights, patents, Customer Lists, Franchised Business Data, Confidential Information, Inventions and Ideas, or other proprietary information. Franchisee acknowledges and agrees that the restrictions set forth in this Agreement are reasonable and necessary for the protection of value of the Marks and the goodwill associated with the Marks and that any violation of this Agreement would cause substantial and irreparable injury to Franchisor, and that Franchisor would not have entered into a business relationship with Franchisee or enter into this Agreement without receiving Franchisee's unrestricted promise to use the Marks only in a the manner authorized by Franchisor.

**(b) Use of Marks.** During the Initial Term or thereafter, directly or indirectly, Franchisee shall not commit any act of infringement or contest or aid in contesting the validity or ownership of the System or the Marks, or take any other action to disparage them. Franchisee shall use the Marks only in connection with the operation of the Franchised Business at the Location specified herein, and shall use them only in the manner authorized by Franchisor. Franchisee shall prominently display the Marks in the manner prescribed by Franchisor on all signs, customer materials, vehicles, and other supplies and materials designated by Franchisor. Franchisee shall not fail to perform any act required under this Agreement, or commit any act which would impair the value of the Marks or the goodwill associated with the Marks. Franchisee shall not at any time engage in any business or market any products or service under any name or mark which is confusingly or deceptively similar to any of the Marks. Franchisee shall not use any of the Marks as part of its corporate or trade name and shall not use any trademark, trade name, service mark, logo, slogan or emblem in connection with the Franchised Business that has not been authorized by Franchisor. Franchisee shall obtain such fictitious or assumed name registrations as may be required by Franchisor or applicable state law. Franchisee shall not attempt to register or otherwise obtain any interest in any Online Presence containing or utilizing any of the Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Marks. Franchisee also acknowledges that its use of the Marks pursuant to this Agreement does not give Franchisee any ownership or other interest in or to the Marks, except the license granted by this Agreement. Franchisee shall not use any of Franchisor's Marks in connection with employee facing labor and employment materials.

**(c) Designation as Franchisee.** Franchisee shall take such additional action as may be necessary under the laws of the state in which the Franchised Business is operated to make clear to the public that Franchisee is an independent franchisee of Franchisor and not owned by Franchisor. Franchisee shall post in a conspicuous location at the business premises, as well as on invoices, purchase orders, marketing materials, Online Presences, and the like that "This LINDEN CREEK Franchise is independently owned and operated by [name of franchisee entity] under license from LINDEN CREEK LLC."

**(d) Discontinuance of Use: Additional Marks.** Franchisor has the right to change, revise, or substitute different Marks for use in identifying the System, the Franchised Business, and the products and services sold or offered for sale through the Franchised Business, if Franchisor, in its sole discretion, determines that change, revision, or substitution of different

Marks will be beneficial to the System. In such circumstances, the use of the substitute proprietary marks shall be governed by the terms of this Agreement. Franchisee shall comply with each such change, revision, or substitution and bear all expenses associated therewith. In the event that a court of competent jurisdiction should order, or if Franchisor in its sole discretion should deem it necessary or advisable, Franchisee shall modify or discontinue use of any Mark. Franchisee shall comply with Franchisor's directions regarding any such Mark within thirty (30) days after receipt of notice from Franchisor or, if such modification or discontinuance is court-ordered, immediately. Franchisor shall not be obligated to compensate Franchisee for any costs or expenses incurred by Franchisee in connection with any such modification or discontinuance. Franchisee shall also use such additional or substitute Marks as Franchisor shall direct.

**(e) Changes in Law Affecting Marks.** In the event that the trademark law is amended so as to render inapplicable any of the provisions of this Agreement, Franchisee shall sign any documents and do such other act and thing as in the opinion of Franchisor may be necessary to effect the intent and purpose of the provisions of this Agreement.

**(f) Copyrights and Patents.** Franchisee acknowledges that as between Franchisee and Franchisor, any and all present or future copyrights and patents relating to the System or the LINDEN CREEK concept, including, but not limited to, design copyrights, formulas, electronic code, software, the Brand Standards Manual, construction plans and specifications and marketing materials, belong solely and exclusively to Franchisor. Franchisee has no interest in Franchisor's copyrights or patents beyond the nonexclusive License granted in this Agreement.

**(g) Ideas and Innovations.** All concepts, inventions, ideas, applications, trademarks, service marks, enhancements, modifications, improvements or other processes, methods and designs, technologies, techniques, materials, computer software, electronic code, original works or authorship, formulas, patents, copyrights, marketing and business plans and ideas, and all improvements and enhancements thereto that Franchisee or any of its Owners, guarantors, shareholders, members, partners, directors, officers, or employees may develop, invent, discover, conceive or originate, alone or in conjunction with any other person or persons during the Initial Term or any Renewal Term that relate in any way, either directly or indirectly, to the Franchised Business and/or the System (collectively referred to as "Inventions and Ideas"), either in whole or in part during the Initial Term or any Renewal Term shall be the exclusive property of Franchisor. Franchisee must promptly disclose the existence of any and all Inventions and Ideas to Franchisor. To the extent any Invention or Idea does not qualify as a "work made for hire" for Franchisor, Franchisee and all guarantors of this Agreement hereby assign to Franchisor, without compensation, all right, title and interest in such Inventions and Ideas, and agree that they will execute any and all instruments and do any and all acts necessary or desirable to establish and perfect in Franchisor the entire right, title and interest in such Inventions and Ideas. Franchisor may incorporate such Inventions or Ideas into the System. As Franchisor may reasonably request, Franchisee shall, at Franchisor's expense, take all actions reasonably necessary to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

**(h) Customer and Other Data.** Franchisee shall maintain a current list of the names, home addresses, property addresses, service and purchase history, design information, e-mail addresses and telephone numbers of the customers and past customers who have provided such

information to the Franchised Business ("Customer List"). Franchisee shall provide the Customer List to the Franchisor upon request. Franchisee shall also use the Computer Systems that Franchisor designates to create, store, maintain, and share the Customer List. The Customer List shall be the property of Franchisor and Franchisor shall have the right to use the Customer List for any purposes, in Franchisor's sole discretion. Franchisee shall not collect, use, process, store, share, or sell any information from the Customer List to or with any person or entity other than Franchisor without the express written consent of Franchisor. Franchisee shall not delete any information that is in the Customer List without Franchisor's prior written consent or unless doing so is in accordance with the Data Protection and Security Policies. Likewise, other data collected by Franchisee or Franchisee's Computer Systems in connection with the Franchised Business (Customer List and the other data collectively referred to herein as "Franchised Business Data") is deemed to be owned by Franchisor, and Franchisee agrees to furnish the Franchised Business Data to Franchisor at any time that Franchisor requests it. Franchisee shall also use the Computer Systems that Franchisor designates to create, store, maintain, and share the Franchised Business Data. Franchisor hereby grants Franchisee a non-exclusive limited license to use Franchised Business Data while this Agreement or a successor franchise agreement is in effect, but only in accordance with the standards, specifications, procedures, and policies that Franchisor establishes periodically and applicable law. Upon termination, non-renewal, transfer, or expiration of this Agreement for any reason, Franchisor shall be the exclusive owner of Franchised Business Data and Franchisee shall not use or disclose the Franchised Business Data in any form or manner. Franchisee shall not be due any compensation based upon Franchisor's use of the Franchised Business Data. Franchisee may not collect, sell, disclose, share, transfer, or use Franchised Business Data for any purpose other than operating the Franchised Business. The Customer List and Franchised Business Data are expressly subject to the provisions of Section 11(o) and may constitute Personal Information.

**(i) Artificial Intelligence Prohibition**. Franchisee is expressly prohibited from utilizing any form of artificial intelligence (AI) technology in the operation, management, or marketing of the Franchised Business without the express approval of Franchisor. This includes, but is not limited to, AI-driven customer service, data analysis, image generation, text generation, code generation, sound generation, and decision-making tools. Any breach of this provision will be considered a material violation of this Agreement.

**8. Advertising.**

**(a) Contributions and Expenditures.** Recognizing the value of advertising and the importance of the standardization of advertising to the furtherance of the goodwill and public image of the System, Franchisor and Franchisee agree as follows:

**(i) Grand-Opening Advertising and Marketing.** Franchisee is required to spend a minimum of Three Thousand and Seventy-Five Dollars ($3,075) for grand-opening advertising and marketing to publicize the existence and opening of the Franchised Business, which advertising shall be in such form designated by Franchisor and which shall be conducted during the period that begins thirty (30) days prior to the opening of the Franchised Business and ends sixty (60) days after the opening of the Franchised Business. Franchisee may expend additional amounts on such advertising, provided the form and content is approved by Franchisor as provided in Section 8(e). Franchisor reserves the right

to require Franchisee to remit the spend to Franchisor who will spend it on Franchisee's behalf. Franchisee shall submit verification of its grand opening expenditures at such times and in such form as may be requested by Franchisor from time to time.

**(ii) Brand Fund.** Each month in which Brand Fund ("Brand Fund") has been established, Franchisee shall contribute to the Brand Fund such amount as Franchisor may designate from time to time, up to one percent (1%) of the Gross Revenues of the Franchised Business. Franchisor has the sole discretion to settle or forgive any accrued and unpaid Brand Fund contribution owed by any franchisee. Franchisee shall make its monthly contribution to the Brand Fund on the date and in the manner as Franchisor may designate from time to time. Franchisee agrees to make such contributions by EFT or in such other manner as the Franchisor may require, on or before each Due Date based on Franchisee's Gross Revenues from the preceding month, or such other date(s) identified by Franchisor with thirty (30) days' prior written notice.

**(iii) Minimum Local Advertising**. In addition to the grand opening requirements of Section 8(a)(i), Franchisee shall spend at least One Thousand and Five Hundred Dollars ($1,500) per quarter ("Minimum Local Advertising Spend") on local advertising in accordance with Franchisor's standards as set forth in the Brand Standards Manual. Franchisee shall submit verification of its local advertising expenditures at such times and in such form as may be requested by Franchisor from time to time. In the event that Franchisee fails to meet the Minimum Local Advertising Spend and/or fails to provide Franchisor with verification thereof, Franchisee shall pay to the Brand Fund Franchisee's Minimum Local Advertising Spend, less the amount Franchisee actually paid for local advertising. Franchisor has the right to require Franchisee to use the Minimum Local Advertising Spend to pay for specific advertising services, from suppliers approved by Franchisor. Franchisor may require Franchisee to remit the Minimum Local Advertising Spend to the Franchisor or its affiliates in exchange for local advertising services the Franchisor or its affiliate will provide to Franchisee. All local advertising shall either have been prepared by Franchisor or approved by Franchisor pursuant to Section 8(e). Funds that Franchisee is required to spend in the Cooperative (defined below), if created, will count towards the Minimum Local Advertising Spend.

**(b) Brand Fund.**

**(i) Use**. Franchisor has the sole discretion to determine where the Brand Fund contributions will be spent to promote, enhance, or further the growth of the LINDEN CREEK brand, Franchised Businesses, and System, including, but not limited to: developing and facilitating technologies for Franchisee to use in the operations of the Franchised Business; research; promotional marketing, public relations, and advertising expenses to promote the brand; hiring marketing, public relations and advertising agencies, technology companies, or paying the salaries of in-house personnel to assist in developing LINDEN CREEK brand name; developing, evaluating, or using technologies that Franchisor believes may benefit the brand, the customers, the franchisees, or the brand's reputation; developing new curricula, equipment, and franchisee revenue sources; expenses associated with listings on websites, contest registrations, digital marketing content, influencer marketing, radio, billboards, TV, print, or internet advertising, and

events and promotions designed to garner media attention and promote the brand name; expenses associated with conducting market research; travel expenses in connection with promotions and marketing meetings, training, development of trademarks and trademarked materials; production of marketing, public relations, or digital or social media content, including, but not limited to, advertisements, coupons, and other promotional materials; expenses incurred in developing and maintaining non-franchise sales portion of any Online Presence; developing one or more Online Presence; and expenses incurred in using search engine optimization, pay-per-click, or other digital marketing software, services, or companies to help promote the brand. Sums paid by Franchisee shall not be used to defray any of Franchisor's expenses, except for such reasonable administrative costs and overhead, if any, that Franchisor may incur in activities reasonably related to the administration or direction of the Brand Fund and promotion and advertising programs for franchisees and the System, including, among other things, the cost of personnel for creating and implementing the programs paid for by the Brand Fund.

**(ii)** **Administration**. The Brand Fund is not and shall not be an asset of Franchisor or its designee. The Brand Fund is administered by Franchisor's personnel under Franchisor's direction. The Brand Fund is not audited. Unless required by state law, Franchisor has no obligation to provide Franchisee with an accounting of the Brand Fund expenditures. At Franchisor's option, Franchisor can create a separate entity to be the recipient of Franchisee's Brand Fund contributions and Franchisee agrees, upon Franchisor's request, to tender Brand Fund payments to said entity. Franchisor, in Franchisor's sole discretion, may spend in any fiscal year an amount greater or less than the aggregate contributions to the Brand Fund in that year, and the Brand Fund may borrow from Franchisor or other lenders to cover deficits of the Brand Fund or cause the Brand Fund to invest any surplus. Franchisee acknowledges that other franchisees may not be required to contribute to the Brand Fund or may be required to contribute at a different rate. Franchisor is not obligated to maintain the Brand Fund contributions or income earned in a separate account from other Franchisor funds.

**(iii)** **No Proportionality.** Franchisee agrees that that Franchisor does not undertake any obligation to ensure that expenditures from the Brand Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Brand Fund by franchisees operating in such geographic area or that Franchisee or the Franchised Business will benefit directly or in proportion to its contribution to the Brand Fund.

**(iv)** **Liability**. Neither Franchisor and its affiliates nor any of its respective officers, directors, agents or employees, shall be liable to Franchisee with respect to the maintenance, direction or administration of the Brand Fund, including without limitation, with respect to contributions, expenditures, investments or borrowing, except for acts constituting willful misconduct. THE BRAND FUND IS NOT A TRUST FUND. FRANCHISOR AND ITS AFFILIATES SHALL HAVE NO FIDUCIARY DUTY TO FRANCHISEE IN CONNECTION WITH THE COLLECTION OR USE OF THE BRAND FUND MONIES OR ANY ASPECT OF THE OPERATION OF THE BRAND FUND. FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR AND ITS AFFILIATES WILL HAVE NO LIABILITY TO FRANCHISEE FOR ANY

DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES ARISING OUT OF OR IN ANY WAY CONNECTED TO THE BRAND FUND, GOODS OR SERVICES PROVIDED THROUGH THE BRAND FUND, OR ANY ADVERTISING PROGRAMS OR FRANCHISOR'S MODIFICATION OR DISCONTINUANCE FOR ANY REASON OF THE BRAND FUND OR ANY MARKETING, BRANDING, OR ADVERTISING PROGRAMS, OR FRANCHISEE'S PARTICIPATION THEREIN.

**(c) Local Cooperative Advertising.** Franchisee agrees that Franchisor shall have the right, in its sole discretion, to designate from time to time a geographical area in which the Franchised Business is located for the purpose of establishing an advertising cooperative ("Cooperative"). If a Cooperative has been established applicable to the Franchised Business at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Cooperative. If a Cooperative applicable to the Franchised Business is established at any later time during the Initial Term, Franchisee shall become a member of such Cooperative no later than thirty (30) days after the date on which the Cooperative commences operation. In no event shall the Franchised Business be required to contribute to more than one Cooperative. Franchisor has the sole discretion to create, change, dissolve, or merge a Cooperative. Franchisor also has the sole discretion to determine membership of a Cooperative.

The following provisions shall apply to each Cooperative:

**(i)** Each Cooperative shall be organized and governed in a form and manner, and shall commence operation on a date, approved in advance by Franchisor in writing.

**(ii)** Each Cooperative shall be organized for the purposes of producing and conducting general advertising programs and activities for use in and around the applicable geographic area and developing standardized promotional materials for use by the members.

**(iii)** No advertising programs or materials may be used by the Cooperative or furnished to its members, and no advertising or promotional activities may be conducted by the Cooperative, without the prior written approval of Franchisor. All such programs, materials and planned activities shall be submitted to Franchisor for approval in accordance with the procedure set forth in Section 8(e).

**(iv)** Members of the Cooperative shall make contributions to the Cooperative in such amounts as are determined by the governing body of the Cooperative. Each member of the Cooperative shall make contributions to the Cooperative on the same basis as the other members, whether owned by Franchisee, another franchisee, Franchisor, or Franchisor's affiliates. In no event shall members be required to contribute more than one percent (1%) of Gross Revenues.

**(v)** Franchisee shall make its contributions to the Cooperative on the date and in the manner designated by the Cooperative. Franchisee shall also submit such statements and reports as may be designated from time to time by the Cooperative. The Cooperative shall submit to Franchisor such statements and reports as Franchisor may designate from

time to time. The Cooperative shall prepare written governing documents that shall be available to Franchisee and Franchisor for review. These written governing documents are subject to Franchisor's approval. The Cooperative is responsible for determining its own voting procedures; however, each LINDEN CREEK business that is a member of the Cooperative is entitled to one vote. The Cooperative must prepare quarterly and annual financial statements and these statements must be made available to all members in the Cooperative. The members of the Cooperative and their governing body are responsible for administering the Cooperative.

**(vi)** Notwithstanding the foregoing to the contrary, Franchisor, in its sole discretion, may grant to any LINDEN CREEK business an exemption from the requirement of membership in a Cooperative. Such an exemption may be for any length of time and may apply to one (1) or more businesses owned by the exempted party.

**(vii)** The Cooperative is not a trust fund. Franchisor and its affiliates shall have no fiduciary duty to Franchisee in connection with the collection or use of the Cooperative monies or any aspect of the operation of any Cooperative.

**(d) Supplemental Advertising.** Franchisee shall have the right to conduct, at its separate expense, supplemental advertising in addition to the expenditures specified in this Section 8. All such supplemental advertising shall either have been prepared by Franchisor or approved by Franchisor pursuant to Section 8(e).

**(e) Approval by Franchisor.** Any and all advertising and promotional materials Franchisee uses must be approved by the Franchisor. Prior to their use by the Cooperative or by Franchisee, all advertising and promotional materials not prepared or previously approved by Franchisor within the ninety (90) day period preceding their intended use shall be submitted to Franchisor for approval. If approval is not received within twenty (20) days from the date of receipt by Franchisor of such materials, the materials shall be deemed disapproved by Franchisor. Franchisor may disapprove of any advertising or promotional materials at any time. Neither the Cooperative nor Franchisee shall use any disapproved advertising or promotional materials regardless of whether any such items had been previously approved by Franchisor.

**(f) Franchisor Advertising.** Franchisor may from time to time expend its own funds to produce such promotional materials and conduct such advertising as it deems necessary or desirable. In any advertising conducted solely by or for Franchisor, Franchisor shall have the sole discretion to determine the products and geographical markets to be included, and the medium employed and Franchisor shall not have any duty or obligation to supply Franchisee with any advertising or promotional materials produced by or for Franchisor at its sole expense. Franchisor may, from time to time, provide Franchisee with such approved advertising and promotional plans and materials as Franchisor deems advisable. Franchisor disclaims and Franchisee hereby acknowledges that Franchisee has not received or relied upon any warranty regarding the success of any advertising and/or promotional plans or materials recommended by Franchisor for use by Franchisee. Further, Franchisee acknowledges and agrees that all advertising and promotional plans and materials created in whole or in part by Franchisor are and remain the exclusive property of Franchisor. Franchisor shall have the right to include promotion of available franchises in all

marketing and advertising materials, including, but not limited to, signage in the Franchised Business, an Online Presence, print media, and TV or radio spots.

**(g) Ownership of Advertising.** Franchisor shall be the sole and exclusive owner of all materials and rights which result from advertising and marketing program produced and conducted, whether by Franchisee, Franchisor, the Cooperative or the Brand Fund. Any participation by Franchisee in any advertising, whether by monetary contribution or otherwise, shall not vest Franchisee with any rights in the Marks employed in such advertising or in any tangible or intangible materials or rights, including, copyrights, generated by such advertising. If requested by Franchisor, Franchisee shall assign to Franchisor any contractual rights or copyright it acquires in any advertising.

**(h) Online Presence and Email Address.**

**(i) Definition**. An "Online Presence" includes (1) a website, other webpages, URLs, or domain names, (2) accounts, pages, or profiles on social media sites, social networking sites, news sites and groups, online, internet, or digital directories, video, photography, audio, and messaging services, blogs, or forums, (3) e-commerce sites or accounts, (4) digital or online advertising and marketing content and services, (5) mobile applications, (6) virtual reality platforms, (7) identifiers of an Online Presence, or (8) a presence on any other type of online, internet, or digital tool, good, or service that may be developed.

**(ii) Establishing an Online Presence**. Franchisee will not, directly or indirectly, establish or operate an Online Presence or email address that in any way concerns, discusses or alludes to the Franchisor, the System, or the Franchised Business without Franchisor's written consent, which Franchisor is not obligated to provide. If approved to establish an Online Presence or email address, Franchisee shall comply with Franchisor's standards and specifications with respect to the creation, maintenance and content of any such Online Presence or email address. The Marks may not be used as part of, in conjunction with, to establish or to operate any Online Presence or email address, unless specifically approved by the Franchisor, which approval Franchisor is not obligated to provide. Franchisor shall have the right to modify the provisions of this Section 8(h) relating to any Online Presence as Franchisor shall solely determine is necessary or appropriate. Franchisor alone has the right, but not the obligation, to establish, maintain, modify or discontinue all internet and electronic commerce activities pertaining to the System, including through any Online Presence. Franchisor shall not be liable for downtime that may occur to any such Online Presence or email address, whether such downtime is caused by Franchisor or a third-party. Franchisor shall have the right, but not the obligation, to designate one or more webpage(s) or other form of Online Presence to describe Franchisee and/or the Franchised Businesses, with such webpage(s) or Online Presence to be located within Franchisor's website or another Online Presence. Franchisee shall comply with Franchisor's standards, specifications, policies with respect to the creation, maintenance and content of any such web page(s) and any other Online Presence and email addresses; and Franchisor shall have the right to refuse to post and/or discontinue posing any content and/or the operation of any webpage or Online Presence.

**(iii) Guidelines**. Franchisee will not post, and will take such steps as necessary to ensure that its employees and contractors do not post, any information to an Online Presence relating to the Franchisor, the System, the Marks, or the Franchised Business that (a) does not comply with the Franchisor's then-current brand, social media, or Online Presence guidelines, (b) is derogatory, disparaging, or critical of Franchisor, the System or the Marks, (c) is offensive, inflammatory or indecent, or (d) harms the goodwill and/or public image of the System and/or the Marks. Franchisee shall not establish or permit or aid anyone else to establish any links to any Online Presence which Franchisor may create. Franchisee specifically acknowledges and agrees that any Online Presence will be deemed "advertising" under this Agreement, and will be subject to (among other things) Franchisor's approval under this Agreement. Upon request, Franchisee must provide Franchisor with any login credentials for any Online Presence or email address Franchisee is authorized to create, use, or maintain. Franchisor has the right to access any Online Presence to take corrective action if any content or post on the Online Presence is in violation of Franchisor's standards, specifications, or policies.

**(iv) Ownership**. Franchisor alone will be, and at all times remain, the sole owner of the copyrights to all material which appears on any Online Presence, including any and all material Franchisee may furnish to Franchisor for use on an Online Presence. Ownership of all URLs and other identifiers with any such Online Presence shall vest exclusively in Franchisor. Any Online Presence or email address that Franchisee is approved to create or use shall be owned by Franchisor and Franchisee shall sign all agreements and documents Franchisor deems necessary to evidence this. Franchisor has the right to require that any Online Presence or email address. If for any reason Franchisee gains any interest in an Online Presence for the Franchised Business, Franchisee can require Franchisee to assign it to Franchisor upon thirty (30) days notice.

**(i) Directory Advertising**. Franchisee shall arrange for the listing of the Franchised Business's telephone number and email address in any print or online directory designated by Franchisor under the name "LINDEN CREEK" or such other name as the Franchisor may designate. All advertising and promotion in such media (beyond a simple listing of name, address, and telephone number) shall be subject to Franchisor's approval. Franchisor has the right to arrange for directory listings for franchisees operating Franchised Businesses under the System and, at Franchisee's expense, for Franchisee; in which case Franchisee shall pay Franchisor as Franchisor may designate. Franchisee's rights to use and benefit from its assigned telephone number, email address, and directory listings are subject to the provisions of Section 18 of this Agreement.

**9. Telephone Number.** Franchisee shall establish a local telephone number for the Franchised Business. Franchisee shall keep Franchisor notified as to the current telephone number for the Franchised Business. In no event shall Franchisee use the local telephone number for any other business. If Franchisee or its Owners use personal cellphone numbers in connection with the operation of the Franchised Business, Franchisee shall also disclose those to Franchisor. Franchisee further covenants that in the event it obtains any additional or substitute telephone service or telephone number at the Franchised Business, it will promptly notify Franchisor and

such additional or substitute number shall be subject to the terms of this Section 9. If Franchisee's Owners or employees use personal cellphone numbers in connection with the operations of the Franchised Business, Franchisor has the right to require them to assign the numbers to Franchisor.

**10. No Warranties.** FRANCHISOR, ITS AFFILIATES, AND THEIR REPRESENTATIVES, MAKE NO WARRANTY WITH RESPECT TO ANY PRODUCTS, SERVICES, EQUIPMENT, COMPUTER SYSTEMS, SUPPLIES OR OTHER ITEMS FRANCHISOR, ITS AFFILIATES, AND THEIR REPRESENTATIVES, APPROVE, SUPPLY, OR REQUIRE FRANCHISEE TO PURCHASE OR USE. FRANCHISOR, ITS AFFILIATES, AND THEIR REPRESENTATIVES EXPRESSLY DISCLAIM ALL WARRANTIES, EXPRESS AND IMPLIED, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS, TITLE, AND NON-INFRINGEMENT, OR ANY WARRANTIES ARISING FROM COURSE OF DEALING, USAGE, OR TRADE PRACTICE FOR A PARTICULAR PURPOSE, WITH RESPECT TO ANY SUCH PRODUCTS, EQUIPMENT, COMPUTER SYSTEMS, SUPPLIES, OR OTHER APPROVED ITEMS.

**11. Operations, Standards of Quality, Inspections.**

**(a) Operations Manager.** Franchisee shall designate an individual to serve as the "Operations Manager" for the Franchised Business, which may be Franchisee, an Owner of Franchisee, or an employee. The Operations Manager shall devote full time and best efforts to the management, supervision, and conduct of the development and operation of the Franchised Business in order to ensure compliance with this Agreement and to maintain Franchisor's high standards. Management responsibility shall include, without limitation, maintaining the highest standards of service, safety, product quality and consistency, and supervising employees to ensure that the highest standard of service is provided and to ensure that Franchisee's employees deal with customers, suppliers, Franchisor, and all other persons in a courteous and polite manner. The Operations Manager shall complete Franchisor's initial training requirements and participate in and complete to Franchisor's satisfaction all additional training as may be reasonably required by Franchisor. The Operations Manager shall agree in writing to be bound by non-compete, non-solicitation, and confidentiality provisions substantially similar to those contained in Sections 14 and 15 of this Agreement. If at any time for any reason the Operations Manager no longer qualifies to act as such, Franchisee shall promptly designate another Operations Manager subject to the same qualifications set forth in this Section 11(a). The Franchisor shall receive advanced written notice of any change in the Operations Manager.

**(b) Compliance with Franchisor's Standards.** Franchisee shall operate the Franchised Business through strict adherence to Franchisor's standards, specifications and policies, as they now exist, and as they may from time to time be modified. Such standards and policies include, without limitation: (i) specifications related to merchandise, products, and services; (ii) hours of operation as set forth in the Brand Standards Manual (currently, Franchised Business should be open and operating at least during the hours of 8:00 A.M. to 4:00 P.M., Monday to Friday); (iii) employee uniform and qualification requirements and specifications; and (iv) use of specified emblems and Marks. Franchisee agrees to follow the instructions of Franchisor as well as Franchisor's employees, agents, and/or Franchisor's area directors or developers. Franchisee understands and agrees that Franchisor may modify the System and any of its components from time to time in its sole discretion. Franchisor shall give Franchisee notice of all changes either by supplements to the Brand Standards Manual, in writing or electronically, or otherwise. Franchisee

shall, at its own cost and expense, promptly adopt and use only those parts of the System specified by Franchisor and shall promptly discontinue the use of those parts of the System which Franchisor directs are to be discontinued. Franchisee shall not change, modify or alter the System in any way, except as Franchisor directs. Franchisee shall comply with all rules, regulations, and directives specified by Franchisor, as well as all mandatory standards, specifications and procedures contained in the Brand Standards Manual, as amended from time to time. Franchisee recognizes agrees that changes and modifications that Franchisor may make to the System may necessitate that Franchisee make capital expenditures during the Initial Term in amounts that Franchisor cannot forecast. Nothing in this Agreement limits the frequency or cost of future changes to the System that Franchisor may require. Franchisee understands and agrees that Franchisor has no ability to identify with specificity the nature of these future general improvements or their expected cost and accepts the risk that future general improvements may be imposed that will require significant capital expenditures in an amount that is unknown on the Effective Date of this Agreement and that cannot be fully amortized over the period of time then remaining in the Initial Term.

**(c) Training.** It will be solely Franchisee's responsibility to ensure that all new employees and current employees are trained to perform their duties in a proper manner at the Franchised Business and Franchisee shall implement and maintain an employee training program, at Franchisee's expense. Franchisee shall ensure that all employees have all necessary certifications and credentials as required by applicable state laws and licensing regulations, and that all employees must satisfy all continuing educational training requirements as may be specified by applicable laws and regulations. In the event that Franchisor provides training to Franchisee's employees upon Franchisee's request, Franchisee Indemnifying Parties hereby release, indemnify and hold harmless Franchisor Indemnified Parties from all claims, causes of action, expenses, costs, debts, fees, liabilities and damages of every kind arising out of or related to the training and/or the continuing education of Franchisee's employees as set forth herein. Franchisor reserves the right to assess a training fee or attendance fee for any conferences, conventions, or other training Franchisor or its approved suppliers provide. The maximum per-person convention fee per day is One Thousand Five Hundred Dollars ($1,500). The maximum per-person training fee per day is One Thousand Five Hundred Dollars ($1,500), plus Franchisor's costs and expenses.

**(d) Franchisee Control**. Franchisee acknowledges that it is responsible for the day-to-day operation of its Franchised Business, including hiring, setting the conditions of employment, supervision, discipline and termination of all personnel, purchases and maintenance of equipment and supplies, preparing Franchisee's own marketing plans and funding and implementing those marketing plans, maintenance of employment records, and daily maintenance, safety, security and the achievement of compliance with the Brand Standards Manual. Franchisor's ability to approve certain matters, to inspect the Franchised Business and its operations and to enforce its rights exists only to the extent necessary to protect its interest in the System and the Marks. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the duty to take control, over those matters that are clearly reserved to Franchisee. Franchisee expressly has control over the following for its employees: wages, benefits, and other compensation; hours of work and scheduling; hiring and discharge; discipline;

workplace health and safety; supervision; assignment; and work rules and directions governing the manner, means, or methods of work performance.

**(e) Employment Matters**. Franchisee's employees are not Franchisor's agents or employees and Franchisor is not a joint employer of these individuals. Franchisee is solely responsible for performing all administrative functions at the Franchised Business, including payroll and providing workers' compensation insurance. Franchisee acknowledges that it is not economically dependent on Franchisor, and that Franchisor does not provide facilities, equipment, housing or transportation for Franchisee's employees or provide to Franchisee's employees tools or materials required for Franchisee's employees to perform services for Franchisee. Franchisee shall comply with all employment laws and regulations. Franchisee shall obtain from each of its employees an acknowledgment signed by such persons providing that such individual understands, acknowledges, and agrees that (i) he or she is an employee of Franchisee and not Franchisor and (ii) he or she shall look solely to Franchisee, and not to Franchisor or its affiliates, agents, or employees, for his or her compensation and for all other employment matters. At all times, Franchisee shall ensure that Franchisee and Franchisee's employees are in compliance with federal, state, and local tax laws.

**(f) Brand Standards Manual.** Franchisor will provide Franchisee with one (1) or more manuals, policy and procedure statements, or other written notice of standards and specifications which shall contain (i) the mandatory and suggested specifications, standards and operating procedures prescribed from time to time by Franchisor and (ii) information relative to other obligations of Franchisee hereunder and the operation of the Franchised Business (collectively the "Brand Standards Manual"). The Brand Standards Manual may be in print, video, audio, or other electronic forms. For purposes of this Agreement "Brand Standards Manual" also includes separate manuals and alternative or supplemental communications of the Franchisor such as by bulletins, emails, video, audio, and other electronic or print methods. Franchisee acknowledges the Brand Standards Manual is designed to protect Franchisor's Marks, brand image, goodwill and standards and systems, and is not to control the day to day operation of the Franchised Business. The Brand Standards Manual shall at all times remain the sole property of Franchisor and shall promptly be returned to Franchisor upon the expiration, non-renewal, transfer or other termination of this Agreement for any reason. Franchisor may, from time to time, revise the contents of the Brand Standards Manual. To the extent that Franchisor shall deem it necessary or appropriate, Franchisor will provide Franchisee with policy and procedure statements or other written notice of specifications standards and procedures, policies, and other standards and specifications contained in the Brand Standards Manual, policy and procedure statements and other written notices as issued from time to time by Franchisor. Franchisee acknowledges and agrees that all information in the Brand Standards Manual, policy and procedure statements and other notices constitute confidential information and trade secrets, and shall not be disclosed at any time by Franchisee. Franchisee shall not copy, disclose, duplicate, record or otherwise reproduce, in whole or in part, for whatever reason, the Brand Standards Manual or any other communication or information provided by Franchisor. Franchisor shall have the right to modify the policies and procedures of the Brand Standards Manual at any time, which modifications shall be binding upon Franchisee.

**(g) Variations in Standards.** Because complete and detailed uniformity under varying conditions may not be possible or practical, Franchisor specifically reserves the right, in its sole

discretion and as it may deem in the best interests of Franchisee or the Chain, to vary standards within the Franchised Business or any other Franchised Business in the Chain based upon peculiarities of particular location or circumstances, including, but not limited to, density of population and other demographic factors, size of a franchisee's territory, business practices or customs, or any other condition which Franchisor deems to be of importance to the operation of such Franchised Business or the Chain. Franchisee acknowledges that because of these factors and others, there may be variations from standard specifications and practices throughout the Chain and that Franchisee shall not be entitled to require Franchisor to grant like or similar variations or privileges to Franchisee. Franchisee understands and agrees that Franchisor has no obligation to waive, make any exceptions to, or permit Franchisee to deviate from, the standards of the System.

**(h) Compliance with Laws; Courtesy, Cooperation, Fair Dealing and Ethical Business Practices.** Franchisee shall at all times comply with all laws, ordinances, rules and regulations of all applicable governmental bodies, and pay any and all taxes, assessments, fines and penalties arising out of the operation of the Franchised Business, including state and federal unemployment taxes and sales taxes and data privacy laws.

In all dealings with customers, suppliers, Franchisor and others, Franchisee will act according to the highest standards of honesty, integrity, fair dealing and ethical conduct. At all times and under all circumstances, Franchisee and its employees shall treat all customers and other persons, including Franchisor's agents, officers, and employees with the utmost respect and courtesy, and shall fully cooperate with Franchisor and its agents, officers, and employees in all aspects of the franchise relationship. Franchisee will operate Franchisee's business in full compliance with all applicable laws, ordinances and regulations, including all licensing requirements. Franchisee will not engage in any illegal discriminatory practices. Franchisor makes no representations as to what (if any) licenses, permits, authorizations or otherwise will be required in connection with Franchisee's establishment or operation of Franchisee's business. Franchisee is solely responsible for determining what licenses, permits, authorizations or otherwise are required and to obtain them, all at Franchisee's expense. Franchisee will refrain from any practice which may injure the goodwill associated with the Marks. Franchisee will notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which relates to, or which may affect the operation or financial condition of, Franchisee, Franchisee's business and/or the Marks. Franchisee also shall immediately notify Franchisor in writing when one (1) or more liens or judgments are filed against Franchisee, the Franchised Business and/or any of the personal guarantors (if any) under this Agreement.

Franchisee agrees to comply with and/or assist Franchisor in Franchisor's compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise. Franchisee agrees to comply with and assist Franchisor in Franchisor's compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities, including, without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, Franchisee agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to Franchisee's business as may be required by

Franchisor or by law. Franchisee confirms that Franchisee is not listed in the Annex to Executive Order 13224 and agrees not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at http://www.treasury.gov). Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such laws, orders and/or regulations, and Franchisee specifically acknowledges and agrees that the Franchisee Indemnifying Parties' indemnification responsibilities as provided in Section 19(b) of this Agreement pertain to Franchisee's obligations hereunder.

**(i) Business Relations.** Franchisee shall at all times operate the Franchised Business in a financially sound, prudent and business-like manner and, without limiting the generality of the foregoing, pay all its bills and accounts promptly when due and shall take no action, or omit to take any action, the result of which would be to tend to disrupt, damage or jeopardize Franchisee's relationship with suppliers or customers, Franchisor's good reputation, or the good reputation of Franchisor's other franchisees. Franchisee will not engage in any trade practice or other activity which is harmful to the goodwill or reflects unfavorably on the reputation of Franchisee, Franchisor, the Franchised Business, the Marks, the services and/or products sold at the Franchised Business, or constitutes deceptive or unfair competition or otherwise is in violation of any applicable laws.

**(j) Crisis Situations.** Franchisee shall notify Franchisor immediately upon the occurrence of any situation that may have a significant negative impact on Franchisee, Franchisor, the Franchised Business, or which could have a deleterious effect on the LINDEN CREEK brand, Marks or System ("Crisis"). Franchisee shall follow all of Franchisor's policies, procedures, and instructions in every such situation, including, without limitation, managing public relations and communications, as directed by Franchisor or as specified in the Brand Standards Manual, whether or not Franchisee has retained outside counsel or a public relations firm to assist with such matters. A Crisis includes, but is not limited to, any event that occurs at or about the Franchised Business or in connection with the Franchised Business that has or may cause harm or injury to customers, employees, or customer property. Examples include, but are not limited to, product recalls, injuries or abuse of employees or customers, theft, property damage, natural disasters, terrorist acts, shootings, cyber-attacks, vehicle accidents, or any other circumstance which may damage the System, Marks, or image or reputation of the Franchised Business, the System or Franchisor. Franchisee will cooperate fully with Franchisor with respect to Franchisor's response to the Crisis. In the event of the occurrence of a Crisis, Franchisor may establish emergency procedures which may require Franchisee to temporarily close the Franchised Business to the public, in which event Franchisor shall not be liable to Franchisee for any loss or costs, including consequential damages or lost profits occasioned thereby. Franchisor will have the right to take control of the management of communications if Franchisor determines that the publicity surrounding the event is likely to have a material adverse effect on the reputation or goodwill of the Franchised Business, Marks, System, or Franchisor. Franchisee will obtain Franchisor's consent before any press releases, interviews or public statements are issued by Franchisee, or anyone on its behalf, about events that are likely to receive or are receiving significant negative public attention related to the Franchised Business, Marks, System, or Franchisor.

**(k) Change in Marital Status.** All Owners, including any new Owners added during the Initial Term or any Renewal Term, and their spouses shall sign the personal guaranty, non-compete, non-solicit, and confidentiality agreements. If Franchisee or one (1) of its Owners or

guarantors has a change in marital status during the Initial Term of this Agreement, Franchisee shall promptly inform Franchisor of that change and Franchisee agrees that any new spouse will sign Franchisor's form guaranty, non-compete, and confidentiality agreements.

**(l) Books and Records; Financial Reporting.**

**(i) Books and Records.** Franchisee shall maintain during the Initial Term, and shall preserve for at least five (5) years from the dates of their preparation, and shall make available to Franchisor at Franchisor's request and at Franchisee's expense, full, complete and accurate books, records, and accounts in accordance with generally accepted accounting principles. Franchisee shall maintain such records at the Office, unless otherwise authorized by Franchisor. Franchisee agrees at all times to use the chart of accounts, format for financial statements, and accounting procedures established from time to time by Franchisor. Franchisor has the right to require Franchisee to grant Franchisor unlimited, remote, 24/7 access to Franchisee's books, records, and accounts that are provided through Computer Systems.

**(ii) Submission of Performance Reports.** Franchisee shall submit to Franchisor the following performance reports for review or auditing: (1) Gross Revenues reports and performance reports for the prior month; (2) monthly financial statements, including a balance sheet and income statement; and (3) such forms, reports, records, information, and data as Franchisor may designate, in the form and at the times and places required by Franchisor, including without limitation, by electronic telecommunications data transmission methods, upon request and as specified from time to time in the Brand Standards Manual or otherwise in writing. Franchisor may require Franchisee to have a certified public accountant review such statements, reports, and information, the expense of which shall be borne entirely by Franchisee, and then submit such reviews to Franchisor.

**(iii) Submission of Financial Statements and Tax Returns.** Franchisee shall submit, within forty-five (45) days following the close of business of Franchisee's fiscal year, copies of a balance sheet, profit and loss statement, and cash flow report prepared and certified by a certified public accountant which cover the previous twelve (12) months of operations of the Franchised Business. The fiscal year of the Franchised Business must coincide with the calendar year. Franchisee also shall submit, within five (5) days of their filing, its federal and state tax returns for each year during the Initial Term or any Renewal Term; provided, however, that if Franchisee is not a corporation or partnership, Franchisee may, at its option, submit only those schedules to its personal tax filings which reflect the revenues and expenses of the Franchised Business.

**(iv) Audit of Franchisee's Records.** Franchisor or its designated agents shall have the right at all reasonable times to examine and copy, at Franchisor's expense, the books, records, and tax returns of the Franchised Business and remove copies thereof from the Franchised Business premises. Franchisor shall also have the right at any time, at Franchisor's expense, to have an independent audit made of the Franchised Business books, records and accounts. If any inspection or audit reveals that an underpayment exists, Franchisee shall immediately pay to Franchisor the amount owing to Franchisor, as determined by the inspection or audit. Upon discovery of an understatement of Two

Percent (2%) or more, in addition to prompt payment of the underreported amount, Franchisee shall reimburse Franchisor for any and all expense connected with such inspections or audits, including but not limited to reasonable accounting and legal fees as well as interest as provided for in Section 3(e) of this Agreement. Such payments shall be without prejudice to any other remedies Franchisor may have under this Agreement or otherwise at law. If a discrepancy of less than Two Percent (2%) is revealed, Franchisor will bear the costs of the audit.

**(v) Forms.** Franchisee will use only such forms, including, without limitation, those used in and generated by the required software, as are approved by Franchisor in the Brand Standards Manual or otherwise in writing. Franchisee will obtain all forms specified by Franchisor and/or the required software, at Franchisee's expense, from suppliers approved by Franchisor. Franchisor may maintain and make available to Franchisee all or a portion of such forms electronically in addition to, or in lieu of, providing hard copies to Franchisee.

**(vi) Accounting Service Provider**. Franchisor has the right to require Franchisee to use an accounting service provider mandated by Franchisor. Franchisee will be responsible for all charges related to the accounting service provider.

**(vii) Initial Investment Report**. Within one hundred twenty (120) days after opening for business, Franchisee shall submit to Franchisor a report detailing Franchisee's investment costs to develop and open the Franchised Business, with costs allocated to the categories described in Item 7 of Franchisor's Franchise Disclosure Document and with such other information as Franchisor may request.

**(m) Computer System.**

**(i) Generally.** Franchisee, at its expense, shall purchase or lease and thereafter maintain such computer hardware and software, mobile application(s), cloud-based systems and/or software, smartphone(s), tablet, broadband high-speed internet service, active e-mail account, required dedicated telephone and power lines, modem(s) printer(s), point-of-sale systems, scheduling systems, electronics, communications systems, management systems, security systems, robotics, automation, and other computer-related or technology-related accessories or peripheral equipment as Franchisor specifies ("Computer Systems"). Franchisor's requirements for the Computer Systems will be updated from time to time as deemed necessary by Franchisor in accordance with changing technology and industry standards and may include the requirement to purchase or lease new Computer Systems. Franchisee must periodically update, as required by the Franchisor and/or the Computer Systems' vendors, all Computer Systems solely at the Franchisee's expense. Franchisee may be required to license proprietary Computer Systems directly from Franchisor or Franchisor's affiliates. Franchisee may be required to enter into license agreement(s) with Franchisor or other vendors to provide all or part of the Computer Systems. Franchisor and its agents shall have the right to access all information related to the operation of the Franchised Business that is accessed or stored on the Computer Systems, whether in-person or from a remote location, without the need for Franchisee's consent, at the times and in the manner prescribed by Franchisor, which

may be unlimited, remote, 24/7 access. Franchisor shall be granted access and may use data from the Computer Systems or from any source utilized by Franchisee which deviates from the Computer Systems in any way it deems fit and Franchisee agrees to furnish such data to Franchisor at any time that Franchisor requests it. Franchisor has the right to require Franchisee to connect to Franchisor's own computer systems. Franchisee shall provide Franchisor with all required passwords or login credentials to access the Computer Systems and shall grant Franchisor any permissions necessary for Franchisor to view and access the data on the Computer Systems. Data relating to the Franchised Business and/or the System that is generated by, stored on, saved to, downloaded or uploaded to, shared with the Computer Systems is part of the Franchised Business Data owned solely by Franchisor. Despite the fact that Franchisee agrees to buy, use, and maintain the Computer Systems according to Franchisor's standards and specifications, Franchisee will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer Systems; (2) the manner in which the Computer Systems interfaces with Franchisor's and any third party's computer system; and (3) any and all consequences if the Computer Systems is not properly operated, maintained, and upgraded. Franchisee may not install any software, other than authorized upgrades, or make any modifications to the Computer Systems that might hamper or interfere with the operation of the Computer Systems in the manner Franchisor requires. Franchisee acknowledges and agrees that Franchisor shall have no responsibility under any circumstances for any malfunction or "crash" of any Computer System provided by or approved by Franchisor, including, but not limited to, for any data lost as a result of such malfunction or "crash."

**(ii)** **Archd Technology**.

**(1)** If designated by Franchisor, Franchisee shall use a proprietary software ("Archd Technology") in connection with the Franchised Business. The Archd Technology may be a standalone product or service or may be integrated into other designated products and services that Franchisor requires Franchisee to use. Franchisee shall comply, and cause its Owners, officers, employees or other agents who are authorized to use the Archd Technology to comply, with Franchisor's or its affiliate's terms for use of the Archd Technology. Franchisor and its affiliate have the right to modify the terms of use from time to time in their sole discretion. If required by Franchisor, Franchisee shall enter into a license agreement for the Archd Technology. Franchisor is permitted to license the Archd Technology from another party and provide it to Franchisee through the terms of any license agreement. Franchisee agrees to use the Archd Technology only to operate the Franchised Business. Franchisee acknowledges and agrees that Archd Technology is not sold to Franchisee and Franchisee does not have under or in connection with this Agreement or the franchise relationship any ownership interest in the Archd Technology and that Franchisor or its affiliate is the sole and exclusive owner of all right, title, and interest in and to the Archd Technology. Franchisee agrees to use reasonable measures to safeguard the Archd Technology from infringement, misappropriation, theft, misuse, or unauthorized access. Franchisee acknowledges that any unauthorized use of the Archd Technology is and shall be deemed an infringement of Franchisor's or its affiliates' rights. Franchisee shall

execute any documents deemed necessary by Franchisor and its affiliates or their counsel for the protection of the Archd Technology or to maintain their validity or enforceability. Franchisee shall give notice to Franchisor of any knowledge that Franchisee acquires of use of the Archd Technology by others or of any claim or litigation instituted by any person or legal entity against Franchisee involving the Archd Technology. Franchisee shall cooperate with Franchisor and its affiliates in any suit, claim or proceeding involving the Archd Technology or their use to protect Franchisor's and its affiliates' rights and interest in the Archd Technology. In the event of any settlement, award or judgment rendered in favor of Franchisor and its affiliates relating to the use or ownership of the Archd Technology, such settlement, award or judgment shall be the sole property of Franchisor and its affiliates and Franchisee shall not be entitled to or make any claim for all or any part of it. Franchisor and its affiliates may make any changes to the Archd Technology (including, without limitation, the design, look and feel, functionality, content, material, information and/or services provided via the Archd Technology) that Franchisor deems necessary or useful to improve the Archd Technology or for any other reason from time-to-time in Franchisor's sole discretion, and without notice to Franchisee. Such changes may include upgrades, bug fixes, patches and other error corrections and/or new features or functionality All such updates shall be deemed a part of the Archd Technology governed by all the provisions of this Agreement pertaining thereto. All data and all non-public information related to the Archd Technology and the features, functionality and performance thereof are all Franchisor's confidential information, subject to all of Franchisee's obligations of confidentiality, non-use and non-disclosure set forth in the Franchise Agreement. As between Franchisor and Franchisee, Franchisor will remain the sole and exclusive owner of all rights, title, and interest in and to all data and information, including all intellectual property rights, in or relating to the Archd Technology. WITHOUT LIMITING THE FOREGOING, FRANCHISOR AND ITS AFFILIATES MAKE NO WARRANTY OF ANY KIND THAT THE ARCHD TECHNOLOGY, OR ANY PRODUCTS OR RESULTS OF THE USE THEREOF, WILL MEET FRANCHISEE'S OR OTHER PERSONS' REQUIREMENTS, OPERATE WITHOUT INTERRUPTION, ACHIEVE ANY INTENDED RESULT, BE COMPATIBLE OR WORK WITH ANY HARDWARE, SOFTWARE, SYSTEMS, OR OTHER SERVICES, OR BE SECURE, ACCURATE, COMPLETE, FREE OF HARMFUL CODE OR ERROR FREE. THE ARCHD TECHNOLOGY IS PROVIDED "AS IS."

**(2)** Franchisee shall not and shall not permit any other person or party to: (A) copy the Archd Technology, in whole or in part; (B) modify, correct, adapt, translate, enhance, or otherwise prepare derivative works or improvements of the Archd Technology; (C) rent, lease, lend, sell, sublicense, assign, distribute, publish, transfer, or otherwise make available the Archd Technology to any person or party who is not an Owner, Operations Manager, or employee of the Franchised Business with a need to access the Archd Technology; (D) reverse engineer, disassemble, decompile, decode, or adapt the Archd Technology, or otherwise attempt to derive or gain access to the source code of the Archd Technology, in whole or in part; (E)

bypass or breach any security device or protection used for or contained in the Archd Technology; (F) use the Archd Technology in any manner or for any purpose that infringes, misappropriates, or otherwise violates any intellectual property right or other right of any person or party, or that violates any applicable law; (G) use the Archd Technology for purposes of: (i) benchmarking or competitive analysis of the Archd Technology; (ii) developing, using, or providing a competing software product or service; or (iii) any other purpose that is to Franchisor's or its affiliate's detriment or commercial disadvantage; (H) use the Archd Technology in or in connection with the design, construction, maintenance, operation, or use of any hazardous environments, systems, or applications, any safety response systems or other safety-critical applications, or any other use or application in which the use or failure of the Archd Technology could lead to personal injury or severe physical or property damage; or (I) knowingly aid or assist any other person in taking any of the actions prohibited by this subsection. Franchisee is responsible and liable for all uses of the Archd Technology resulting from access provided by Franchisee, directly or indirectly, whether such access or use is permitted by or in violation of this Agreement. Without limiting the generality of the foregoing, Franchisee is responsible for all acts and omissions of its agents, employees, Operations Manager, and Owners and any act or omission by a such person would constitute a breach of this Agreement if taken by Franchisee will be deemed a breach of this Agreement by Franchisee. Franchisee shall take reasonable efforts to make all users aware of this Agreement's provisions as applicable to such user's use of the Archd Technology, and shall cause users to comply with such provisions. Franchisee shall immediately notify Franchisor if Franchisee learns that any user has taken any action prohibited by this Agreement. If Franchisee or any user choose, or are provided with, a username, password or any other piece of information as part of the security procedures, Franchisee (and the applicable individual) must treat such information as confidential, and Franchisee (and the applicable individual) must not disclose it to any other person or entity. If Franchisee permits any other person to use Franchisee account, Franchisee will be responsible for their activities while using the Archd Technology. Franchisee agrees to notify Franchisor promptly of any unauthorized access to or use of any username or password assigned to Franchisee or any other breach of security. Accessing the Archd Technology without proper username and password is strictly prohibited, constitutes a breach of this Agreement which may result in the termination of Franchisee's right to use the Archd Technology.

**(n)** **Credit Card Processing.** Franchisee agrees to use such credit card processing services approved by Franchisor and to purchase and maintain, at Franchisee's expense, any equipment necessary to permit such credit card processing functionality. Notwithstanding the credit card processing requirement, Franchisor does not represent, nor does it certify or warrant, to Franchisee or Franchisee's customers that the credit card processing service approved by Franchisor is compliant, whether or not certified as such, with the PCI Data Security Standards.

**(o) Data Protection; Privacy.**

**(i) Definition of Personal Information**. As used in this Agreement, "Personal Information" shall mean (i) any information that can be used to identify, locate, or contact an individual or household, including but not limited to Franchisee's employees and customers and (ii) information that is defined as protected, personal information under any Privacy Law.

**(ii) Data Protection and Security Policies**. Franchisee shall comply with, or, as applicable, adopt policies consistent with the then-current version of Franchisor's data protection and security policies as may be described in the Brand Standards Manual ("Data Protection and Security Policies"). Such policies may govern how Franchised Business Data and Personal Information contained in such data shall be collected, used, store, processed, shared, or destroyed. Franchisor has the right, but not the obligation to create such Data Protection and Security Policies. Franchisee acknowledges that Franchisor may supplement, modify, or amend the Data Protection and Security Policies from time to time in its sole discretion, and that Franchisee shall comply with such modifications or amendments within thirty (30) days of notice from Franchisor. Franchisor may require Franchisee to institute a data privacy policy for its Franchised Business. Franchisee shall not publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent as to said policy.

**(iii) Privacy Laws**. Franchisee warrants and represents and covenants that it shall comply with (i) applicable prevailing industry standards concerning privacy, data protection, confidentiality and information security, including, without limitation, the then-current Payment Card Industry Data Security Standard of the PCI Security Standards Council ("PCI-DSS"), (ii) those mandatory Data Protection and Security Policies, if any, and (iii) all applicable international, federal, state, and local laws, rules, and regulations, as the same may be amended or supplemented from time to time, pertaining in any way to the privacy, confidentiality, security, management, disclosure, reporting, and any other obligations related to the possession or use of Personal Information (collectively, "Privacy Laws").

**(iv) Marketing; Consumer Protection**. Franchisee warrants and represents not to transmit or cause any other party to transmit advertisements or solicitations by e-mail, SMS text message, or other electronic media without first obtaining Franchisor's written consent as to: (a) the content of such e-mail, electronic, or SMS text message advertisements or solicitations; and (b) Franchisee's plan for transmitting such advertisements. In addition to any other provision of this Agreement, Franchisee shall be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003"), and to use of automatic dialing systems, SMS text messages, and artificial or prerecorded voice messages, including but not limited to the Telephone Consumer Protection Act of 1991 ("TCPA"), as amended from time to time. Franchisee must comply with the Fair and Accurate Credit Transactions

Act (FACTA) and all other consumer protection laws and regulations.

**(v)** **Security; Security Breach**. Franchisee shall establish, maintain, and comply with appropriate internal, physical, and technical security measures in order to protect Personal Information associated with the Franchised Business and the Franchised Business Data against unauthorized disclosure and access and accidental or unlawful destruction, loss, or alteration. Franchisee shall cooperate with Franchisor in any audit that Franchisor may conduct from time to time of its data storage and management systems and Franchisee's storage of Personal Information. In addition, if Franchisee becomes aware of any actual or suspected unauthorized access, processing, loss, use, disclosure, alteration, destruction, transfer, or other compromise or acquisition of or access to any Personal Information, whether such information is stored in paper or electronic form, or information that might reasonably expose Franchisor to any harm or prejudice of any type or actual or suspected intrusion by an unauthorized third party into Franchisee's or Franchisor's computers, networks, servers, IT resources, or paper files ("Security Breach"), Franchisee shall immediately notify the Franchisor's Chief Executive Officer via telephone of such matter and shall thereafter cooperate with Franchisor to investigate and remedy such matter. Except to the extent required by applicable law, no public disclosure of any instance of such unauthorized access or breach shall be made by Franchisee unless Franchisor has authorized the provision of notice and the form of such notice in writing. Franchisee shall reimburse Franchisor for all reasonable Notification and Remediation Related Costs (hereinafter defined) incurred by Franchisor arising out of or in connection with any such Security Breach that is directly or indirectly caused by Franchisee or its personnel. "Notification and Remediation Related Costs" shall include Franchisor's internal and external costs associated with addressing and responding to the Security Breach, including but not limited to: (i) preparation and mailing or other transmission of legally required notifications to affected individuals, regulators and attorneys general; (ii) preparation and mailing or other transmission of such other communications to customers, agents or others as Franchisor deems reasonably appropriate; (iii) establishment of a call center or other communications procedures in response to such Security Breach (e.g., customer service FAQs, talking points and training); (iv) engagement of information technology consultants, public relations and other similar crisis management services; (v) payment of legal and accounting fees and expenses associated with Franchisor's investigation of and response to the Security Breach; and (vi) payment of costs for commercially reasonable credit reporting services that are associated with legally required notifications or are advisable under the circumstances. Franchisee agrees to hold harmless, defend and indemnify Franchisor Indemnified Parties from and against any and all losses, expenses, judgments, claims, attorney fees and damages arising out of or in connection with any claim or cause of action in which Franchisor Indemnified Parties shall be a named defendant and which arises, directly or indirectly, out of the operation of, or in connection with a Security Breach or Franchisee's or Franchisee's officers, directors, agents or employees' violation of any Privacy Law, Data Protection and Security Policies, consumer protection-related law or regulation, e-mail marketing and other marketing laws and regulations, and the PCI-DSS.

**(vi)** **Inspection**. Franchisor, through its employees and/or any agents designated

by Franchisor from time to time, may at any time during business hours, and without prior notice to Franchisee enter upon and inspect each business premises and examine Franchisee's Computer Systems, databases, business records and other supporting records and documents in order to verify compliance with its Data Protection and Security Policies, and Privacy Laws. Any such inspection shall be made at Franchisor's expense, provided that if such inspection is necessitated by Franchisee's repeated or continuing failure to comply with the Data Protection and Security Policies, Privacy Laws, this Agreement, Franchisor may charge Franchisee for the costs of making such inspection, including without limitation, travel expenses, room and board, and compensation of Franchisor's employees and/or agents.

**(vii) Personal Information Consent and Requests**. Franchisee is responsible for obtaining any required consent to the collection, use, storage, processing, and sharing of Personal Information from its customers, employees, and other parties from which it is required to obtain consent under the Privacy Laws or Data Protection and Security Policies. Franchisee shall retain copies of the consent and store them and share them with Franchisor in the manner Franchisor requires. Franchisee shall fully comply with Data Protection and Security Policies and Privacy Laws as they relate to a person's exercise of his or her rights under the Privacy Laws. If any person contacts Franchisee seeking to exercise any right under law pertaining to Personal Information, Franchisee shall comply with such request in accordance with the terms of this Agreement, including the Data Protection and Security Policies, the Brand Standards Manual, the Privacy Laws, and as otherwise instructed by Franchisor. If requested by Franchisor, Franchisee must cooperate or coordinate with Franchisor to provide information about the way that Franchisee has collected, used, stored, processed, and shared Personal Information.

**(viii) Use of Personal Information**. Franchisee warrants and represents and covenants that it shall not collect, use, store, process, or share Personal Information unless such action is permitted by (i) the terms of this Agreement, (ii) the terms of the Data Protection and Security Policies, (iii) the standards in the Brand Standards Manual, (iv) Privacy Laws, and if, applicable, (v) written approval of Franchisor. Franchisee shall collect, use, store, process, and share Personal Information only for purposes of operating the Franchised Business. Franchisee shall not sell Personal Information. Franchisee shall not re-identify any Personal Information that has been de-identified. If Franchisee engages any vendor that will collect, use, store, process, or share Personal Information, Franchisee must contractually bind the vendor to the data protection obligations that Franchisor requires.

**(p) Secret Shoppers; Toll-Free Number; Etc.** Franchisor may, at its sole discretion, institute various programs for verifying customer satisfaction and/or Franchisee's compliance with all operational and other aspects of the System, including, without limitation, marketing research surveys, a toll-free number, customer comment cards, secret shoppers, or otherwise. Franchisor will share with Franchisee the results of such programs as they pertain to Franchisee's business and Franchisee agrees to reimburse Franchisor for all costs associated with any and all such programs, which cost may be drafted by EFT at the sole discretion of Franchisor.

**(q) Franchise Advisory Council.** Franchisor may, but is not obligated to, form a Franchise Advisory Council selected by Franchisor in Franchisor's sole discretion, which shall provide Franchisor input as Franchisor may request from time to time ("FAC"). The FAC exists at Franchisor's pleasure, and Franchisor is not obligated or bound by any input provided by the FAC. The FAC will consist of franchisees in full compliance with this Agreement and/or Franchisor's representatives. Franchisor has the right to add or remove members of the FAC in Franchisor's sole discretion.

**(r) Warranty and Customer Service; Customer Refunds**. Franchisee must guaranty the satisfaction of customers. Franchisee must follow the procedures for customer complaints found in the Brand Standards Manual. Resolution of customer concerns may involve discounting products or services and other such measures that affect the Gross Revenues of the Franchisee. Franchisor reserves the right to charge Franchisee for Franchisor's costs to respond and/or resolve a complaint by Franchisee's customers that Franchisee does not satisfactorily resolve. Franchisee shall comply with Franchisor's policies for customer refunds. Franchisee agrees to accept the types and forms of customer payment as Franchisor may require from time to time and shall not accept a type or form of payment that Franchisor has not authorized.

**(s) Minimum Performance Standards**. Franchisee shall meet the minimum performance standards in connection with Franchisee's operation of the Franchised Business. Franchisee agrees to meet or exceed the following minimum Gross Revenues amounts for the associated year of the Initial Term ("Minimum Gross Revenues"):

| Term Year | Minimum Gross Revenues |
|---|---|
| 1st calendar year of operations | No Minimum |
| 2nd calendar year of operations and for each year thereafter | $240,000.00 |

Franchisor may monitor the amount of monthly Gross Revenues that Franchisee earns, however Franchisee shall have until the end of the associated calendar year to meet the Minimum Gross Revenues amount. Franchisee agrees and acknowledges that the minimum performance standards are in no way representations, promises, or guarantees of potential client expenditure review amounts or of Franchisee's potential share of Gross Revenues. It is at all times Franchisee's responsibility to acquire customers and to pursue approved business development strategies, and achievement of the minimum performance standards will depend on Franchisee's own efforts. Franchisor makes no representations, promises, or guarantees regarding the amount of minimum performance standards or the Minimum Gross Revenues.

In the event that Franchisee fails to meet the Minimum Gross Revenue, Franchisor reserves the right, but not the obligation, to: (i) Modify the Territory; (ii) Non-renew this Agreement under Section 2(b)(ii); and/or (iii) Terminate this Agreement. Franchisor reserves the right to increase the Minimum Gross Revenues under this Section 11(s) for inflation. Any increases to the Minimum Gross Revenues requirement shall be in relation to the changes in the Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor, the cost-of-living-adjustment ("COLA") using the COLA factors determined by the United States Department of

Labor, or such other measure determined reliable by Franchisor. Franchisor will notify Franchisee of any Minimum Gross Revenues adjustment thirty (30) days prior to its effective date.

**12. Suppliers, Products and Services.**

**(a) Suppliers, Products, and Services**. In the operation of the Franchised Business, Franchisee shall use and sell only those products, materials, supplies, equipment, Computer Systems, technology, and services that have been specifically designated or approved by Franchisor. However, Franchisee is entitled to purchase ten percent (10%) of its inventory items (measured by stock keeping units) from vendors of Franchisee's own selection, provided the items comply with Franchisor's other standards. Franchisee shall sell all goods and services required by Franchisor. Franchisee agrees to maintain such minimum inventory levels at all times as Franchisor may determine, in Franchisor's sole discretion. Additionally, Franchisee further agrees to maintain an inventory that is adequate, both in terms of the range of items covered and in terms of the quantities of the respective items, to fulfill the demand in Franchisee's Territory and to allow for growth of the Franchised Business. To the extent that Franchisor has established designated or approved suppliers, Franchisee shall obtain all products, materials, supplies, equipment, technology, Computer Systems, and services that are used in operation of the Franchised Business from suppliers that Franchisor shall have specifically designated or approved. Franchisee may be required to purchase from Franchisor certain products or services, or Franchisor may designate an affiliate as the designated supplier of any products, materials, supplies, equipment, technology, or services used in the operation of the Franchised Business. Franchisor may designate exclusive suppliers for any products, materials, supplies, equipment and service. Franchisor or its affiliates may receive payments, discounts, or other compensation from suppliers on account of the suppliers' dealings with Franchisor, Franchisee, or other franchised businesses in the System. Franchisor may use any amounts that it receives from suppliers for any purpose that Franchisor deems appropriate. Franchisor and its affiliates may negotiate supply contracts with its suppliers under which Franchisor is able to purchase products, equipment, supplies, and services at a price lower than that at which franchisees are able to purchase the same items. Franchisor may, from time to time, amend the list of approved products and suppliers, and Franchisee must comply with any such changes within thirty (30) days after receiving notice of the change. Products and services other than those required to be obtained from Franchisor or a designated supplier may be purchased from any source provided that the particular supplier, services, and products have been approved by Franchisor. Franchisor may, from time to time, amend the list and this section of approved products and suppliers. If Franchisee requests that Franchisor review a new or alternate supplier, service, or product, Franchisee shall pay Franchisor's costs and expenses as a result of its evaluation up to an amount of Seven Hundred Fifty Dollars ($750). If Franchisor accepts the supplier, good, or service to be used with the whole franchise network, Franchisor will refund this fee. Further if Franchisor and its affiliates sell any goods and services to Franchisee, Franchisor and its affiliates may make a profit. Franchisee hereby agrees that Franchisor and its affiliates are entitled to such profits, payments, discounts, or other compensation.

**(b) Pricing.** Franchisee shall have the right during the Initial Term to set prices provided that, subject to applicable antitrust laws, such pricing: (1) complies with any minimum or maximum prices set by Franchisor; and (2) complies with any prices specified by Franchisor; and (3) conforms to any bona fide promotional or membership programs or national or regional accounts programs periodically established by Franchisor. Franchisor retains the right to modify

its pricing policies from time to time in its sole discretion. Franchisor specifically reserves the right, in its sole discretion and as it may deem in the best interests of Franchisee or the Chain, to vary pricing standards and policies within the Franchised Business or any other Franchised Business in the Chain based upon peculiarities of particular location or circumstances, including, but not limited to, density of population and other demographic factors, size of a franchisee's territory, business practices or customs, cost of a franchisee's rent or mortgage payments, or any other condition which Franchisor deems to be of importance to the operation of such Franchised Business or the Chain. Franchisee acknowledges that because of these factors and others, there may be variations from standard pricing policies and practices throughout the Chain and that Franchisee shall not be entitled to require Franchisor to grant like or similar variations or privileges to Franchisee. Franchisee must provide to Franchisor a price list containing all of the prices charged for the products supplied by the Franchised Business. The price list must be updated and supplied to Franchisor upon request.

**(c) System Changes.** Franchisee acknowledges that the System, the services, and products offered by the Franchised Business may be modified (such as, but not limited to, the addition, deletion, and/or modification of operating procedures, products, and services) from time to time by Franchisor; and Franchisee agrees to comply, at its expense, with all such modifications, including, without limitation, all requirements needed to implement the modifications. Franchisee agrees there is no limit to Franchisor's ability to modify the System. Franchisee may be required to pay additional or increased fees to Franchisor, its affiliates, or third-party vendors, as a result of these System changes.

**(d) Technology Changes**. Franchisee acknowledges and agrees that changes to technology are dynamic and not predictable. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it will abide by those reasonable new standards established by Franchisor, at Franchisee's sole cost and expense. Franchisee may be required to pay additional or increased fees to Franchisor, its affiliates, or third-party vendors, as a result of these changes to technology.

**(e) Promotional Requirements**. Franchisor has the right to require Franchisee to participate in national, regional, and local giveaways and promotions. Franchisee may be required to provide free or discounted items or other free or discounted products or services as a result of such giveaways or promotions. Franchisor is not required to reimburse Franchisee for Franchisee's costs and expenses incurred as a result of these giveaways and promotions.

## 13. Transfer; Franchisor's Right of First Refusal.

**(a) Transfers by Franchisor.** This Agreement, and any and/or all of Franchisor's rights and/or obligations under it, are fully transferable by Franchisor in Franchisor's sole discretion and will inure to the benefit of any person or entity to whom Franchisor transfers it, or to any other legal successor to Franchisor's interest in this Agreement. If Franchisor transfers this Agreement, or any and/or all of Franchisor's rights and/or obligations under it, all past, current and future obligations of Franchisor to Franchisee will cease and be forever extinguished. Franchisor shall be released from all obligations and liabilities arising or accruing in connection

with this Agreement after the date of such transfer or assignment, and Franchisee's obligations and duties shall be and will remain the same notwithstanding any such assignment. Franchisor may be sold and/or Franchisor may sell any or all of its assets to a competitive or other entity; or Franchisor may participate in an initial, or other, public offering or private placement of Franchisor's stock; may merge, acquire other entities and/or assets (competitive or not); may be acquired by a competitive or other entity; and/or may undertake any refinancing, leveraged buy-out and/or other transaction. Franchisee waives any and all claims, demands and/or damages with respect to any transaction or otherwise allowed under this section or otherwise.

**(b) Transfers by Franchisee.** The rights and interest of Franchisee under this Agreement are and shall remain personal to Franchisee. Franchisee recognizes that Franchisor has granted the License in reliance on the business, financial capacity, personal skill, qualifications and representations of the Owners of Franchisee and in reliance upon Section 13, 14, 15 and 23 of this Agreement and the Owners' agreement to be bound thereby. Therefore, neither Franchisee's interest, rights or privileges in the Agreement, the License, substantially all of the assets of the Franchised Business, or the Franchised Business, nor the Owners' interest in Franchisee or the Owner(s), in whole or in part, voluntarily or involuntarily, by operation of law or otherwise, in any manner, shall be transferred, except as provided in this Section 13. For purposes of this Agreement, the term "transfer" shall mean any issuance, sale, assignment, gift, pledge, mortgage or any other encumbrance (other than a lien against Franchisee's assets to secure a loan for the construction, remodeling, equipping or operation of the Franchised Business), transfer by bankruptcy, transfer by judicial order, merger, consolidation share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary. Except as provided below, any ownership or structural changes in Franchisee including but not limited to, any merger, reorganization, issuance of additional shares or classes of stock or additional partnership interests, shall constitute and be deemed a transfer and shall be subject to the provisions of Section 13(d).

**(c) Franchisor's Right of First Refusal.**

**(i) Exercise of Right.** If Franchisee or an Owner proposes to transfer this Agreement or its interest herein or in the Franchised Business, in whole or in part, Franchisee must first deliver a statement to Franchisor offering to sell to Franchisor the Franchisee's or Owner's interest in this Agreement and the land, building, equipment, furniture and fixtures and any other assets or leasehold interests used in the operation of the business. If the proposed transfer involves an offer from a third party, then Franchisee must obtain from the third-party offeror and deliver to Franchisor a statement, in writing, signed by the offeror and by Franchisee, of the binding and non-binding terms of the offer. If the transfer does not involve an offer from a third party, then the purchase price for Franchisor's purchase of assets described above will be the fair market value of the assets or interests, but shall not include the value of any goodwill of the business, as the goodwill of the business is attributable to the Marks and the System. If Franchisee disagrees with the value of the Franchised Business as determined by Franchisor, then Franchisee and Franchisor shall each hire an appraiser (or a single appraiser, if they so agree) to value the assets or interests. If the appraisals are within twenty percent (20%) of each other, then the difference between the two shall be equally divided to establish the price at which Franchisor may exercise its first right and option. If the difference between the appraisals is greater than twenty percent (20%), then the issue of the fair market value of such

consideration shall be determined by a third appraiser selected by the other two appraisers and whose decisions shall be final, except that it may not be lower or higher than the lowest appraisal and highest appraisal, respectively, determined by the first two appraisers. Franchisor and Franchisee will each pay one-half of the third appraiser's fees and expenses. Franchisor then has forty-five (45) days from its receipt of the statement setting forth the third-party offer or the appraiser's report, as applicable (and all other information requested by Franchisor) to accept the offer by delivering written notice of acceptance to Franchisee. During said forty-five (45) day period, Franchisor shall have the right to inspect all Franchisee's books and records relating to the Franchised Business, specifically including all financial records and statements for the three (3) full fiscal years preceding the date on which the forty-five (45) day right of first refusal commences. Franchisor will have an additional forty-five (45) days to complete the purchase if Franchisor elects to exercise its right of first refusal. Franchisor's acceptance of any right of first refusal will be on the same price and terms set forth in the statement delivered to Franchisor; provided, however (and regardless of whether the following are inconsistent with the price and terms set forth in the statement) (1) Franchisor has the right to substitute equivalent cash for any noncash consideration included in the offer, (2) Franchisor will prepare the transaction documents for the transfer, which will be on terms customary for this type of transaction (including representations and warranties, covenants, conditions, and indemnification), and (3) Franchisor's purchase may be limited to any assets related to the business. Franchisor has the unrestricted right to assign this option to purchase the assets or interests.

**(ii) Approval of Transfers.** If Franchisor decides not to exercise its right of refusal, Franchisor shall have the right to approve or disapprove the proposed transfer; provided, however, Franchisor's consent shall not be unreasonably withheld as provided in Section 13(d). If Franchisor approves the transfer in writing, Franchisee (or Owner, as applicable) may make the proposed transfer on the exact terms and conditions specified in Franchisee's notice to Franchisor within sixty (60) days after the expiration of Franchisor's right of first refusal. If the transfer is not consummated within such sixty (60)-day period, Franchisee may not thereafter transfer such interest without again complying with this Section 13.

**(d) Conditions on Transfer.** Provided Franchisor chooses not to exercise its right of first refusal, Franchisor agrees that it will not unreasonably withhold its consent to a proposed transfer if all the following conditions are satisfied:

**(i) Compliance.** Franchisee, its Owners, and affiliates are in full compliance with this Agreement and with any other agreement with Franchisor's affiliates and there are no uncured defaults under any of them, and all debts and financial obligations of Franchisee under this Agreement are current, including Franchisee's obligations to the Brand Fund, each Cooperative of which Franchisee is a member, and all vendors, including but not limited to, Franchisor and any affiliate.

**(ii) Agreements**. The proposed transferee executes such documents as Franchisor may reasonably require to evidence that it has assumed the obligations of Franchisee under this Agreement, including, but not limited to, the then current version of the Franchise Agreement, and if required by Franchisor, the proposed transferee executes,

and in appropriate circumstances, causes such other parties as Franchisor may require to execute, Franchisor's then-current ancillary agreements to this Agreement, which documents may be substantially different than those executed contemporaneously with the execution of this Agreement. This Agreement between Franchisor and Franchisee will terminate once an approved transfer is completed.

**(iii) Release**. Franchisee; Owners; guarantors of the Franchisee; and their respective predecessors, affiliates, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns execute a general release, in a form prescribed by Franchisor, releasing Franchisor's predecessors, and affiliates; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities from any and all claims, causes of action, demands, debts, liabilities, obligations, fees, costs and expenses, including without limitation, claims and causes of action arising under federal, state and local laws, rules, regulations and ordinances, arising prior to and including the date the transfer becomes effective.

**(iv) Training**. Prior to the date of the proposed transfer, the proposed transferee's principal operator and managers undertake and complete, to the satisfaction of Franchisor, such training and instruction as Franchisor shall deem necessary.

**(v) Qualifications**. Franchisor is satisfied that the proposed transferee, and if the proposed transferee is an entity, all owners of any interest in such entity, meets all of the requirement for Franchisor's new franchisees applicable on the date Franchisor receives notice of the proposed transfer and including, but not limited to, good reputation and character, business experience, management experience, and financial strength and liquidity.

**(vi) Continuing Obligations**. Franchisee and/or Owner(s) transferring an interest in Franchisee acknowledge and agree in writing that it is bound by Sections 14, 15 and 23 of this Agreement.

**(vii) Transfer Fee.** Franchisee or the Owner, as applicable, pays to Franchisor a transfer fee. Such fee must be deposited with Franchisor on a non-refundable basis on Franchisee's notification to Franchisor of the proposed transfer and prior to Franchisor's undertaking any review, drafting of documents, training or other activities. If Franchisor does not approve the transfer or the transfer is not completed, Franchisee's transfer fee will be returned to Franchisee minus Franchisor's expenses incurred (including legal fees) for review and consideration of the transfer. The transfer fee shall be Seven Thousand Five Hundred Dollars ($7,500).

**(viii) Transfer Training Fee**. If the transferee or one of its owners is not a person or party that is a LINDEN CREEK franchisee in good standing at the time of the transfer and who has successfully completed Franchisor's initial training program, Franchisee shall pay a transfer training fee of Five Thousand Dollars ($5,000).

**(ix) Required Documents**. The proposed transferee, and all owners of any interest in a transferee that is an entity, provide Franchisor, at least forty-five (45) days prior to the proposed transfer date, with copies of financial statements for the preceding three (3) years, and where applicable, its certificate of incorporation and bylaws (and any amendments or modifications thereof), minutes and resolutions and all other documents, records and information pertaining to the transferee's existence and ownership. Franchisor has the right to require Franchisee to prepare and furnish to the proposed transferee and/or Franchisor such financial reports and other data relating to the Franchised Business and its operations as Franchisor deems reasonably necessary or appropriate for transferee and/or Franchisor to evaluate the Franchised Business and the proposed transfer. Franchisee agrees that Franchisor has the right to confer with the proposed transferee and furnish it with information concerning the Franchised Business and proposed transfer without being held liable to Franchisee, except for intentional misstatements made to a transferee. Any information furnished by Franchisor to proposed transferees is for the sole purpose of permitting them to evaluate the Franchised Business and proposed transfer and must not be construed in any manner or form whatsoever as claims of success or failure.

**(x) Update.** Within the time specified by Franchisor, Franchisee, at its expense, shall refurbish the Franchised Business, as necessary, to conform the Franchised Business to Franchisor's then-current standards and specifications, including, without limitation, updates to inventory, signage, color, trade dress, presentation of the Marks, fixtures, vehicles, and equipment.

**(xi) Payment of Creditors and Suppliers.** Prior to or upon closing of the transfer, Franchisee shall pay in full all creditors and suppliers of the Franchised Business.

**(e) Permitted Transferee**. Notwithstanding the foregoing, Franchisee may add an additional non-controlling ownership interest in the Franchisee or its Owners if (determined as of the date on which the proposed transfer will occur) if; (1) the proposed transferee and its direct and indirect owners (if the transferee is an entity) are of good character and otherwise meet Franchisor's then applicable standards for a franchisee; (2) Franchisee gives Franchisor prior written notice of the transfer; (3) Franchisee and the new owner execute the documents Franchisor requires to document the additional owner and have such owner agree to be bound by the terms of this Agreement, the personal guaranty, and non-compete agreement, and (4) Franchisee pay us a transfer fee equal to One Thousand Five Hundred Dollars ($1,500), due at the time Franchisee notifies Franchisor of the transfer. A "non-controlling ownership interest" means an ownership interest that is less than the percentage of the voting rights in an entity necessary to make binding decisions for the entity under its governing documents.

**(f) Transfer to a Wholly Owned Entity.** Notwithstanding anything in this Section to the contrary, if Franchisee consists of one (1) or more individual(s), Franchisee may transfer its interest under this Agreement to a corporation, limited liability company or other legal entity without such a transfer being subject to the restrictions of this Section 13 so long as: (1) the legal entity is owned entirely by all of the original individual franchisees or personal guarantors hereof; (2) each and all of the obligations of Franchisee and the new legal entity are personally guaranteed by the original individual franchisees or personal guarantors hereof; (3) Franchisor receives prior written notice of the transfer along with a complete set of the new legal entity's filed, date stamped

formation documents; and (4) Franchisee and the new legal entity enter into a written assignment and assumption agreement in a form prescribed by Franchisor pursuant to which the new legal entity assumes and agrees to discharge all of Franchisee's obligations under this Agreement.

**(g) Death and Disability.**

**(i) Transfer Upon Death or Disability**. Upon the death or disability of Franchisee or any Owner of Franchisee, the Franchisee's or any such Owner's executor, administrator, conservator, guardian, or other personal representative must transfer the Franchisee's interest in this Agreement, or the Owner's ownership interest in Franchisee, to a third party (which may be Franchisee's or the Owner's heirs, beneficiaries, or devisees). That transfer must be completed within a reasonable time, not to exceed six (6) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 13. Failure to transfer Franchisee's interest in this Agreement, or the Owner's ownership interest in Franchisee, within this period is a breach of this Agreement. The term "disability" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent Franchisee or the Owner from operating the Franchised Business in the manner required by this Agreement and the Brand Standards Manual or from performing its, his, or her obligations under this Agreement and the Brand Standards Manual.

**(ii) Operation upon Death or Disability.** During the period between death or disability of Franchisee or any Owner of Franchisee and the completion of the transfer described in Section 13(g)(i), the Franchised Business still must be operated in accordance with the terms and conditions of this Agreement. Upon the death or disability of Franchisee or any Owner of Franchisee, the Franchisee's or any such Owner's executor, administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed thirty (30) days from the date of death or disability, appoint an Operations Manager (unless Franchisee or the Owner had previously appointed an Operations Manager who remains responsible for the day-to-day operation of the Franchised Business). Any new Operations Manager must complete Franchisor's standard training program at Franchisee's expense, sign Franchisor's then-current form of confidentiality, non-solicit, and non-compete agreements, and comply with any of Franchisor's then-current requirements for acceptance of an Operations Manager.

**(h) Non-Waiver.** Franchisor's consent to a transfer of any interest in Franchisee or the Franchised Business granted through this Agreement will not constitute a waiver of any claims it may have against the transferring party, nor will it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

**(i) Transfer Damages**. If Franchisee or an Owner engages in a transfer without first complying with the applicable transfer provisions of this Agreement (including without limitation, the provisions of Section 13) Franchisee agrees to pay to Franchisor, within fifteen (15) days of receiving notice from Franchisor, in addition to the amounts owed under this Agreement, transfer damages equal to (a) fifteen percent (15%) of the price paid by the transferee to Franchisee or the Owners, as applicable, or (b) Twenty-Five Thousand Dollars ($25,000), whichever is greater. The parties to this Agreement acknowledge and agree that it would be impractical to determine

precisely the damages Franchisor would incur from this Agreement's unauthorized transfer. The parties consider this transfer damages provision to be a reasonable, good faith pre-estimate of those damages.

**14. Covenant Against Unfair Competition.**

**(a) Franchisee's Covenant Against Unfair Competition – During Term.** Franchisee acknowledges it will receive valuable, specialized training and Confidential Information (as defined in Section 15) regarding the production, service, operational, sales, promotional, and marketing methods of the LINDEN CREEK concept that Franchisor has developed through monetary and other resource expenditures that provide competitive advantages to Franchisor's System. During the Initial Term, Franchisee and its Owners will not, without Franchisor's prior written consent for themselves, or through, on behalf of, or in conjunction with any other person or entity:

**(i)** own, manage, engage in, be employed by, advise, make loans to, or have any other interest in, as a partner, owner, officer, executive, managerial employee, director, salesperson or consultant for, any Competitive Business (as defined in Section 14(f)); or

**(ii)** offer or grant franchises or licenses for any Competitive Business; or

**(iii)** become a franchisee or licensee of any Competitive Business; or

**(iv)** perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

**(b) Franchisee's Non-Solicitation Covenant – During Term**. Franchisee acknowledges it will receive customer information and vendor information that is considered Confidential Information of the Franchisor. During the Initial Term, Franchisee and its Owners will not, without Franchisor's prior written consent for themselves, or through, on behalf of, or in conjunction with any other person or entity:

**(i)** solicit, divert or attempt to solicit or divert any customer of the Franchised Business at any time during the Initial Term, to any Competitive Business, as Franchisee agrees that all goodwill associated with Franchisee's operation under the Marks and the System, and all customer information associated therewith, inure to Franchisor; or

**(ii)** solicit, divert, or attempt to solicit or divert, any vendor that has done business with the Franchised Business to provide supplies, products, equipment, merchandise, or services to a Competitive Business or to cease to provide supplies, products, equipment, merchandise, or services to LINDEN CREEK businesses**.**

**(c) Franchisee's Covenant Against Unfair Competition – Post-Term.** In partial consideration for Franchisor allowing Franchisee to license Franchisor's Marks and Confidential Information, Franchisee and each of the Franchisee's Owners covenant and agree that for a period of two (2) years after the termination, expiration, or non-renewal of this Agreement, regardless of the reason for such termination, expiration, or non-renewal ("Restrictive Period"), Franchisee and

its Owners shall not, within the Restricted Territory (as defined in Section 14(e) below) engage in any of the following:

**(i)** franchise, license, or own an interest in any Competitive Business, including as franchisor, licensor, franchisee or licensee, provided that the purchase of a publicly traded security of a corporation engaged in such business or service shall not in itself be deemed violative of this Section 14(c) so long as Franchisee does not own themselves or through their spouses or partners more than one percent (1%) of the securities of such corporation;

**(ii)** engage in any Competitive Business as an officer, director, employee, consultant, manager, or operator, or independent contractor in any capacity in which Franchisee or its Owners would be in a position to use or disclose Confidential Information.

**(d) Franchisee's Non-Solicitation Covenant – Post-Term.** In partial consideration for Franchisor allowing Franchisee to license Franchisor's Marks and Confidential Information, Franchisee and each of the Franchisee's Owners covenant and agree that during the Restrictive Period, Franchisee and its Owners shall not, within the Restricted Territory engage in any of the following:

**(i)** solicit, divert, or attempt to solicit or divert, any vendor that has done business with the Franchised Business within one (1) year of the termination, expiration, or non-renewal of this Agreement to provide supplies, products, equipment, merchandise, or services to a Competitive Business or to cease to provide supplies, products, equipment, merchandise, or services to LINDEN CREEK businesses; or

**(ii)** solicit, divert or attempt to solicit or divert any person or party who has been a customer of the Franchised Business at during the one (1) year period prior to the expiration, termination, or non-renewal of this Agreement, to any Competitive Business.

**(e) Restricted Territory.** For purposes of this Section 14, the term "Restricted Territory" means the following:

**(i)** An area which is within a five (5) -mile radius of:

**(A)** Territory; and

**(B)** The territories of Franchisor or its affiliates or franchisees as of the date of termination, expiration, or non-renewal of this Agreement (including at those business locations); or

**(ii)** Only if the foregoing is determined by a court of law to be too broad:

**(A)** Territory; and

**(B)** The territories of Franchisor or its affiliates or franchisees as of the date of termination, expiration, or non-renewal of this Agreement (including at those business locations); or

**(iii)** Only if the foregoing is determined by a court of law to be too broad, the Territory.

**(f) Competitive Business**. For purposes of this Section 14, the term "Competitive Business" means any business or commercial activity that receives ten percent (10%) or more of its gross revenues from offering, whether individually or in combination, furnishing and decorating properties owned by others; property and home staging; or interior design.

**(g) Reasonableness.** The foregoing in-term and post-termination covenants against unfair competition with respect to similar Competitive Businesses shall apply regardless of how or why the Agreement terminates, expires, or does not renew. The parties agree that the foregoing covenants contained in this Section 14 contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect Franchisor's goodwill or Franchisor's other business interest and its franchisees and the provisions do not prevent Franchisee or its Owners from earning a living. Franchisee agrees that the scope of activities prohibited in this Section 14, and the length of the term and geographical restrictions in this Section 14, are necessary to protect the legitimate business interests and are fair and reasonable and are not the result of overreaching, duress, or coercion of any kind. Franchisee's full, uninhibited, and faithful observance of each of the covenants in this Section 14 will not cause any undue hardship, financial or otherwise. Enforcement of each of the covenants in this Section 14 will not impair Franchisee's or its Owners' ability to obtain employment commensurate with Franchisee's or its Owners' abilities or on terms fully acceptable to Franchisee or otherwise to obtain income required for the comfortable support of Franchisee and its Owners and their families, and the satisfaction of the needs of all of Franchisee's and its Owners' creditors. Franchisee's and its Owners' special knowledge of property staging and interior design (and anyone acquiring this knowledge through Franchisee or its Owners) is such as it would cause Franchisor serious injury and loss if Franchisee or its Owners (or anyone acquiring this knowledge through Franchisee or its Owners) were to use this knowledge to the benefit of a competitor or were to compete with Franchisor or its franchisees. The covenants in this Section 14 are to be construed as independent of any other covenant or provision of this Agreement. The existence of any claim Franchisee or any of its Owners may have against Franchisor or any of its affiliates (regardless of whether arising under this Agreement) is not a defense to the enforcement of these covenants against Franchisee or its Owners. In the event of any violation of the provisions of this Section 14, the Restrictive Period shall be extended by a period of time equal to the period of the violation. Franchisee and Franchisor agree that the running of the applicable post-termination Restrictive Period shall be tolled during any period of such violation.

**15. Trade Secrets and Confidential Information.** Franchisee understands and agrees that Franchisor has disclosed or will hereafter disclose to Franchisee certain Confidential Information. Except as necessary in connection with the operation of the Franchised Business and as approved by Franchisor, Franchisee shall not, during the Initial Term or at any time after the expiration, non-renewal, transfer, or termination of this Agreement, regardless of the cause thereof, directly or indirectly, use for its own benefit or communicate or divulge to, or use for the benefit of any other person or entity Confidential Information. Franchisee shall disclose to its employees only such Confidential Information as is necessary to operate its business hereunder and then only while this Agreement is in effect. Franchisee will require all personnel having access to any Confidential Information from Franchisor to execute an agreement requiring them to maintain the

confidentiality of information they receive in connection with their employment at the Franchised Business. Those confidentiality agreements will be in a form satisfactory to Franchisor. "Confidential Information" means the information, not generally known to the public, in any form, relating to the Franchised Business and its operations, including all trade secrets of the Franchised Business; all knowledge, know-how, standards, methods, and procedures related to the establishment and operation of the Franchised Business not generally known to the public; all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Franchised Business (such as all names, addresses, design information, phone numbers, e-mail addresses for customers and suppliers; customer purchase records and mail lists); formulas; electronic code, designs, marketing materials, and business, sales, and marketing strategies; financial information; databases; training materials; knowledge of the franchise system; and any other data and information that the Franchisor or its affiliates designates as confidential, including all information contained in the Brand Standards Manual.

**16. Insurance.**

**(a) Types and Extent of Coverage.** Franchisee shall obtain and maintain throughout the Initial Term such insurance coverages with such limits as specified below (or such greater amounts of insurance as may be required by the terms of any lease or mortgage relating to the Warehouse or Office, or the Brand Standards Manual, which may be amended by us at any time):

- Commercial General Liability: One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) aggregate for bodily injury and property damage including products liability, personal & advertising liability on an occurrence form.
- Property insurance: Coverage written on special form basis on all assets including inventory, furniture, fixtures, equipment, supplies, buildout and property of others used in the operation of the Franchised Business using one hundred percent (100%) replacement cost.
- Business Income & Extra Expense: For not less than fifty percent (50%) of Franchisee's Gross Revenues or twelve (12) months actual loss sustained basis and include extended period of indemnity for one hundred eighty (180) days; including Royalty fees.
- Inland Marine coverage insurance in the amount of the actual cash value of the inventory used in the Franchised Business and used to stage properties.
- Professional liability: One Million Dollars ($1,000,000) limit to cover errors and omissions claims in providing professional services to clients.
- Auto liability: One Million Dollars ($1,000,000) combined single limit liability for all owned, non-owned and hired autos used in the Franchised Business.
- Workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer's liability coverage with a minimum limit of One Million Dollars ($1,000,000).
- Umbrella Liability: Two Million Dollars ($2,000,000) limit to extend over the commercial general liability, automobile liability, and employer's liability coverages.
- Employment Practices Liability: One Million Dollars ($1,000,000) limit for employment wrongful acts including third party liability for harassment and discrimination of non-employees, also including a minimum of One Hundred Thousand Dollars ($100,000) wage & hour defense coverage and the policy must name Franchisor as co-defendant.

- Cyber Liability – One Million Dollar ($1,000,000) limit including but not limited to cyber data breaches, identity theft, PCI compliance, ransomware, notification costs and defense expenses and social engineering sublimit of a minimum of One Hundred Thousand Dollars ($100,000).
- Third Party Crime: One Hundred Thousand Dollars ($100,000) for theft of customer's property by Franchisee's employees.

**(b) Other Insurance Requirements.** Franchisee shall obtain from a nationally recognized insurance company with an A.M. Best Rating of A or higher and at all times during the Initial Term maintain in force and pay the premiums for all types of insurance listed above with complete operations coverage, or, as required by Franchisor, obtain insurance from Franchisor's designated and approved provider. All policies of insurance required to be maintained hereunder shall: (i) be written as primary policy coverage and not "excess over" or contributory with any other applicable insurance, including Franchisor's insurance; (ii) shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer(s)' liability; (iii) shall not contain any special limitations on the scope of coverage afforded to Franchisor; (iv) shall provide that any failure by Franchisee or any of Franchisee's employees, agents, subcontractors, or suppliers, to comply with any notice, reporting, or other similar provisions of such policies shall not affect the coverage provided to Franchisor. From time to time in Franchisor's sole discretion, Franchisor may increase or modify such limits of liability or require additional types of coverage. The insurance policies shall name Franchisor and any affiliates, officers, members, owners, and employees Franchisee designates as an "additional insured" and shall expressly protect both Franchisor and Franchisee (and any other additional insured) on a primary and non-contributory basis and shall require the insurer to defend both Franchisee and Franchisor (and any other additional insured) in any action while reserving Franchisor's right to involve counsel of Franchisor's own choosing in protection of its own and system wide interests. Additionally, Franchisee's insurance policy must provide a waiver of subrogation in favor of Franchisor, its successors, assigns, officers, shareholders, and employees, thus waiving on behalf of Franchisee's insurer any right of subrogation by the insurance company against Franchisor and Franchisor's officers, shareholders, and employees. Franchisee understands that doing so does not necessarily furnish Franchisee with protection levels adequate to Franchisee's needs and that Franchisee's obligation to indemnify Franchisor as set forth above in this Agreement may exceed the amount of insurance Franchisee is required to obtain or does obtain. At least thirty (30) days prior to the time any insurance is first required to be carried by Franchisee, Franchisee will deliver or caused to be delivered to Franchisor Certificates of Insurance evidencing the proper coverage with limits not less than those required by this Agreement and evidencing that Franchisor is named as an additional insured under such policy on a primary and non-contributory basis as required in this Agreement. At least thirty (30) days prior to expiration of any such policy, Franchisee shall deliver to Franchisor Certificates of Insurance evidencing that Franchisee has procured proper renewal or replacement coverage with limits not less than those required by this Agreement and reflecting that Franchisor and its affiliates are additional insured under the policy on a primary and non-contributory basis as required herein. All Certificates will expressly provide that at least thirty (30) days' prior written notice will be given to Franchisor in the event of any alteration to, or cancellation of, the coverage evidenced by the Certificates of Insurance. Franchisor, or its insurer, shall have the right to participate in discussions with Franchisee's insurance company or any claimant (in conjunction with Franchisee's insurance

company) regarding any claim of liability, and Franchisee agrees to adopt Franchisor's reasonable recommendations to its insurance carrier regarding the settlement of any such claims. Franchisee Indemnifying Parties obligations to indemnify Franchisor Indemnified Parties as separate from and in addition to these insurance obligations.

**(c) Failure to Obtain Insurance**. Should Franchisee for any reason fail to procure or maintain the insurance required by this Agreement, Franchisor will have the right and authority to immediately procure such insurance deemed to be necessary and to charge the amount of the cost to procure and maintain such insurance to Franchisee, along with a reasonable fee of ten percent (10%) of the cost for Franchisor's expenses in procuring the insurance, Franchisor is authorized to collect from Franchisee all insurance related expenses paid on behalf of Franchisee through automatic electronic bank transfers as provided for in Section 3 of this Agreement.

**17. Default; Termination.**

**(a) Automatic Termination.** Franchisee shall be in default under this Agreement, and this Agreement and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee in the event that (i) Franchisee makes a general assignment for the benefit of creditors or a petition in bankruptcy is filed by Franchisee; (ii) a petition in bankruptcy is filed against and not opposed by Franchisee; (iii) Franchisee is adjudicated as bankrupt or insolvent; (iv) a bill in equity or other proceeding is filed for the appointment of a receiver or other custodian for Franchisee's business or assets if filed and consented to by Franchisee; (v) a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (vi) proceeding for a composition with creditors under any state or federal law should be instituted by or against Franchisee; (vii) a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless an appeal or supersedeas bond is filed); (viii) Franchisee is dissolved; (ix) any portion of Franchisee's interest in the Franchised Business becomes subject to an attachment, garnishments, levy or seizure by any credit or any other person claiming against or in the rights of Franchisee; (x) execution is levied against Franchisee's business or property; or (xi) the real or personal property of Franchisee's Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

**(b) Termination without Opportunity to Cure.** Franchisee shall be in default and Franchisor may, at its option, terminate this Agreement and all rights granted herein, without affording Franchisee any opportunity to cure the default, effective upon the date the notice is deemed received pursuant to Section 22, and in no event longer than five (5) days after Franchisor sent the notice, upon the occurrence of any of the following events:

**(i)** Franchisee at any time ceases to operate, or fails to respond to communications, or otherwise abandons the Franchised Business for a period of five (5) days without Franchisor's prior written permission; or

**(ii)** Franchisee forfeits the right to do or transact business in the jurisdiction where the Franchised Business is located or loses the right to possession of the Warehouse; provided, however, that if any such loss of possession results from the governmental exercise of the power of eminent domain, or if, through no fault of Franchisee the Warehouse is damaged or destroyed, then Franchisee shall have forty-five (45) days after

either such event in which to apply for Franchisor's acceptance to relocate or reconstruct the Warehouse (which acceptance shall not be unreasonably withheld), provided, Franchisee shall either relocate or commence and diligently pursue reconstruction of the Warehouse within sixty (60) days after the event; or

**(iii)** Except as otherwise permitted in this Agreement, any Owner of more than ten percent (10%) interest in Franchisee transfers all or part of such interest or Franchisee transfers any interest in the Franchised Business or a material portion of the assets of the Franchised Business or Franchisee; or

**(iv)** Franchisee, the Operations Manager, or any Owner of more than ten percent (10%) of Franchisee is convicted of, or pleads guilty or no contest to, (A) a felony, (B) a crime involving moral turpitude, (C) a crime harming children, (D) fraudulent conduct, (E) theft, or (F) any other crime or offense that is reasonably likely to have an adverse effect on the Chain, the Marks or the goodwill associated therewith, or Franchisee or an Owner is proven to have engaged in any of the above; provided, that if the act or conviction involves an Owner, Franchisor will not terminate this Agreement if Franchisee notifies Franchisor promptly after it learns of the event constituting the default, and within fifteen (15) days of the date of the notice, either (a) the person or entity that committed the wrongful act divests his or its entire interest in Franchisee, or (b) Franchisee obtains Franchisor's consent for such Owner to maintain his or its ownership interest; or

**(v)** An approved transfer is not effected within six (6) months of the death or disability of any individual Franchisee; or the death or disability of any Owner of Franchisee; or

**(vi)** Twice within a twelve (12) month period or three (3) times within a three (3) year period, Franchisee is given notice of being in default under any of the terms or requirements of this Agreement, whether or not such defaults are timely cured after notice; or

**(vii)** Franchisee or any Owner fails to comply with any of the covenants of Franchisee or an Owner set forth in this Agreement; or

**(viii)** Franchisee, an Owner, or an Operations Manager makes any misrepresentation to Franchisor or breaches any warranty of representation made to Franchisor, whether in this Agreement or otherwise; or

**(ix)** Franchisee knowingly or intentionally maintains false books or records or knowingly submits any false records, statement or report to Franchisor; or

**(x)** Franchisee, an Operations Manager, any Owners, or Franchisee employees, by act or omission, materially impairs the value of, or the goodwill associated with, the Chain, any of the Marks or the System; or

**(xi)** Franchisee, an Operations Manager, or any Owner takes, withholds, misdirects, or appropriates for Franchisee's own use any funds from Franchisee's

employees' wages for employees' taxes, FICA, insurance or benefits, or generally fails to deal fairly and honestly with Franchisee's employees or customers; or

**(xii)** Franchisee loses or is denied any federal, state or local license that Franchisee must possess in order to operate the Franchised Business; or

**(xiii)** Franchisee, after curing a default pursuant to Section 17 of this Agreement, commits the same act of default again within six (6) months; or

**(xiv)** Any of the following occur prior to the opening of the Franchised Business (1) any representations or warranties of Franchisee, an Owner, and/or the Operations Manager prove to be inaccurate or false, (2) the Operations Manager or an Owner fails to take or pass any of Franchisor's required training, (3) the Operations Manager, an Owner, and/or Franchisee fails to pass any credit or character check performed by or on behalf of Franchisor, and/or (4) Operations Manager, an Owner, and/or Franchisee fail to timely or diligently perform any duties or obligations during the period prior to the opening date; or

**(xv)** Franchisee begins operation of the Franchised Business prior to receiving prior written approval from Franchisor that Franchisee may open for business; or

**(xvi)** Franchisee operates under any trademark not approved by Franchisor or otherwise uses any trademark not approved by Franchisor in the operation of the Franchised Business; or

**(xvii)** Franchisee (1) uses unauthorized goods and services, (2) sells unauthorized goods and services, (3) uses an unauthorized supplier, or (4) fails to use an authorized supplier, in connection with the Franchised Business;

**(xviii)** Franchisee, the Operations Manager, or an Owner engages in any other act or omission which cannot be cured; or

**(xix)** Fail to achieve the Minimum Gross Revenues requirement under Section 11(s).

**(c) Termination After Opportunity to Cure.** Except for those defaults provided for under Sections 17(a) or 17(b), Franchisee shall be in default hereunder for any failure to maintain or comply with any of the terms, covenants, specifications, standards, procedures or requirements imposed by this Agreement or in any Brand Standards Manual, policy and procedure statement or other written document provided by Franchisor, or to carry out the terms of this Agreement in good faith. For such defaults, Franchisor will provide Franchisee with written notice and fifteen (15) days to cure or, if a default cannot reasonably be cured within fifteen (15) days, to initiate within that time substantial and continuing action to cure such default and to provide Franchisor with evidence of such actions. If the defaults specified in such notice are not cured within the fifteen (15)-day period, if substantial and continuing action to cure has not been initiated, or if the default is not curable, Franchisor may, at its option, terminate this Agreement upon written notice to Franchisee. Such defaults shall include, without limitation, the occurrence of any of the following events:

**(i)** Franchisee fails to identify a site for the Warehouse or to commence operating the Franchised Business, all in accordance with this Agreement, including the timelines; or

**(ii)** Franchisee fails, refuses, or neglects to promptly pay any monies owing to Franchisor, its affiliates or the Brand Fund contribution when due or to submit the financial or other information required under this Agreement; or

**(iii)** Any Owner of ten percent (10%) or less of Franchisee makes a transfer of such interest in violation of this Agreement; provided, however, that Franchisee's right to cure such a default shall be conditioned upon Franchisee immediately notifying Franchisor of the improper transfer and taking all actions necessary to either (a) obtain Franchisor's approval thereof, or (b) if approval is not desired or the transfer or transferee is not approved by Franchisor, to re-acquire the interest so transferred; or

**(iv)** A threat or danger to public or customer health or safety results from the construction, maintenance, or operation of the Franchised Business; or Franchisee permits its contractors and employees to engage in dangerous or negligent activities at a customer's property; or

**(v)** Franchisee, its Owners, the Operations Manager, or employees misuses or makes any unauthorized use of the System or the Marks; or

**(vi)** Franchisee, an Owner, or an Operations Manager commits acts of abuse, uses illegal drugs or abuses alcohol, or permits unlawful activities at Franchisee's business; or

**(vii)** Franchisee submits to Franchisor on two or more separate occasions at any time during the Initial Term or any renewal hereof, any reports or other data, information or supporting records which understate the Gross Revenues of the Franchised Business, the Royalties and/or any other sums owed to Franchisor for any period of, or periods aggregating, two or more weeks; or

**(viii)** Franchisee fails to maintain a good credit rating by failing to make prompt payment of undisputed bills, invoices or statements from suppliers of products and services or Franchisee fails to pay undisputed invoices to approved suppliers timely; or

**(ix)** Franchisee fails to provide services to customers according to Franchisor's standards; or

**(x)** Franchisee fails to have sufficient funds in the Account; or

**(xi)** Franchisor receives repeated customer complaints about the Franchised Business; or

**(xii)** Franchisee breaches any agreements associated with the Computer Systems or misuses any Computer Systems.

**(d) Third-Party Disclosure Authorization**. Franchisee hereby authorizes Franchisor to notify any lender, creditor, customer, vendor, or landlord of Franchisee or the Franchised Business upon the occurrence of any default under this Section 17, or any event or circumstances which the giving or notice or passage of time or both would constitute an event of default under this Section 17, and to otherwise communicate with such lenders, creditors, customers, vendors, or landlords with respect to any such default, or any such event or circumstance.

**(e) Relief in Equity.** Franchisee agrees that neither termination of this Agreement nor an action at law, nor both, would be an adequate remedy for a breach or default by Franchisee, or by any other persons bound by this Agreement, in the performance of any obligation relating to Franchisor's Marks or indicia, the trade secrets revealed to Franchisee in confidence pursuant to this Agreement or the obligations of Franchisee and such other persons upon and after termination of this Agreement. The parties therefore agree that in the event of any such breach or default, in addition to all other remedies provided elsewhere in this Agreement or by law, Franchisor shall be entitled to relief in equity from a judge (including a temporary restraining order, temporary or preliminary injunction and permanent mandatory or prohibitory injunction) to restrain the continuation of any such breach or default or to compel compliance with such provisions of this Agreement.

**(f) Termination by Franchisee.** If Franchisor fails to perform any material obligation imposed upon it by this Agreement, and such failure is not cured within ninety (90) days after Franchisee delivers written notice of such failure to Franchisor, then, provided Franchisee is otherwise compliant with Franchisee's obligation under this Agreement and any other agreement with Franchisor, Franchisee may terminate this Agreement at any time thereafter by delivering thirty (30) days' written termination notice to Franchisor. Franchisee shall comply with Franchisor's instructions for the orderly wind-down of the Franchised Business during the thirty (30) day period and comply with the post-termination obligations set forth in Section 18.

**(g) Limitation of Services or Benefits; Territory Modification.** Franchisor shall have the right, but not the obligation, to temporarily or permanently limit or remove certain services or benefits provided or required to be provided to Franchisee hereunder in lieu of exercising its right to terminate this Agreement pursuant to the terms hereof, including, without limitation, eliminating Franchisee's right to use any of Franchisor's Online Presence(s), eliminating access to suppliers, eliminating any website or other Online Presence, Franchisor has created for Franchisee, restricting or removing Franchisee's right to purchase products directly or indirectly from Franchisor or its affiliates, limiting Franchisor's advertising and promotional assistance, and restricting or removing Franchisee's right to use any Computer Systems which are provided by or are proprietary to Franchisor or its affiliate. If Franchisee defaults under this Agreement, Franchisor has the right to modify Franchisee's Territory and the protections described in Section 5. Nothing in this Section 17(g) constitutes a waiver of any other right or remedy of Franchisor under this Agreement. Franchisee acknowledges that Franchisor's exercise of its rights pursuant to this Section 17(g) shall not be deemed a constructive termination. Any services, Territory protections, or benefits removed or limited pursuant to this Section 17(g) may be reinstated at any time in Franchisor's sole discretion.

**(h) Cross-Defaults.** Any default by Franchisee (or any Owner or affiliate of Franchisee) under this Agreement shall be a default under any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any Owner or affiliate of Franchisee). Any such default under any other agreement or any other obligation between Franchisor (or any affiliate of Franchisor) and Franchisee (or any Owner or affiliate of Franchisee) shall be a default under this Agreement. Any default by Franchisee (or any Owner or affiliate of Franchisee) under any lease, sublease, loan agreement, or security interest may be regarded as a default under this Agreement, regardless of whether or not any such agreements are between Franchisee (or any Owner or affiliate of Franchisee) and Franchisor (or any affiliate of Franchisor).

**(i) Extended Cure Period.** Notwithstanding anything to the contrary in this Agreement, Franchisor reserves the right to grant to Franchisee in Franchisor's sole discretion an extended cure period for any breach. Franchisee acknowledges that Franchisor's decision to grant such an extended cure period shall not operate as a waiver of any of Franchisor's rights and that Franchisor can choose to condition such an extension upon the signing of a general release by Franchisee; Owners; guarantors of the Franchisee; and their respective predecessors, affiliates, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns. If any law applicable to this Section requires a longer notice period prior to termination of this Agreement than is specified in this Agreement, a different standard of "good cause," or the taking of some other action not required under this Agreement, the prior notice, "good cause" standard, and/or other action required by such law will be substituted for the comparable provisions in this Agreement.

**(j) Noncompliance.** Without waiving Franchisor's rights that Franchisor may have, and in Franchisor's sole discretion, Franchisor may elect not to terminate Franchisee's franchise agreement as a result of a default. In the event a default occurs, Franchisor may elect to give written notification (a "Notice of Noncompliance") to Franchisee that its Franchised Business is not in compliance with the terms and conditions of this Agreement. Such Notice of Noncompliance shall state a period for Franchisee to cure the noncompliance, which shall be a period not less than thirty (30) days. For a period of six (6) months from and after the date of such Notice of Noncompliance, Franchisee shall reimburse Franchisor for reasonable costs that Franchisor incurs with respect to the Franchised Business, including without limitation the costs of any audit or inspection of the Franchised Business in excess of Franchisor's normal audit program, any mystery shopping for the Franchised Business during such six (6)-month period in excess of Franchisor's normal mystery shopping program applied to all franchised businesses, additional training that Franchisor determines is required to bring the Franchised Business up to Franchisor's standards, and any personnel costs incurred by Franchisor at the Franchised Business to ensure the proper management and operation of the Franchised Business. Nothing in this section shall limit Franchisor's termination rights as otherwise set forth in this Agreement, which Franchisor reserves the right to exercise at any time.

**(k) Damages.** Franchisee shall promptly reimburse Franchisor upon request for any damages, costs, losses, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default under this Agreement.

**18. Obligations upon Termination, Expiration, or Non-Renewal.**

Upon termination, non-renewal, or expiration of this Agreement for any reason, all rights granted hereunder to Franchisee shall terminate and revert to Franchisor, and Franchisee shall have the following obligations with respect to the Franchised Business:

**(a) Cease to Operate**. Franchisee shall immediately cease to operate the business licensed under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as LINDEN CREEK franchisee with respect to such business.

**(b) Cease to use Information.** Franchisee shall immediately and permanently cease to use, in any manner whatsoever, all trade secrets, Confidential Information, methods, procedures and techniques used by or associated with the System, and the proprietary Marks LINDEN CREEK and all other Marks and distinctive forms, slogans, signs, symbols, logos and devices associated with the LINDEN CREEK Chain.

**(c) Cease to use Marks and Trade Dress**. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, the Mark "LINDEN CREEK" and all other Marks and distinctive forms, slogans, signs, symbols, logos, trade dress, décor, branding materials, inventory, and devices associated with the LINDEN CREEK Chain and System. If Franchisor does not exercise its rights to purchase as described in this Section 18(c), Franchisee shall de-identify the Office, Warehouse, and vehicles within fifteen (15) days of the notice from Franchisor that Franchisor is not going to exercise its rights. The de-identification procedures include removing all references to LINDEN CREEK, complying with Franchisor's instructions to remove the Marks, trade dress items, branding items, signage, color schemes, fixtures, and décor items from the Franchised Business.

**(d) Return Franchisor's Property.** Franchisee shall immediately return to Franchisor any property held or used by Franchisee which is owned by Franchisor, including the Customer Lists, Franchised Business Data, and shall cease to use, and either destroy or convey to Franchisor, all designs, signs, advertising materials, displays, stationery, forms and any other materials that bear or display the Marks. Franchisee shall deliver to Franchisor all login credentials associated with any Online Presence, directory, marketing, website, point-of-sale, social media, and all other accounts and systems affiliated with the Franchised Business. Franchisee shall immediately deliver to Franchisor all Brand Standards Manual, policy and procedure statements, instructions, Brand Standards Manual, and other materials related to operating the Franchised Business, including, without limitation, Franchised Business Data, designs, brochures, charts and any other materials provided by Franchisor and all copies thereof, and shall neither retain nor convey to another any copy or record of any of the foregoing.

**(e) Cancel Assumed Names**. Franchisee shall take such actions as may be necessary to cancel any assumed name or similar registration which contains the mark LINDEN CREEK or any other Marks of Franchisor, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with its obligation within thirty (30) days after termination, non-renewal, or expiration of this Agreement.

**(f)** **Pay Amounts Due**. Franchisee shall promptly pay all sums owed to Franchisor upon request. Such sums shall include all damages, costs, losses, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default and the termination under this Agreement. Any outstanding obligations to Franchisor shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures and inventory owned by Franchisee located at the Warehouse on the date this Agreement is terminated, expires, or does not renew. Franchisee shall promptly pay to Franchisor all damages, costs, and expenses including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any term, covenant or provision of this Agreement. Within fifteen (15) days of the date of expiration, termination, or non-renewal of this Agreement, Franchisee shall pay in full all of the creditors and suppliers to the Franchised Business.

**(g)** **Cooperate with Franchisor's Rights**. Franchisor shall have the option, to be exercised within thirty (30) days of termination, non-renewal, or expiration of this Agreement, to assume any of Franchisee's Online Presences, assumed name or equivalent registration and business licenses, telephone numbers, telephone directory listings and advertisements (whether in print or part of an Internet directory), and e-mail addresses and/or Internet domain names which contain the Mark of Franchisor or its affiliates, and Franchisee shall sign all documents necessary to permit Franchisor to assume Franchisee's rights in such items. If Franchisor elects not to exercise this option, Franchisee shall take all action necessary to cancel each of the items listed above and shall furnish Franchisor with evidence satisfactory to prove its compliance within fifteen (15) days after receiving notice of Franchisor's termination or expiration of this Agreement and the expiration of the option granted herein. In the event Franchisee fails to timely do so, Franchisor shall have the right, for which purpose Franchisee hereby appoints Franchisor as its attorney-in-fact, to obtain such cancellation on Franchisee's behalf and at Franchisee's expense.

**(h)** **Comply with Covenants**. Franchisee and its Owners shall comply with the covenants contained in this Agreement, including, but not limited to, the covenants not to compete or solicit and the covenants not to disclose trade secrets or confidential information.

**(i)** **Cooperate with Purchase Rights**. If Franchisor requests, Franchisee shall sell to Franchisor any assets used in connection with the operation of Franchisee's Franchised Business. Franchisor has the right, but not the obligation, to exercise this right by providing Franchisee written notice of Franchisor's election within sixty (60) calendar days after the termination, non-renewal, or expiration of this Agreement and paying Franchisee the book value for such assets within sixty (60) calendar days of such notice. For purposes of this paragraph, "book value" means the amount Franchisee actually paid for the asset less depreciation (calculated by using the straight-line depreciation method on a ten (10) year depreciation schedule irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises Franchisor's right to purchase any assets that is subject to a lease or finance agreement, the purchase price of such assets shall equal the amount of Franchisee's remaining obligations under the lease or finance agreement, as applicable. Franchisor shall be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to assets or for any other debt. If Franchisor exercises Franchisor's option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Franchised Business, or Franchisor may require

that Franchisee close the Franchised Business during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase the Franchised Business. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's assets, including, without limitation, representations and warranties as to ownership and condition of and title to the assets; liens and encumbrances on the assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise. Franchisor may purchase all or only a portion of the assets of the Franchised Business and may exclude from its purchase any assets or cash, for any reason, in Franchisor's sole discretion. Franchisor shall have the right to set off and apply any amounts due to Franchisee pursuant to this subsection against any and all other amounts which may be due from Franchisee to Franchisor.

**(j) Computer Systems and Customer List**. Franchisee shall comply with Franchisor's instructions relating to the Computer Systems, Franchised Business Data, and the Customer List.

**(k) Existing Contracts**. Upon the expiration or termination of this Agreement, all contracts related to the furnishing of services to a customer entered into by Franchisee shall be automatically assigned to Franchisor or its designee without compensation upon notice of acceptance from Franchisor or its designee. At Franchisor's option, Franchisor may require Franchisee to contact all parties to such contract in writing and notify the parties that: 1) this Agreement has terminated and 2) the contracts are terminated.

**(l) Liquidated Damages**. Franchisee and Franchisor agree that it would be difficult if not impossible to determine the amount of damages that Franchisor would suffer due to a termination of this Agreement because of Franchisee's default or termination without cause. Therefore, Franchisee and Franchisor agree that a reasonable estimate of those damages (as liquidated damages and not as a penalty) is the net present value of an amount equal to the average of the preceding twenty-four (24) months of Royalty fees due and payable pursuant to Section 3(a)(ii), multiplied by the lesser of (i) twenty-four (24) or (ii) the number of full months (pro-rated for partial months) left in the Initial Term; subject to a minimum of Twenty Four Thousand Dollars ($24,000). Franchisee shall pay all costs, expenses and attorneys' fees incurred by Franchisor in enforcing the terms and conditions of this provision. Nothing contained herein shall be construed as prohibiting Franchisor from additionally pursuing any other remedies which may be available to Franchisor for such breach, including recovery of actual damages.

**(m) Access Right.** In the event Franchisee does not comply with the above requirements, Franchisor may enter the Office and Warehouse, without being guilty of trespass and without incurring any liability to Franchisee, to undertake these post-termination obligations, including removing all signs, trade dress, equipment, and other items identifying the Office and Warehouse as a LINDEN CREEK Franchised Business and to make such other modifications as are reasonably necessary to protect the Marks and the System and to distinguish the Office and Warehouse from other LINDEN CREEK businesses.

**19. Independent Contractor; Indemnification.**

**(a) Independent Contractor.** It is understood and agreed by the parties that this Agreement creates only a contractual relationship between the parties subject to the normal rule of contract law. This Agreement does not create a fiduciary relationship between the parties and Franchisee is and shall remain an independent contractor. Franchisee agrees to hold itself out to the public as an independent contractor, separate and apart from Franchisor. Franchisee agrees that it shall not make any contract, agreement, warranty, or representation on Franchisor's behalf without Franchisor's prior written consent, and Franchisee agrees that it shall not incur any debt or other obligation in Franchisor's name. This Agreement shall not be deemed to confer any rights or benefits to any person or entity not expressly named herein.

**(b) Indemnification.**

**(i) Franchisee's Obligation to Indemnify**. Franchisee, Owners, and Guarantors ("Franchisee Indemnifying Parties") agree to fully protect, indemnify, defend, reimburse, and hold Franchisor; Franchisor's predecessors, and affiliates; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities (collectively, "Franchisor Indemnified Parties") harmless from and against all liabilities, losses, obligations, claims, demands, damages (consequential or otherwise), penalties, fines, costs, and expenses (including attorneys' fees) of any nature whatsoever (collectively, "Losses") incurred in connection with any action, suit, proceeding, claim, demand, judgment, investigation, inquiry, assessment, or formal or informal inquiry (regardless if reduced to judgment), or any settlement of the foregoing, of whatsoever nature (collectively, "Action"), or arising from, any of the following: (1) Franchisee Indemnifying Parties' actual or alleged violation of any law, rule, regulation, or ordinance; (2) damage to property; (3) injury to or death or disability of any person; (4) negligence, recklessness, misconduct, or criminal conduct by the Franchisee Indemnifying Parties', the Operations Manager, or any of Franchisee's employees or agents; (5) data breaches; (6) Franchisee Indemnifying Parties' breach of this Agreement or any representations and warranties they make herein; (7) infringement of any intellectual property rights; (8) product recalls; (9) any failure to warn or give instructions related to any products or services provided by Franchisor Indemnified Parties or by Franchisee; (10) any labor or employment law disputes relating to the Warehouse, Office, or the Franchised Business or claims arising out of Franchisee's employment practices, including claims that any of the Franchisor Indemnified Parties are the employer, joint employer, or co-employer of Franchisee or Franchisee's agents, employees, or contractors; (11) any third party claim that arises from or is connected that explicitly or implicitly is premised on Franchisor's direct and vicarious liability or arises from Franchisee's employment and personnel decisions, including wrongful termination, wage and hour violations, and employee harassment and discrimination; (12) any acts, errors, or omissions of the Franchised Business, the Franchisee Indemnifying Parties, and their employees, contractors, and agents, including those connected with disputes with or claims by customers; (13) losses, claims or damages incurred by persons, other than Franchisee, due to errors or omissions contained in financial statements prepared by Franchisee pursuant to this Agreement, even

if caused by the negligence of Franchisee, its employees, agents, contractors, or others for whom Franchisee is, in law, responsible; or (14) any third party claim that arises from or is connected with the ownership, establishment, use, non-use, possession, condition, operation, closure, or maintenance of the Warehouse, Office, and the Franchised Business. Franchisee Indemnifying Parties agree that this obligation to indemnify is regardless of the cause or concurrent or contributing fault or negligence of the Franchisor Indemnified Parties. Franchisee Indemnifying Parties hereby waive all claims against Franchisor Indemnified Parties arising from any of the foregoing. Franchisor Indemnified Parties shall not be liable for any act or omission of Franchisee Indemnifying Parties or their employees, contractors, or agents connected to or arising from the ownership, establishment, use, non-use, possession, condition, operation, or maintenance of the Warehouse, Office, and the Franchised Business

**(ii) Indemnification Procedures**. Franchisee will also notify Franchisor by telephone of any Action within forty-eight (48) hours after such Action is initiated and in writing within four (4) days after such Action is initiated. Franchisor Indemnified Parties shall have the right, in their sole discretion, and at Franchisee's expense and risk, to: (1) retain counsel of their own choosing to represent them with respect to any claim; and (2) control the response thereto and the defense thereof, including the right to enter into settlements or take any other mitigating, remedial, corrective, or other actions they deem appropriate. Franchisee Indemnifying Parties must reimburse Franchisor Indemnified Parties for all of Franchisor Indemnified Parties' costs, expenses, and all attorneys' fees immediately upon Franchisor Indemnified Parties' request. Franchisee Indemnifying Parties shall not, without the prior written consent of the Franchisor Indemnified Party, (A) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Franchisor Indemnified Parties, or (B) settle or compromise any claim in any manner that may adversely affect the Franchisor Indemnified Parties. Franchisee Indemnifying Parties agree to give their full cooperation to Franchisor Indemnified Parties in assisting with the defense of any such claim. Franchisor Indemnified Parties' undertaking of defense and/or settlement will in no way diminish Franchisee Indemnifying Parties' obligations to indemnify Franchisor Indemnified Parties and to hold Franchisor Indemnified Parties harmless. Under no circumstance will Franchisor Indemnified Parties be required to seek recovery from any insurer or other third party or otherwise mitigate Franchisor Indemnified Parties' or the third parties' losses to maintain a claim for indemnification against Franchisee Indemnifying Parties. Franchisee Indemnifying Parties agree that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable by Franchisor Indemnified Parties from Franchisee.

**(iii) Survival.** Any and all of the Franchisee Indemnifying Parties' indemnification obligations under this Agreement shall survive the expiration, non-renewal, or sooner termination of this Agreement.

**(c) Payment of Taxes.** Franchisee shall promptly pay to Franchisor an amount equal to all taxes levied or assessed, including, but not limited to, unemployment taxes, sales taxes, use taxes, withholding taxes, excise taxes, personal property taxes, intangible property taxes, gross

receipt taxes, taxes on Royalties, any similar taxes or levies, imposed upon or required to be collected or paid by Franchisor or Franchisor's affiliates by reason of the furnishing of products, intangible property (including trademarks and trade names) or services by Franchisor to Franchisee through the sale, license, or lease of property or property rights provided by this Agreement other than taxes on Franchisor's net income.

**Chat 20. <u>Franchisee Representations</u>.**

**(a) EVEN THOUGH THIS AGREEMENT CONTAINS PROVISIONS REQUIRING FRANCHISEE TO OPERATE THE FRANCHISED BUSINESS IN COMPLIANCE WITH FRANCHISOR'S SYSTEM: (1) FRANCHISOR OR FRANCHISOR'S AFFILIATES DO NOT HAVE ACTUAL OR APPARENT AUTHORITY TO CONTROL THE DAY-TO-DAY CONDUCT AND OPERATION OF FRANCHISEE'S BUSINESS OR EMPLOYMENT DECISIONS; AND (2) FRANCHISEE AND FRANCHISOR DO NOT INTEND FOR FRANCHISOR OR FRANCHISOR'S AFFILIATES TO INCUR ANY LIABILITY IN CONNECTION WITH OR ARISING FROM ANY ASPECT OF FRANCHISOR'S SYSTEM OR FRANCHISEE'S USE OF THE FRANCHISOR SYSTEM OR THE OPERATION OF THE FRANCHISED BUSINESS WHETHER OR NOT IN ACCORDANCE WITH THE REQUIREMENTS OF THE BRAND STANDARDS MANUAL.**

**(b) IF FRANCHISEE IS A CORPORATION, A LIMITED LIABILITY COMPANY OR A PARTNERSHIP, FRANCHISEE MAKES THE FOLLOWING REPRESENTATIONS AND WARRANTIES: (1) FRANCHISEE IS DULY ORGANIZED AND VALIDLY EXISTING UNDER THE LAWS OF THE STATE OF ITS FORMATION; (2) FRANCHISEE IS QUALIFIED TO DO BUSINESS IN THE STATE OR STATES IN WHICH THE FRANCHISED BUSINESS IS LOCATED; (3) EXECUTION OF THIS AGREEMENT AND THE DEVELOPMENT AND OPERATION OF THE FRANCHISED BUSINESS IS PERMITTED BY ITS GOVERNING DOCUMENTS; AND (4) FRANCHISEE'S ARTICLES OF INCORPORATION, ARTICLES OF ORGANIZATION OR WRITTEN PARTNERSHIP AGREEMENT SHALL AT ALL TIMES PROVIDE THAT FRANCHISEE'S ACTIVITIES ARE LIMITED EXCLUSIVELY TO THE DEVELOPMENT AND OPERATION OF THE FRANCHISED BUSINESS. FURTHERMORE, FRANCHISEE SHALL PROVIDE TO FRANCHISOR A CURRENT LIST OF ALL OWNERS AND FRANCHISEE AGREES THAT FRANCHISEE WILL ADVISE FRANCHISOR OF ANY AND ALL CHANGES IN OWNERSHIP.**

**(c) IF FRANCHISEE IS AN INDIVIDUAL, OR A PARTNERSHIP COMPRISED SOLELY OF INDIVIDUALS, FRANCHISEE MAKES THE FOLLOWING ADDITIONAL REPRESENTATIONS AND WARRANTIES: (I) EACH INDIVIDUAL HAS EXECUTED AN AGREEMENT WHEREBY THEY AGREE TO BE BOUND BY ALL THE TERMS OF THIS AGREEMENT; (II) EACH INDIVIDUAL SHALL BE JOINTLY AND SEVERALLY BOUND BY, AND PERSONALLY LIABLE FOR THE TIMELY AND COMPLETE PERFORMANCE AND ANY BREACH OF, EACH AND EVERY PROVISION OF THIS AGREEMENT; AND (III) NOTWITHSTANDING ANY TRANSFER FOR CONVENIENCE OF OWNERSHIP, PURSUANT TO THIS AGREEMENT, EACH INDIVIDUAL SHALL CONTINUE TO BE JOINTLY AND**

**SEVERALLY BOUND BY, AND PERSONALLY LIABLE FOR THE TIMELY AND COMPLETE PERFORMANCE AND ANY BREACH OF, EACH AND EVERY PROVISION OF THIS AGREEMENT.**

**(d) IF FRANCHISEE IS A CORPORATION, FRANCHISEE SHALL MAINTAIN STOP-TRANSFER INSTRUCTIONS AGAINST THE TRANSFER ON ITS RECORDS OF ANY VOTING SECURITIES, AND EACH STOCK CERTIFICATE OF THE CORPORATION SHALL HAVE CONSPICUOUSLY ENDORSED UPON ITS FACE THE FOLLOWING STATEMENT: "ANY ASSIGNMENT OR TRANSFER OF THIS STOCK IS SUBJECT TO THE RESTRICTION IMPOSED ON ASSIGNMENT BY FRANCHISOR, PURSUANT TO FRANCHISE AGREEMENT(S) TO WHICH THE CORPORATION IS A PARTY." IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH MEMBERSHIP OR MANAGEMENT CERTIFICATE OR OTHER EVIDENCE OF INTEREST IN FRANCHISEE SHALL HAVE CONSPICUOUSLY ENDORSED UPON ITS FACE THE FOLLOWING STATEMENT: "ANY ASSIGNMENT OR TRANSFER OF AN INTEREST IN THIS LIMITED LIABILITY COMPANY IS SUBJECT TO THE RESTRICTIONS IMPOSED ON ASSIGNMENT BY FRANCHISOR PURSUANT TO FRANCHISE AGREEMENT(S) TO WHICH THE LIMITED LIABILITY COMPANY IS A PARTY." IF FRANCHISEE IS A PARTNERSHIP, ITS WRITTEN AGREEMENT SHALL PROVIDE THAT OWNERSHIP OF AN INTEREST IN THE PARTNERSHIP IS HELD SUBJECT TO, AND THAT FURTHER ASSIGNMENT OR TRANSFER IS SUBJECT TO, ALL RESTRICTIONS IMPOSED ON ASSIGNMENT BY THIS AGREEMENT.**

**(e) FRANCHISEE ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE PROPOSED FRANCHISE AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS OWNER OR BUSINESS.**

**(f) FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY, OR GUARANTEE, OR REPRESENTATION OTHER THAN AS SET FORTH IN THE DISCLOSURE DOCUMENT, EXPRESS OR IMPLIED, FROM ANY EMPLOYEE OR AGENT OF FRANCHISOR AS TO THE POTENTIAL SALES VOLUMES, PROFITS, OR LEVEL OF SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT. FRANCHISOR HAS NOT REPRESENTED THAT (I) FRANCHISEE WILL EARN, CAN EARN, OR IS LIKELY TO EARN A GROSS OR NET PROFIT, (II) FRANCHISOR HAS KNOWLEDGE OF THE RELEVANT MARKET, OR (III) THE MARKET DEMAND WILL ENABLE FRANCHISEE TO EARN A PROFIT FROM THE FRANCHISED BUSINESS;**

**(g) FRANCHISEE ACKNOWLEDGES THAT IT RECEIVED A COPY OF THE COMPLETE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, THE ATTACHMENTS THERETO, AND THE AGREEMENTS RELATED THERETO, IF ANY, AT LEAST FOURTEEN (14)**

**CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS SIGNED OR CONSIDERATION PAID.**

**(h)** FRANCHISEE ACKNOWLEDGES THAT, IN ALL OF ITS DEALINGS WITH FRANCHISOR'S OWNERS, OFFICERS, DIRECTORS, EMPLOYEES, AND REPRESENTATIVES, THESE INDIVIDUALS ACT ONLY IN THEIR REPRESENTATIVE CAPACITY AND NOT IN AN INDIVIDUAL CAPACITY. FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT AND ALL BUSINESS DEALINGS BETWEEN FRANCHISEE AND THESE INDIVIDUALS AS A RESULT OF THIS AGREEMENT ARE SOLELY BETWEEN FRANCHISEE AND FRANCHISOR. NOTWITHSTANDING THE FOREGOING, IF FRANCHISOR ENGAGES ANY BROKER, THAT BROKER WILL BE SOLELY LIABLE FOR ITS CONDUCT WITH FRANCHISEE EXCEPT THAT FRANCHISOR WILL REMAIN LIABLE FOR THE BROKER'S CONDUCT SOLELY TO THE EXTENT OF FRANCHISOR'S OWN CRIMINAL, INTENTIONAL OR GROSSLY NEGLIGENT CONDUCT IN ENGAGING THE BROKER.

**(i)** FRANCHISOR MAKES NO WARRANTY AS TO FRANCHISEE'S ABILITY TO OPERATE THE FRANCHISED BUSINESS IN THE JURISDICTION IN WHICH THE FRANCHISED BUSINESS WILL BE OPERATED. FRANCHISEE MUST SEEK OR OBTAIN ADVICE OF COUNSEL SPECIFICALLY ON THIS ISSUE. IF LEGISLATION IS ENACTED, OR A REGULATION PROMULGATED, BY ANY GOVERNMENTAL BODY THAT PREVENTS FRANCHISEE FROM OPERATING THE FRANCHISED BUSINESS, FRANCHISOR IS NOT LIABLE FOR DAMAGES NOR REQUIRED TO INDEMNIFY FRANCHISEE IN ANY MANNER WHATSOEVER OR TO RETURN ANY MONIES RECEIVED FROM FRANCHISEE.

**21. Governing law, Jurisdiction and Venue.**

**(a) Actions**. The term "Action" as referred to in this Section 21, means any claim, counterclaim, action, proceeding, lawsuit, arbitration, dispute, or controversy, whether in law or in equity, arising from or related to this Agreement, any agreement between Franchisee (or its Owners, affiliates, and guarantors) and Franchisor (or its affiliates) relating to the Franchised Business, the rights, performance, and obligations of Franchisor and Franchisee under such agreements, the interpretation, validity, or enforceability of such agreements, the sale of the franchise, the relationship between Franchisor and Franchisee (and its Owners, affiliates, and guarantors).

**(b) Mediation.** Except as set forth below, before Franchisee (or any of its Owners, guarantors, or affiliates) and Franchisor (or its affiliates) may bring an Action against the other, the parties must first meet to mediate the dispute (except as otherwise provided below). Any such mediation shall be non-binding. Mediation shall be (i) conducted by a mediator mutually agreeable to the parties who has franchise law experience, (ii) conducted in accordance with the American Arbitration Association rules for mediation of commercial disputes and (iii) held in the city of Franchisor's then-current principal place of business (currently Raleigh, North Carolina). Nevertheless, the parties may mutually agree on a mediator, venue, and/or procedures for mediation. The mediation shall be commenced by the party requesting mediation ("complainant")

providing written notice of the request for mediation ("request") to the party with whom mediation is sought ("respondent"). The request shall specify with reasonable particularity the matter or matters on which mediation is sought. A copy of the request shall be given by the complainant simultaneously to Franchisor if Franchisor is not a complainant or respondent. Mediation commenced under this Section 21(b) shall be concluded within sixty (60) days of the issuance of the request or such longer period as may be agreed upon by the parties in writing. All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever. Complainant and respondent shall each bear its own costs of mediation, and each shall bear one-half the cost of the mediator or mediation service.

**(c) Venue.** Franchisee acknowledges that it has and will continue to develop a substantial and continuing relationship with Franchisor at its principal offices in the State of North Carolina, where Franchisor's decision-making authority is vested and where franchise operations are conducted and supervised. Therefore, Franchisee agrees that in consideration for Franchisor entering this Agreement, Franchisor hereby submits itself to the jurisdiction of the State of North Carolina. Courts of competent jurisdiction for the city of Franchisor's then-current principal place of business (currently, Raleigh, North Carolina) shall have exclusive jurisdiction over any and all such legal or equitable dispute(s) between Franchisor and Franchisee not resolved pursuant to Section 21(a) above.

**(d) Prevailing Party, Attorney's Fees and Costs.** The prevailing party in any Action or proceeding arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for the Franchised Business, Office, or Warehouse, the parties' relationship, or the Franchised Business will be entitled to recover its reasonable costs and expenses (including attorneys' fees, arbitrator's fees and expert witness fees, costs of investigation and proof of facts, court costs, and other arbitration or litigation expenses) incurred in the prosecution or defense of any such claim, lawsuit, litigation or arbitration.

**(e) JURY TRIAL AND CLASS ACTION WAIVER. FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS, AFFILIATES, AND GUARANTORS, IF APPLICABLE) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT BY FRANCHISOR (AND ITS AFFILIATES, IF APPLICABLE) AND FRANCHISEE (AND FRANCHISEE'S OWNERS, AFFILIATES, AND GUARANTORS, IF APPLICABLE). NEITHER FRANCHISEE (AND FRANCHISEE'S OWNERS, AFFILIATES, AND GUARANTORS, IF APPLICABLE) NOR FRANCHISOR SHALL SEEK TO BRING AN ACTION AGAINST ANY OF THE OTHER PARTIES EITHER AS A REPRESENTATIVE OF, OR ON BEHALF OF, ANY OTHER PERSON, CLASS, OR ENTITY. NO ACTION SHALL ADD AS A PARTY, BY CONSOLIDATION, JOINDER, OR IN ANY OTHER MANNER, ANY PERSON OR PARTY OTHER THAN FRANCHISEE (AND FRANCHISEE'S OWNERS, AFFILIATES, AND GUARANTORS, IF APPLICABLE) AND FRANCHISOR (AND ITS AFFILIATES, IF APPLICABLE) AND ANY PERSON IN PRIVITY WITH, OR CLAIMING THROUGH, IN THE RIGHT OF, OR ON BEHALF OF, THEM, UNLESS BOTH FRANCHISEE AND FRANCHISOR CONSENT IN WRITING. FRANCHISOR HAS THE ABSOLUTE RIGHT TO REFUSE SUCH CONSENT. FRANCHISEE (AND ITS OWNERS, GUARANTORS, AND**

**AFFILIATES, AS APPLICABLE) AGREES AND ACKNOWLEDGES THAT ANY ACTION WILL BE CONSIDERED UNIQUE ON ITS FACTS AND SHALL NOT BE BROUGHT AS A CLASS OR GROUP ACTION. FRANCHISEE (AND ITS OWNERS, GUARANTORS, AND AFFILIATES, AS APPLICABLE) MAY NOT BRING ANY ACTION ON A CLASS-WIDE BASIS (OR JOIN ANY THIRD-PARTY CLAIM).**

**(f) WAIVER OF CERTAIN DAMAGES. EXCEPT FOR FRANCHISEE INDEMNIFYING PARTIES' OBLIGATIONS TO INDEMNIFY FRANCHISOR INDEMNIFIED PARTIES UNDER THIS AGREEMENT AND ACTION FRANCHISOR BRINGS AGAINST FRANCHISEE (AND FRANCHISEE'S OWNERS, AFFILIATES, AND GUARANTORS, IF APPLICABLE) FOR UNAUTHORIZED USE OF THE MARKS, UNAUTHORIZED USE OR DISCLOSURE OF CONFIDENTIAL INFORMATION, OR BREACH OF NON-COMPETITION OR NON-SOLICITATION COVENANTS, FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS, AFFILIATES, AND GUARANTORS, IF APPLICABLE) WAIVE ANY RIGHT TO OR CLAIM FOR PUNITIVE, CONSEQUENTIAL, EXEMPLARY, MULTIPLE, INCIDENTAL, OR OTHER DAMAGES IN EXCESS OF THE ECONOMIC DAMAGES ACTUALLY SUSTAINED BY THE PARTY, WHETHER ASSERTED AS A RELATED OR INDEPENDENT TORT, AS A BREACH OF CONTRACT, OR AS ANY OTHER CLAIM OR CAUSE OF ACTION BASED ON STATUTORY OR COMMON LAW. THE FOREGOING DOES NOT LIMITED THE PARTIES' ABILITY TO SEEK EQUITABLE RELIEF.**

**(g) Remedies Cumulative.** All rights and remedies conferred upon Franchisee and Franchisor by this Agreement and by law shall be cumulative of each other, and neither the exercise nor the failure to exercise any such right or remedy shall preclude the exercise of any other such right or remedy. Franchisee acknowledges that the remedy at law for any actual or threatened breach of this Agreement by Franchisee may be inadequate and that Franchisor shall be entitled to specific performance hereof or injunctive relief or both by temporary or permanent injunction, or other appropriate judicial remedy, writ, or order in addition to any damages which Franchisor may be legally entitled to recover.

**(h) Injunctive Relief**. Notwithstanding the provisions of Section 21(b) above, Franchisee and the Owners agree that Franchisor, at its option, will have the right to immediately seek preliminary injunctive relief from a court of competent jurisdiction, to restrain any conduct by Franchisee, the Owners, or the guarantors that (i) could materially damage the goodwill associated with the System, the Marks, and the Chain (including but not limited to conduct related to trademark or other intellectual property infringement), (ii) that involves the disclosure or use of Franchisor's Confidential Information, including but not limited to the Customer List, or (iii) that relates to Franchisee's, the Owners', or an Operations Manager's covenants against unfair competition or solicitation.

**(i) Governing Law.** This Agreement and any claim or controversy arising out of or relating to rights and obligations of the parties under this Agreement and any other claim or controversy between the parties shall be governed by and construed under the laws of the State of North Carolina and any dispute between the parties shall be governed by and determined in

accordance with the substantive law of the State of North Carolina, which laws shall prevail in the event of any conflict of law. Nothing in this Subsection 21(g) is intended, or shall be deemed, to make any North Carolina law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if such law would not otherwise be applicable. Any and all Actions brought by Franchisee, the Owners, or Franchisee's affiliates or guarantors against Franchisor or its affiliates, shall be commenced within one (1) year from the occurrence of the facts giving rise to such Action, or such Action shall be barred.

**(j)** **Survival**. The provisions of this Section 21 shall continue in full force and effect subsequent to and notwithstanding the termination, expiration or non-renewal of this Agreement.

**22. Notices.**

Except as otherwise provided in this Agreement, all notices, requests, demands and other communications required or permitted to be given or made under this Agreement shall be in writing and shall be given (i) by personal delivery, (ii) by registered or certified mail, return receipt requested, postage prepared, or (iii) by delivery to a nationally recognized overnight courier service, in each case, addressed as follows:

If intended for Franchisor, addressed to

Franchisor: LINDEN CREEK LLC
ATTN: Chief Executive Officer
8450 Falls of Neuse #200
Raleigh, NC 27615

With a copy (which shall not constitute notice) to:

Manning, Fulton & Skinner, P.A.
Attn: Ritchie W. Taylor
PO Box 20389
Raleigh, NC 27619

If intended for Franchisee addressed to

The notice address set forth in the Franchise Rider, or,

If Franchisee has opened its Franchised Business, the address of the accepted Office of the Franchised Business, or

in either case, to such other address as may have been designated by notice to the other party. Notice shall be deemed given and effective upon the first to occur of receipt, when proper delivery is refused, or two (2) calendar days after deposit in registered or certified U.S. Mail or with a nationally recognized overnight courier, as described above. Any notice that gives the sender evidence of delivery, rejected delivery, or delivery that is not possible because the recipient moved and left no forwarding address will be deemed to have been given at the date and time of receipt, rejected, and/or attempted delivery.

Additionally, Franchisor may provide the notice described in this section by email or other electronic system to (a) the email address set forth on the Franchise Rider, (b) the email address Franchisor has approved or provided for Franchisee to use with the Franchised Business, or (c) another electronic account that Franchisor has approved or provided for Franchisee to use with the Franchised Business. Such email notices shall be deemed given and effective upon the day on which the email was sent, unless Franchisor receives notice of rejected delivery by the email account or other electronic account.

**23. Miscellaneous.**

**(a) Severability.** The invalidity or unenforceability of any one (1) or more provision of this Agreement shall in no way affect any other provision. If any court of competent jurisdiction determines any provision of this Agreement to be invalid, illegal or unenforceable, that portion shall be deemed severed from the rest, which shall remain in full force and effect as though the invalid, illegal or unenforceable portion had never been a part of this Agreement.

**(b) Construction.** All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, as the case may require. All acknowledgements, warranties, representations, covenants, agreements, and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all those executing this Agreement as Franchisee.

**(c) Entire Agreement.** This Agreement, the documents incorporated herein by reference and the exhibits attached hereto, comprise the entire agreement between the parties and all prior understandings, representations (including, unless otherwise agreed upon by the parties, the representations of any franchise sellers), or agreements concerning the subject matter hereof are canceled and superseded by this Agreement. This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

**(d) Assignees.** This Agreement shall be binding upon the heirs, successors, permitted assigns and legal representatives of the parties.

**(e) Amendments.** Franchisor reserves the right to amend this Agreement if a Franchise Agreement change proposed by Franchisor is agreed to by seventy percent (70%) of the then-current franchisees. Further, except for those permitted to be made unilaterally by Franchisor, no supplement, amendment or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto.

**(f) Waivers.** No failure of Franchisor to exercise any right given to it hereunder, or to insist upon strict compliance by Franchisee with any obligation, agreement or undertaking hereunder, and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Franchisor's right to demand full and exact compliance by Franchisee and shall not affect or impair Franchisor's rights with respect to any subsequent default of the same or of a

different nature, nor shall any delay or omission of Franchisor to exercise any right arising from such default affect or impair Franchisor's rights as to such default or any subsequent default. Franchisor has the unrestricted right to elect to not enforce (or to selectively enforce) any provision of this Agreement or any other agreement, standard or policy, whether with respect to Franchisee and/or any other franchisee or other person, or any affiliate of Franchisee or Franchisor, without liability.

**(g) Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same Agreement. This Agreement may, but is not required to, be executed using electronic signatures. Electronic signatures shall be treated for all purposes as originals.

**(h) Headings.** The headings used in the Agreement are for convenience only, and the paragraphs shall be interpreted as if such headings were omitted.

**(i) Time of Essence.** Franchisee agrees and acknowledges that time is of the essence with regard to Franchisee's obligations hereunder, and that all of Franchisee's obligations are material to Franchisor and this Agreement.

**(j) Evolving Agreements.** Franchisee acknowledges that Franchisor has entered, and will continue to enter, into agreements with other Franchisees that may contain provisions, conditions, and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that Franchisor and franchisees other than Franchisee may have different rights and obligations does not affect the parties' duty to comply with this Agreement.

**(k) Delegation.** Franchisor shall have the right to delegate Franchisor's duties under this Agreement to any affiliated or non-affiliated entity, agent, or employee and Franchisee agrees to such assignment without any right to approve such actions.

**(l) Final Act.** The last signature applied to this Agreement shall be the signature of Franchisor's Chief Executive Officer. The Agreement shall not be binding on Franchisor until signed by Franchisor.

**(m) Fines.** For each instance where Franchisee fails to obtain prior written approval for advertisements, fails to attend required training or franchisor sponsored conventions, offers unauthorized merchandise, fails to timely submit a report, or otherwise fails to comply with LINDEN CREEK system's operating standards, Franchisor shall, at Franchisor's option, have the right to levy a fine in an amount up to One Thousand Dollars ($1,000) per occurrence, in addition to Franchisor's inspection and re-inspection costs. Additionally, in the event that Franchisee fails inspection or is in default and Franchisor inspects and/or re-inspects the Franchised Business, then Franchisee shall reimburse Franchisor for its inspection costs on request. The imposition of a fine pursuant to this section shall not act as a waiver of any of Franchisor's other remedies under this Agreement. Furthermore, Franchisor has the right to collect any such fines by means of EFT.

**(n)** **Covenant of Good Faith**. No covenant of good faith and fair dealing shall be implied into this Agreement, except that if applicable law shall imply such a covenant in this Agreement, Franchisor and Franchisee agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply such a covenant, Franchisee acknowledges that (a) this Agreement grants Franchisor the discretion to make decisions, take actions, and refrain from taking actions not inconsistent with Franchisor's explicit rights and obligations hereunder that may favorably or adversely affect Franchisee's interests; (b) Franchisor will use its judgment in exercising such discretion based on Franchisor's assessment of its own interests and balancing those interests against the interests of Franchisee and other franchisees within the Chain generally; (c) Franchisor will have no liability to Franchisee for the exercise of its discretion, so long as such discretion is not exercised in bad faith toward Franchisee; and (d) in absence of such bad faith, no trier of fact in any legal action shall substitute its judgment for Franchisor's judgment so exercised.

**(o)** **Modification of Agreement**. If any term or provision, or any portion thereof, of this Agreement, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereto, and Franchisor will have the right, in its sole discretion, to modify such invalid or enforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable.

**(p)** **Security Agreement**. Franchisee agrees to give no security interests, pledges or encumbrances in Franchisee's inventory, leasehold, fixtures, securities or in this Agreement without the prior written approval of Franchisor, which shall not be deemed a consent to assignment. Franchisor will not unreasonably withhold approval but is legitimately concerned to ensure: (a) that Franchisee not lose the business; (b) that the business not be lost to the franchise system; and (c) that Franchisor not have to defend a claim to franchisee rights by anyone it shall not have agreed to accept as a franchisee. In order to secure the prompt performance of Franchisee's obligations under this Agreement, Franchisee grants Franchisor and Franchisor takes a first priority security interest in all of Franchisee's assets, including without limitation, all present and after acquired inventory and equipment wherever located, accounts, deposit accounts, chattel paper, instruments, contract rights (including Franchisee's rights under this Agreement) and general intangibles, including payment intangibles, and all proceeds and products thereof including insurance proceeds. All items in which a security interest is granted are referred to as the "Collateral". This Agreement and the License granted to Franchisee hereunder may not be used by Franchisee as collateral or be the subject of a security interest, lien, levy, attachment or execution by Franchisee's creditors, any financial institution, or any other party, except with Franchisor's prior written approval. The security interest is to secure payment of the following (the "Indebtedness"): (a) all amounts due under this Agreement or otherwise by Franchisee; (b) all sums which Franchisor may, at Franchisor's option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness; (c) all expenses, including reasonable attorneys' fees, which Franchisor incurs in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting Franchisor's rights under the security interest and this Agreement; and (d) all other present or future, direct or indirect, absolute or

contingent, liabilities, obligations, and indebtedness of Franchisee to Franchisor or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not Franchisor executes any extension agreement or renewal instruments. Franchisee will from time to time as Franchisor requires join with Franchisor in executing any additional documents and one (1) or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to Franchisor. Upon default and termination of Franchisee's rights under this Agreement, Franchisor shall have the immediate right to possession and use of the Collateral. Franchisee agrees that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at Franchisor's option and without notice, become due and payable immediately, and Franchisor shall then have the rights, options, duties, and remedies of a secured party under, and Franchisee shall have the rights and duties of a debtor under the Uniform Commercial Code of North Carolina (or other applicable law), including, without limitation, Franchisor's right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by Franchisor in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to Franchisee pursuant to the notice provisions set forth above. This Agreement shall be deemed a security agreement and a financing statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a financing statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

**(q)** **Survival**. In the event of expiration, termination, or non-renewal of this Agreement, Franchisee will remain liable for Franchisee's obligations pursuant to this Agreement or any other agreement between Franchisee and Franchisor or its affiliates that expressly or by their nature survive the expiration, termination, or non-renewal of this Agreement.

**(r)** **Right to Refuse Approval**. Except where this Agreement expressly obligates Franchisor reasonably to approve or not unreasonably to withhold approval of any of Franchisee's actions or requests, Franchisor has the absolute right to refuse any request Franchisee makes or to withhold approval of any of Franchisee's proposed, initiated, or completed actions that require Franchisor's approval.

**(s)** **Policies Subject to Change**. Any policies that Franchisor adopts and implements from time to time to guide Franchisor in its decision-making are subject to change, are not a part of this Agreement, and are not binding on Franchisor.

**REMAINDER OF PAGE INTENTIONALLY LEFT BLANK –**
**SIGNATURE PAGE FOLLOWS**

**IN WITNESS WHEREOF,** parties hereto have duly executed this Agreement on the day, month and year first written above.

**Franchisor:**

**LINDEN CREEK LLC**

By: _____
Name: _____
Title: _____

**FOR OHIO RESIDENTS AND FRANCHISEES WITH TERRITORIES AND/OR ACCEPTED LOCATIONS IN OHIO:** You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

**Franchisee:**

_____

By: _____
Name: _____
Title: _____

**[FOR OHIO RESIDENTS AND FRANCHISEES WITH TERRITORIES AND/OR ACCEPTED LOCATIONS IN OHIO]**

Notice of cancellation

_____
(Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to LINDEN CREEK LLC, 8450 Falls of Neuse #200, Raleigh, NC 27615, 919-417-3447 not later than midnight of _____.

I hereby cancel this transaction.

_____
(Purchaser's Signature)

(Date) _____

**[FOR OHIO RESIDENTS AND FRANCHISEES WITH TERRITORIES AND/OR ACCEPTED LOCATIONS IN OHIO]**

Notice of cancellation

_____
(Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to LINDEN CREEK LLC, 8450 Falls of Neuse #200, Raleigh, NC 27615, 919-417-3447 not later than midnight of _____.

I hereby cancel this transaction.

_____
(Purchaser's Signature)

(Date) _____

**ATTACHMENT 1 TO FRANCHISE AGREEMENT**
**FRANCHISE RIDER**

**Initial Franchise Fee.** The Initial Franchise Fee, which is due and payable upon execution of this Franchise Agreement, is $_____ for the right to open a LINDEN CREEK Franchised Business.

**Royalty.** The Royalty for each month of the Initial Term shall be the greater of seven percent (7%) of Franchisee's Gross Revenues or One Thousand Five Hundred Dollars ($1,500); provided, however, that the minimum of One Thousand Five Hundred Dollars ($1,500) per month shall not begin to be collected until Franchisee has operated for twelve (12) months. For purposes of this Attachment 1, "Gross Revenues" shall mean the total of gross revenue derived from the operation of the Franchised Business, including, but not limited to, revenue from services rendered by the Franchised Business and from the sale of products, whether from sales for cash or credit and regardless of the collection thereof. Gross Revenues also includes any business interruption insurance proceeds Franchisee receives. Gross Revenues does not include sales taxes.

**Address**. The following is Franchisee's address under Section 22 of the Franchise Agreement.

Franchisee's Address for Notice:

_____

_____

_____

Franchisee's Email Address:

_____

**Already-Accepted Territory.** The following is Franchisee's Territory, which has been accepted before the execution of the Franchise Agreement.

_____

**Unassigned Territory.** If no Territory has been determined at the time this Franchise Agreement is executed, then the Territory will be within the following area, provided the exact boundaries will be subject to Franchisor's review and acceptance: _____ ("Prospective Market Area").

If Franchisee's Territory has not been accepted at the time the Franchise Agreement is signed, Franchisor reserves the right to sell franchises—and grant territories to others who will operate LINDEN CREEK Franchised Businesses—in and around the Prospective Market Area. Franchisee may then be required to choose a final Territory outside of any protected territory given to any other franchisee, and that territory may be outside of the Prospective Market Area set forth above. Franchisor shall send Franchisee its "Territory Acceptance Letter" once the Territory has been determined and accepted by Franchisor and it shall become for all purposes the "Territory" under the Franchise Agreement.

**ATTACHMENT 2 TO FRANCHISE AGREEMENT**
**INTERNET, SOCIAL MEDIA, AND TELEPHONE ASSIGNMENT**

This Assignment Agreement (the "Assignment") is made, and entered into, between LINDEN CREEK LLC, North Carolina limited liability company ("Franchisor") and the undersigned Franchisee ("Franchisee").

A. Franchisor has developed a unique system for the establishment and operation of a design-focused business offering home staging services, interior design services, and related products and services with the goal of highlighting beauty, one house at a time ("System");

B. Franchisor and Franchisee have entered into a Franchise Agreement dated _____ ("Franchise Agreement"), pursuant to which Franchisee was granted the right to operate a LINDEN CREEK franchised business ("Franchised Business") under the System; and

C. It is the desire of and in the best interests of Franchisor and the System that in the event the Franchise Agreement terminates, expires, or is not renewed, the telephone numbers (including personal cellphone numbers), telephone directory listings, internet addresses, and social media accounts used by Franchisee in connection with the operation of its LINDEN CREEK franchised business are assigned to Franchisor.

NOW THEREFORE, in consideration of the foregoing and Franchisor agreeing to enter into the Franchise Agreement, Franchisor and Franchisee agree as follows:

1. Franchisee hereby agrees to assign to Franchisor: (i) those certain telephone numbers, including any personal or other cellphone numbers used in connection with the Franchised Business, and regular, classified or other telephone directory listings used by Franchisee in connection with operating the LINDEN CREEK franchised business, (ii) all e-mail addresses that use the Marks or that are used by Franchisee in connection with the operation of the Franchised Business, (iii) any Online Presence (as that term is defined in the Franchise Agreement) which uses the Marks, which Franchisee uses in connection with the operation of the Franchised Business, or which Franchisee has been permitted by Franchisor to create, and (iv) all rights, title, and interest in the content of any Online Presence, whether now-existing or adopted by Franchisee in the future (collectively the "Listings").

2. This Assignment is for collateral purposes only and, except as specified herein, Franchisor will have no liability or obligation of any kind whatsoever arising from or in connection with Franchisee's use of the Listings unless and until Franchisor notifies the telephone company, listing agencies, internet service providers, or other parties that provide the Listings (collectively, the "Providers") to effectuate the assignment pursuant to the terms hereof.

3. Upon termination, expiration, or nonrenewal of the Franchise Agreement (without renewal or extension), Franchisor will have the right and is hereby empowered to effectuate the assignment of the Listings to itself or to any third party it designates. In the event Franchisor exercises its assignment rights Franchisee will have no further right, title or interest in the Listings;

provided, however, Franchisee will pay all amounts owed in connection with the Listings, including all sums owed to Franchisor, Franchisor's affiliates, or Franchisor's approved suppliers under existing contracts for the Listings and immediately, at the Franchisor's request, (i) take any other action as may be necessary to transfer the Listings to the Franchisor or Franchisor's designated agent, (ii) install and maintain, at Franchisee's sole expense, an intercept message, in a form and manner acceptable to Franchisor on any or all of the Listings; (iii) disconnect, cancel, delete, remove, or discontinue the Listings; (iv) relist any Listing in a different location or with a new provider, whether published or online; (v) modify the Listing and any content in the Listing; (vi) provide all login or other access credentials to the Listings; and/or (vii) cooperate with Franchisor or its designated agent in undertaking any or all of the foregoing.

4. Franchisee appoints Franchisor as Franchisee's attorney-in-fact, to act in Franchisee's place, for the purpose of assigning any Listings covered by the Assignment to Franchisor or Franchisor's designated agent or taking any other actions required of Franchisee under this Agreement. Franchisee grants Franchisor full authority to act in any manner proper or necessary to the exercise of the forgoing powers, including full power of substitution and execution or completion of any documents required or requested by any Provider to transfer or modify such Listings, and Franchisee ratifies every act that Franchisor may lawfully perform in exercising those powers. This power of attorney shall be effective for a period of two (2) years from the date of expiration, termination, or nonrenewal of Franchisee's rights under the Agreement for any reason. Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all rights to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney shall not be affected by the subsequent incapacity of Franchisee. This power is created to secure performance of a duty to Franchisor and is for consideration.

5. The parties agree that the Providers may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Listings upon such termination, expiration or nonrenewal of the Franchise Agreement and that such assignment shall be made automatically and effective immediately upon a Provider's receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Providers require that the parties execute the Providers' assignment forms or other documentation at the time of termination, expiration or nonrenewal of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination, expiration, or non-renewal of the Franchise Agreement.

6. The validity, construction and performance of this Assignment is governed by the laws of the State in which Franchisor is located. All agreements, covenants, representations and warranties made in this Agreement survive the signing of this Agreement. All Franchisor's rights inure to Franchisor's benefit and to the benefit of Franchisor's successors and assigns.

Agreed to this date of _____.

| FRANCHISEE: | FRANCHISOR: |
| --- | --- |
| _____ | LINDEN CREEK LLC |
| By:_____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |

**ATTACHMENT 3 TO FRANCHISE AGREEMENT**
**PERSONAL GUARANTY AND AGREEMENT TO BE BOUND PERSONALLY BY THE TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT**

In consideration of the execution of the Franchise Agreement, (together with any revisions, modifications, and amendments thereto, the "Agreement") between LINDEN CREEK LLC ("Franchisor") and _____ ("Franchisee") dated of even date herewith, the undersigned (each a "Guarantor"), for themselves, their heirs, successors, and assigns, do jointly, individually, and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms, and conditions in the Agreement, to be paid, kept and performed by the Franchisee.

A. Except for those designated as "Spouse" and not "Owner" in the signature block below, each Guarantor, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement, including but not limited to the non-compete, non-solicitation, dispute resolution, and indemnification provisions, and agree that this Personal Guaranty will be construed as though each Guarantor and each of its heirs, successors, and assigns executed an agreement containing the identical terms and conditions of the Agreement. If a Guarantor is an Owner, Guarantor hereby (1) makes all representations of, and (2) accepts and agrees to comply with all obligations of, owners, shareholders, members, and partners of the Franchisee as set forth in the Agreement.

B. Each Guarantor's liability under this Personal Guaranty shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and, as applicable, any other guarantors of Franchisee. Each Guarantor shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so. Franchisor may proceed against each Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against any Guarantor, without having commenced any action, or having obtained any judgment against Franchisee. Each Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this Personal Guaranty or any negotiations relative to the obligations hereby guaranteed or in enforcing this Personal Guaranty against any Guarantor. This Personal Guaranty is enforceable by and against the respective administrators, executors, heirs, successors, and assigns of each Guarantor, and the death of any Guarantor will not terminate the liability of such Guarantor or limit the liability of other Guarantors hereunder.

C. Each Guarantor consents and agrees that: (1) each Guarantor's liability will not be contingent or conditioned upon Franchisor's pursuit of any remedies against the Franchisee or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the Franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to any or all Guarantors; (3) any liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Personal Guaranty, which shall be continuing and irrevocable; and (4) this Personal

Guaranty shall apply in all modifications to the Agreement of any nature agreed to by Franchisee with or without any Guarantor receiving notice thereof.

D. Each Guarantor waives: (1) notice of demand for payment of any indebtedness or on performance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; (3) any right he/she may have to require that an action be brought against the Franchisee or any other person as a condition of liability; (4) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and (5) notice of any changes permitted by the terms of the Agreement or agreed to by the Franchisee.

E. Each Guarantor agrees that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of Franchisor's successors and assigns.

F. This Personal Guaranty shall be governed by the choice of law and dispute resolution provisions set forth in the Agreement.

PERSONAL GUARANTORS:

Signature: _____
Name: _____
Address: _____
City:_____ State: _____ Zip Code:_____
Owner or Spouse: _____

Signature: _____
Name: _____
Address: _____
City:_____ State: _____ Zip Code:_____
Owner or Spouse: _____

Signature: _____
Name: _____
Address: _____
City:_____ State: _____ Zip Code:_____
Owner or Spouse: _____

Signature: _____
Name: _____
Address: _____
City:_____ State: _____ Zip Code:_____
Owner or Spouse: _____

**ATTACHMENT 4 TO FRANCHISE AGREEMENT**
**NONDISCLOSURE AND NONCOMPETITION AGREEMENT**

This Nondisclosure and Noncompetition Agreement ("Agreement") is made and entered into as of _____ ("Effective Date") by and between LINDEN CREEK LLC, a North Carolina limited liability company ("Franchisor"), and _____ ("Associate"), who resides at _____. All initially capitalized terms not otherwise defined herein shall have the meanings set forth in the Franchise Agreement.

**RECITALS**

A. Franchisor is engaged in the business of franchising Design-focused business offering home staging services, interior design services, and related products and services with the goal of highlighting beauty, one house at a time ("Franchised Business"). The Franchised Businesses are operated under Franchisor's trademark "LINDEN CREEK" and other service marks, trademarks, logo types, architectural designs, trade dress and other commercial symbols (collectively, the "Marks");

B. Franchisor has developed methods for establishing, operating and promoting Franchised Businesses pursuant to Franchisor's Confidential Information (defined below) and such Confidential Information as may be further developed from time to time by Franchisor ("System");

C. Franchisor and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of products and customer service, which goodwill and reputation have been and will continue to be of major benefit to Franchisor;

D. Associate desires to become involved with a _____ ("Franchisee"), a franchisee of Franchisor that operates a Franchised Business in _____ in the capacity of an owner, officer, partner, director, or agent of the Franchised Business, or is a spouse or domestic partner of an owner of a Franchised Business, and will become privileged as to certain Confidential Information. Associate may or may not have signed the Franchise Agreement or personal guaranty; and

E. Associate and Franchisor have reached an understanding with regard to nondisclosure by Associate of Confidential Information and with respect to noncompetition by Associate with Franchisor and other franchisees of Franchisor. Associate agrees to the terms of this Agreement as partial consideration for Franchisor's willingness to allow Associate to engage in a business relationship with Franchisor or Franchisee using Franchisor's Confidential Information.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and Franchisor, intending legally to be bound, agree as follows:

1) Definitions.

a) "Associate" shall mean the individual described in the first paragraph of this Agreement.

b) "Competitive Business" any business or commercial activity that receives ten percent (10%) or more of its gross revenues from offering, whether individually or in combination, furnishing and decorating properties owned by others; property and home staging; or interior design.

c) "Confidential Information" means the information, not generally known to the public, in any form, relating to the Franchised Business and its operations, including all trade secrets of the Franchised Business; all knowledge, know-how, standards, methods, and procedures related to the establishment and operation of the Franchised Business not generally known to the public; all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Franchised Business (such as all names, addresses, phone numbers, e-mail addresses for customers and suppliers; customer purchase records and mail lists); training curriculum formulas; electronic code, designs, marketing materials, and business, sales, and marketing strategies; financial information; databases; training materials; knowledge of the franchise system; and any other data and information that Franchisor or its affiliates designates as confidential, including all information contained in the Brand Standards Manual.

d) "Franchise Agreement" shall mean the franchise agreement between Franchisor and Franchisee**,** as amended or renewed from time to time.

e) "Location" shall mean the approved location of Franchisee's Franchised Business.

f) "Restricted Territory" shall mean:

(i) An area which is within a five (5) -mile radius of:

(A) Territory; and

(B) The territories of Franchisor or its affiliates or franchisees as of the first date of the Restrictive Period; or

(ii) Only if the foregoing is determined by a court of law to be too broad:

(A) Territory; and

(B) The territories of Franchisor or its affiliates or franchisees as of the first date of the Restrictive Period; or

(iii) Only if the foregoing is determined by a court of law to be too broad, the Territory.

g) "Restrictive Period" shall mean a period of two (2) years that begins the earlier of (i) the date of termination, expiration, or non-renewal of the Franchise Agreement, regardless of the reason for such termination, expiration, or non-renewal, or (ii) the date Associate's association with Franchisee or the Franchised Business ends for any reason, including but not limited to, divorce, separation, sale, termination, or transfer.

h) "Term" shall mean the period from the Effective Date through the first date of the Restrictive Period.

i) "Territory" shall have the meaning defined in the Franchise Agreement.

2) Confidential Information. Associate and Franchisor acknowledge that the Confidential Information that is developed and utilized in connection with the operation of the Franchised Business is unique and the exclusive property of Franchisor or its affiliates. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to Franchisor or its affiliates. Associate further acknowledges that Franchisor or its affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information, that Franchisor or its affiliates have taken numerous precautions to guard the secrecy of the Confidential Information, and that it would be very costly for competitors to acquire or duplicate the Confidential Information.

3) Nondisclosure of Confidential Information. During the Term and for all periods after the Term, Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of Franchisor or Franchised Business, any of the Confidential Information of Franchisor or its affiliates.

4) In-Term Covenant Against Unfair Competition. During the Term, Associate will not, without Franchisor's prior written consent for themselves, or through, on behalf of, or in conjunction with any other person or entity:

a) own, manage, engage in, be employed by, advise, make loans to, or have any other interest in, as a partner, owner, officer, executive, managerial employee, director, sales person or consultant for, any Competitive Business; or

b) offer or grant franchises or licenses for any Competitive Business; or

c) become a franchisee or licensee of any Competitive Business; or

d) perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

5) Post-Termination Covenant Against Unfair Competition. Associate covenants and agrees that for the Restrictive Period Associate shall not, within the Restricted Territory, engage in any of the following:

a) franchise, license, or own an interest in any Competitive Business, including as franchisor, licensor, franchisee or licensee, provided that the purchase of a publicly traded security of a corporation engaged in such business or service shall not in itself be deemed violative of this Section 5 so long as Associate does not own themselves or through his or her spouses or partners more than one percent (1%) of the securities of such corporation; or

b) engage in any Competitive Business as an officer, director, employee, consultant, manager, operator, or independent contractor in any capacity in which Associate would be in a position to use or disclose Confidential Information.

6) Injunction. Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, Franchisor shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which Franchisor may be entitled. Associate agrees that Franchisor may obtain such injunctive relief, without posting a bond or bonds totaling Five Hundred Dollars ($500) or more, but upon due notice, and Associate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate.

7) Reasonableness of Restrictions. Associate acknowledges and agrees that the restrictions set forth in this Agreement are reasonable and necessary for the protection of the Confidential Information and that any violation of this Agreement would cause substantial and irreparable injury to Franchisor, and that Franchisor would not have entered into a business relationship with Associate or Franchisee or enter into this Agreement or the Franchise Agreement without receiving Associate's unrestricted promise to preserve the confidentiality of the Confidential Information. In any litigation concerning the entry of any requested injunction against Associate, Associate, for value, voluntarily waives such defenses as Associate might otherwise have under the law of the jurisdiction in which the matter is being litigated relating to any claimed "prior breach" on the part of Franchisor; it being specifically understood and agreed between the parties that no action or lack of action on the part of Franchisor will entitle or permit Associate to disclose any such Confidential Information in any circumstances. Associate agrees that the running of the applicable post-termination Restrictive Period shall be tolled during any period of a violation of this Agreement.

8) Effect of Waiver. The waiver by Franchisor of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

9) Binding Effect. This Agreement shall be binding upon and inure to the benefit of Associate and Franchisor and their respective heirs, executors, representatives, successors and assigns.

10) Entire Agreement. This instrument contains the entire agreement of Associate and Franchisor relating to the matters set forth herein. It may not be changed verbally, but only by an

agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

11) Governing Law; Jurisdiction and Venue.

a) If Associate is an owner or guarantor of Franchisee, the governing law and dispute resolution provisions of the Franchise Agreement shall apply to this Agreement.

b) For Associates that are not an owner or guarantor of Franchisee, the following terms apply: The laws of North Carolina (without giving effect to its conflicts of law principles) govern all matters arising under and relating to this Agreement, including torts. In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of North Carolina, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of North Carolina. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of North Carolina. Notwithstanding the foregoing, in the event that the laws of the state where Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

12) Severability. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement that shall otherwise remain in full force and effect.

13) Attorneys' Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

14) Miscellaneous. Due to the importance of this Agreement to Franchisor, any claim Associate has against Franchisor is a separate matter and does not entitle Associate to violate, or justify any violation of, this Agreement. Associate agrees that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement, unless herein defined.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first above written.

ASSOCIATE:

_____

_____

FRANCHISOR:
LINDEN CREEK LLC

By: _____
Name: _____
Title: _____

**ATTACHMENT 5 TO FRANCHISE AGREEMENT**
**NONDISCLOSURE AND NON-SOLICITATION AGREEMENT**

This Nondisclosure and Non-Solicitation Agreement ("Agreement") is made and entered into as of _____ ("Effective Date") by and between LINDEN CREEK LLC, a North Carolina limited liability company ("Franchisor"), and _____ ("Associate"), who resides at _____. All initially capitalized terms not otherwise defined herein shall have the meanings set forth in the Franchise Agreement.

**RECITALS**

A. Franchisor is engaged in the business of franchising Design-focused business offering home staging services, interior design services, and related products and services with the goal of highlighting beauty, one house at a time ("Franchised Business"). The Franchised Businesses are operated under Franchisor's trademark "LINDEN CREEK" and other service marks, trademarks, logo types, architectural designs, trade dress and other commercial symbols (collectively, the "Marks");

B. Franchisor has developed methods for establishing, operating and promoting Franchised Businesses pursuant to Franchisor's Confidential Information (defined below) and such Confidential Information as may be further developed from time to time by Franchisor ("System");

C. Franchisor and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of products and customer service, which goodwill and reputation have been and will continue to be of major benefit to Franchisor;

D. Associate desires to become involved with a _____ ("Franchisee"), a franchisee of Franchisor that operates a Franchised Business in _____ in the capacity of an owner, officer, partner, director, or agent of the Franchised Business, or is a spouse or domestic partner of an owner of a Franchised Business, and will become privileged as to certain Confidential Information. Associate may or may not have signed the Franchise Agreement or personal guaranty; and

E. Associate and Franchisor have reached an understanding with regard to nondisclosure by Associate of Confidential Information and with respect to non-solicitation of customers, employees, and vendors. Associate agrees to the terms of this Agreement as partial consideration for Franchisor's willingness to allow Associate to engage in a business relationship with Franchisor or Franchisee using Franchisor's Confidential Information.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and Franchisor, intending legally to be bound, agree as follows:

1) Definitions.

a) "Associate" shall mean the individual described in the first paragraph of this Agreement.

b) "Competitive Business" any business or commercial activity that receives ten percent (10%) or more of its gross revenues from offering, whether individually or in combination, furnishing and decorating properties owned by others; property and home staging; or interior design.

c) "Confidential Information" means the information, not generally known to the public, in any form, relating to the Franchised Business and its operations, including all trade secrets of the Franchised Business; all knowledge, know-how, standards, methods, and procedures related to the establishment and operation of the Franchised Business not generally known to the public; all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Franchised Business (such as all names, addresses, phone numbers, e-mail addresses for customers and suppliers; customer purchase records and mail lists); training curriculum formulas; electronic code, designs, marketing materials, and business, sales, and marketing strategies; financial information; databases; training materials; knowledge of the franchise system; and any other data and information that Franchisor or its affiliates designates as confidential, including all information contained in the Brand Standards Manual.

d) "Franchise Agreement" shall mean the franchise agreement between Franchisor and Franchisee, as amended or renewed from time to time.

e) "Location" shall mean the approved location of Franchisee's Franchised Business.

f) "Restricted Territory" shall mean:

(i) An area which is within a five (5) -mile radius of:

(A) Territory; and

(B) The territories of Franchisor or its affiliates or franchisees as of the first date of the Restrictive Period; or

(ii) Only if the foregoing is determined by a court of law to be too broad:

(A) Territory; and

(B) The territories of Franchisor or its affiliates or franchisees as of the first date of the Restrictive Period; or

(iii) Only if the foregoing is determined by a court of law to be too broad, the Territory.

g) "Restrictive Period" shall mean a period of two (2) years that begins the earlier of (i) the date of termination, expiration, or non-renewal of the Franchise Agreement, regardless of the reason for such termination, expiration, or non-renewal, or (ii) the date Associate's association with Franchisee or the Franchised Business ends for any reason, including but not limited to, divorce, separation, sale, termination, or transfer.

h) "Term" shall mean the period from the Effective Date through the first date of the Restrictive Period.

i) "Territory" shall have the meaning defined in the Franchise Agreement.

2) Confidential Information. Associate and Franchisor acknowledge that the Confidential Information that is developed and utilized in connection with the operation of the Franchised Business is unique and the exclusive property of Franchisor or its affiliates. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to Franchisor or its affiliates. Associate further acknowledges that Franchisor or its affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information, that Franchisor or its affiliates have taken numerous precautions to guard the secrecy of the Confidential Information, and that it would be very costly for competitors to acquire or duplicate the Confidential Information.

3) Nondisclosure of Confidential Information. During the Term and for all periods after the Term, Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of Franchisor or the Franchised Business, any of the Confidential Information of Franchisor or its affiliates.

4) Covenant Against Solicitation. During the Term, Associate will not, without Franchisor's prior written consent for themselves, or through, on behalf of, or in conjunction with any other person or entity:

a) solicit, divert or attempt to solicit or divert any person or party that is or has been a customer of Franchised Business at any time during the Term, to any Competitive Business, as Franchisee agrees that all goodwill associated with Franchisee's operation under the Marks and the System, and all customer information associated therewith, inure to Franchisor; or

b) solicit, divert, or attempt to solicit or divert, any vendor that does or has done business with Franchisee to provide supplies, products, equipment, merchandise, or services to a Competitive Business or to cease to provide supplies, products, equipment, merchandise, or services to LINDEN CREEK businesses.

5) Post-Termination Covenant Against Solicitation. Associate covenants and agrees that for the Restrictive Period Associate shall not, within the Restricted Territory, engage in any of the following:

a) solicit, divert, or attempt to solicit or divert, any vendor that has done business with the Franchised Business within one (1) year of the Restrictive Period to provide supplies, products, equipment, merchandise, or services to a Competitive Business or to cease to provide supplies, products, equipment, merchandise, or services to LINDEN CREEK businesses; or

b) solicit, divert or attempt to solicit or divert any customer that has done business with or has been a customer of Franchised Business as of the first day of the Restrictive Period or within one (1) year of the Restrictive Period, to any Competitive Business.

6) Injunction. Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, Franchisor shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which Franchisor may be entitled. Associate agrees that Franchisor may obtain such injunctive relief, without posting a bond or bonds totaling Five Hundred Dollars ($500) or more, but upon due notice, and Associate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate.

7) Reasonableness of Restrictions. Associate acknowledges and agrees that the restrictions set forth in this Agreement are reasonable and necessary for the protection of the Confidential Information and that any violation of this Agreement would cause substantial and irreparable injury to Franchisor, and that Franchisor would not have entered into a business relationship with Associate or Franchisee or enter into this Agreement or the Franchise Agreement without receiving Associate's unrestricted promise to preserve the confidentiality of the Confidential Information. In any litigation concerning the entry of any requested injunction against Associate, Associate, for value, voluntarily waives such defenses as Associate might otherwise have under the law of the jurisdiction in which the matter is being litigated relating to any claimed "prior breach" on the part of Franchisor; it being specifically understood and agreed between the parties that no action or lack of action on the part of Franchisor will entitle or permit Associate to disclose any such Confidential Information in any circumstances. Associate agrees that the running of the applicable post-termination Restrictive Period shall be tolled during any period of a violation of this Agreement.

8) Effect of Waiver. The waiver by Franchisor of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

9) Binding Effect. This Agreement shall be binding upon and inure to the benefit of Associate and Franchisor and their respective heirs, executors, representatives, successors and assigns.

10) Entire Agreement. This instrument contains the entire agreement of Associate and Franchisor relating to the matters set forth herein. It may not be changed verbally, but only by an

agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

11) Governing Law; Jurisdiction and Venue.

a) If Associate is an owner or guarantor of Franchisee, the governing law and dispute resolution provision of the Franchise Agreement shall apply to this Agreement.

b) For Associates that are not an owner or guarantor of Franchisee, the following terms apply: The laws of North Carolina (without giving effect to its conflicts of law principles) govern all matters arising under and relating to this Agreement, including torts. In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of North Carolina, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of North Carolina. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of North Carolina. Notwithstanding the foregoing, in the event that the laws of the state where Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

12) Severability. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement that shall otherwise remain in full force and effect.

13) Attorneys' Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

14) Miscellaneous. Due to the importance of this Agreement to Franchisor, any claim Associate has against Franchisor is a separate matter and does not entitle Associate to violate, or justify any violation of, this Agreement. Associate agrees that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement, unless herein defined.

[Signatures of following page]

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first above written.

ASSOCIATE:

_____

_____

FRANCHISOR:
LINDEN CREEK LLC

By: _____
Name: _____
Title: _____

**EXHIBIT B-1**

**LISTING OF CURRENT FRANCHISEES**
**AS OF DECEMBER 31, 2024**

| TERRITORY | FRANCHISE OWNER(S) | ADDRESS | PHONE NUMBER | E-MAIL |
|---|---|---|---|---|
| Southwest Charlotte, NC | MGH COLLECTIVE, LLC | 2905 Westinghouse Blvd. 900 Charlotte, NC 28273 | (704) 268-9025 | marygrace@linden-creek.com |
| Cary, NC | 2911 CREATIVE, L.L.C. | 3408 Lake Woodard Drive Raleigh, NC 27609 | (910) 714-0129 | jessilyn@linden-creek.com |
| Princeton, NJ | Resa Giacoppo* | 11 Princess Road Suite E Lawrenceville, NJ 08648 | (908) 505-5754 | resa@linden-creek.com |

*Our franchisee located in New Jersey became a franchisee during our last fiscal year but is not currently operational as of December 31, 2024.

## EXHIBIT B-2

## LISTING OF CERTAIN PAST FRANCHISEES
## AS OF DECEMBER 31, 2024

None.

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

**EXHIBIT C**

**FINANCIAL STATEMENTS**

BASSETT & ASSOCIATES, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Innovative financial and tax strategies for entrepreneurs and investors.

# INDEPENDENT AUDITOR'S REPORT

To Management
Linden Creek, LLC

## Opinion

We have audited the accompanying financial statements of Linden Creek, LLC, a Limited Liability Company, which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income and changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material aspects, the financial position of Linden Creek, LLC, as of December 31, 2024 and 2023, in accordance with accounting principles generally accepted in the United States of America.

## Basis For Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Linden Creek, LLC, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Linden Creek, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

3701 Lake Boone Trail Suite 201, Raleigh, NC 27607, Phone (919) 303-1049, Fax (919) 232-2554

**Auditor's Responsibilities for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable used based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts of disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Linden Creek, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Linden Creek, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Bassett & Associates, P.A.*

Raleigh, North Carolina
February 28, 2025

**LINDEN CREEK, LLC**
**BALANCE SHEET**
**AS OF DECEMBER 31**

| | 2024 | 2023 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash and Cash Equivalents | $ 5,443 | $ 13,425 |
| **TOTAL CURRENT ASSETS** | 5,443 | 13,425 |
| **OTHER ASSETS** | | |
| Loan Receivable | - | 3,016 |
| Security Deposits | 6,500 | 6,500 |
| Startup & Organizational costs | 22,503 | 22,503 |
| Accumulated Amortization | (2,500) | (1,000) |
| **TOTAL OTHER ASSETS** | 26,503 | 31,019 |
| **TOTAL ASSETS** | $ 31,946 | $ 44,444 |
| **LIABILITIES AND MEMBERS' EQUITY** | | |
| **CURRENT LIABILITIES** | | |
| Accounts and Credit Card Payables | $ 31,999 | $ - |
| **TOTAL CURRENT LIABILITIES** | 31,999 | - |
| **LONG-TERM LIABILITIES** | | |
| Notes Payable | 41,265 | 5,000 |
| **TOTAL LIABILITIES** | 73,264 | 5,000 |
| **MEMBERS' EQUITY** | (41,318) | 39,444 |
| **TOTAL LIABILITIES AND MEMBERS' EQUITY** | $ 31,946 | $ 44,444 |

See Accompanying Notes and Independent Accountant's Report

**LINDEN CREEK, LLC**
**STATEMENT OF INCOME AND CHANGES IN MEMBERS' EQUITY**
**FOR THE YEARS ENDED DECEMBER 31**

| | 2024 | 2023 |
|---|---|---|
| **REVENUES** | | |
| Branding Income | $ 4,188 | $ 496 |
| Franchise Income | 100,000 | 50,438 |
| Royalty Income | 19,577 | 4,043 |
| Technology Fee | 2,548 | 40 |
| Other Income | 2,519 | - |
| **TOTAL INCOME** | 128,832 | 55,017 |
| **GROSS PROFIT** | 128,832 | 55,017 |
| **EXPENSES** | | |
| Amortization Expense | 1,500 | 1,000 |
| Advertising and Marketing | 115,362 | 10,651 |
| Bank & Merchant Fees | 877 | 45 |
| Business Licenses | 202 | - |
| Contract Labor | 6,600 | - |
| Contractor Services | 48,707 | - |
| Insurance Expense | 626 | - |
| Office Expenses | 2,489 | - |
| Payroll Expense | 61,075 | 23,955 |
| Professional Fees | 21,655 | 18,576 |
| Software & Apps | 9,219 | 2,736 |
| Training Expense | - | 8,500 |
| Travel | 1,878 | - |
| Utilities/Telephone | 54 | - |
| **TOTAL EXPENSES** | 270,244 | 65,463 |
| **NET INCOME** | $ (141,412) | $ (10,446) |
| **Beginning Members' Equity** | $ 39,444 | $ - |
| Members' Contributions | 60,650 | 49,890 |
| Net Income | (141,412) | (10,446) |
| Distributions to Members | - | - |
| **Ending Members' Equity** | $ (41,318) | $ 39,444 |

See Accompanying Notes and Independent Accountant's Report

**LINDEN CREEK, LLC**
**STATEMENT OF CASH FLOWS**
**FOR THE YEARS ENDED DECEMBER 31**

| | 2024 | 2023 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net income | $ (141,412) | $ (10,446) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation/Amortization | 1,500 | 1,000 |
| (Gain)/loss on disposal of fixed assets | - | - |
| (Increase)/decrease in: | | |
| Loan receivables | 3,016 | (3,016) |
| Security deposits | - | (6,500) |
| Increase/(decrease) in: | | |
| Account & credit cards payable | 31,999 | - |
| Loans payable | 36,265 | 5,000 |
| Income taxes payable | - | - |
| Other and accrued liabilities | - | - |
| **Net cash provided by operating activities** | $ (68,632) | $ (13,962) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchases of investments | - | - |
| Purchases of tangible & intangible property | - | (22,503) |
| Proceeds from sale of property & equipment | - | - |
| **Net cash (used in) investing activities** | $ - | $ (22,503) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Members' contributions | 60,650 | 49,890 |
| Distributions to members | - | - |
| **Net cash (used in) financing activities** | $ 60,650 | $ 49,890 |
| **NET INCREASE (DECREASE) IN CASH** | $ (7,982) | $ 13,425 |
| Cash at the beginning of year | 13,425 | - |
| **CASH AT THE END OF YEAR** | $ 5,443 | $ 13,425 |
| **Cash paid during the year for interest** | $ - | $ - |
| **Cash paid during the year for income taxes** | $ - | $ - |
| **Non-cash investing and financing activities** | $ - | $ - |

See Accompanying Notes and Independent Accountant's Report

**LINDEN CREEK, LLC**
**NOTES TO THE FINANCIAL STATEMENTS**
**DECEMBER 31, 2024 and 2023**

## NOTE 1 – BUSINESS OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations
Linden Creek, LLC ("Linden Creek") was organized as a limited liability company on December 20, 2022 under the laws of North Carolina. Linden Creek, LLC is a franchisor of boutique home staging services and interior design businesses. The Company offers franchises in the United States.

Basis of Accounting
The accompanying combined financial statements are prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles of the United States of America.

Revenue Recognition
The Companies' account for revenue from contracts in accordance with Accounting Standards Codification 606 ("ASC 606") and ASU 2021-01 which applies to franchisors. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under FASB ASC 606. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue as the performance obligation is satisfied. The majority of the Companies' contracts have a single performance obligation as the promise to transfer the individual services is not separately identifiable from other promises in the contracts and, therefore, not distinct. All the Companies' revenue is recognized at a point in time when performing obligations are satisfied as services are provided.

Cash and Cash Equivalents
For the purposes of the combined statement of cash flows, the Company considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. At December 31, 2024 and 2023, the cash equivalents were $5,443 and $13,425 respectively.

Accounts Receivable
Accounts receivable are recorded at net realizable value consisting of the carrying amount less the allowance for doubtful accounts.

The Company performs ongoing credit evaluations of its customers and generally does not require collateral. Although the Company does not currently foresee a credit risk associated with these receivables, repayment is dependent on the financial stability of the companies involved. Payment terms on invoices are net 30 days. Accounts outstanding longer than the payment terms are considered past due. At each balance sheet date, the Company assesses its need for an allowance for potential losses based on specific identification of troubled accounts. Historically, the Company has not experienced a significant amount of write-offs. As of December 31, 2024 and 2023, the Company had an allowance for doubtful accounts of $0.

Income Taxes
The Company has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owner on his income tax return. The Company's federal tax status as a pass-through entity is based on its legal statuses as a limited liability company.

Accordingly, the Company is not required to take any tax positions in order to qualify as a pass-through entity. The Company is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these combined financial statements do not reflect a provision for income taxes and the Company has no other tax positions which must be considered for disclosure.

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

Accounting Pronouncements
In February 2016, FASB issued ASU 2016-02, Leases (Topic 842), which among other things, requires the recognition of right-of-use lease assets and lease liabilities on the balance sheet of lessees for operating leases, along with the disclosure of key information about leasing arrangements. A lessee is required to record lease assets and lease liabilities for all leases with a term of greater than 12 months. Leases with a term of 12 months or less will be accounted for in a manner similar to existing guidance for operating leases today. As of December 31, 2024 and 2023, the company did not have any leases with a term greater than 12 months.

## NOTE 2 – CONCENTRATIONS OF CREDIT RISK

The Company maintains cash balances at financial institutions located in the Raleigh, North Carolina area. Accounts at the institutions are insured by the Federal Depository Insurance Corporation up to $250,000 per institution. At December 31, 2024 and 2023, the Company did not have any balances in excess of insured limits.

## NOTE 3 – NOTES PAYABLE

Notes payable consisted of the following at December 31:

| | 2024 | 2023 |
|---|---|---|
| Notes payable to related parties | | |
| Interest accrues at 4.82%, note matures in December, 2029 | $41,265 | $5,000 |

## NOTE 4 – RELATED PARTY TRANSACTIONS

The Company advanced monies to affiliated companies through common ownership. These advances have no specific repayment terms. Due from affiliated companies totaled $0 and $3,016 as of December 31, 2024 and 2023 respectively.

The Company received advances from affiliated companies through common ownership. These advances are evidenced by a note payable and accrue with interest at a rate of 4.82% and are due in full by December 2029. Notes payable to affiliated companies totaled $41,265 and $5,000 as of December 31, 2024 and 2023 respectively.

## NOTE 5 – LITIGATION, CLAIMS AND ASSESSMENTS

The Company has not been a party to any legal proceedings, claims and assessments arising in the ordinary course of business. The Company regularly assesses these matters based on the latest information available. Therefore, there are no proceedings, claims or assessments that would have a material adverse effect on the business, financial condition, results of operations or cash flows.

## NOTE 6 – SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the combined financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through February 28, 2025 which is the date the financial statements were available to be issued.

BASSETT & ASSOCIATES, P.A.

Innovative financial and tax strategies for entrepreneurs and investors.

# INDEPENDENT AUDITOR'S REPORT

To Management
Linden Creek, LLC.

**Opinion**

We have audited the accompanying balance sheet of Linden Creek, LLC, a Limited Liability Company, as of December 31, 2023, and the related notes to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material aspects, the financial position of Linden Creek, LLC, as of December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

**Basis For Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Linden Creek, LLC, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statement**

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

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Linden Creek, LLC's ability to continue as a going concern within one year after the date that the financial statement is available to be issued.

**Auditor's Responsibilities for the Audit of Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in

3701 Lake Boone Trail
Suite 201
Raleigh, NC 27607
P: 919.303.1049
F: 919.232.2554

accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable used based on the financial statement.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts of disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Linden Creek, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Linden Creek, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Bassett & Associates, P.A.*

Raleigh, North Carolina
February 29, 2024

3701 Lake Boone Trail
Suite 201
Raleigh, NC 27607
P: 919.303.1049
F: 919.232.2554

**LINDEN CREEK, LLC**
**BALANCE SHEET**
**DECEMBER 31, 2023**

## ASSETS

| | | |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash and Cash Equivalents | $ | 13,425 |
| **TOTAL CURRENT ASSETS** | | 13,425 |
| **OTHER ASSETS** | | |
| Loan Receivable | | 3,017 |
| Security Deposits | | 6,500 |
| Startup & Organizational costs | | 15,000 |
| **TOTAL OTHER ASSETS** | | 24,517 |
| **TOTAL ASSETS** | $ | 37,942 |

## LIABILITIES AND MEMBER'S EQUITY

| | | |
|---|---|---|
| **LONG-TERM LIABILITIES** | | |
| Note Payable | $ | 5,000 |
| **TOTAL LIABILITIES** | | 5,000 |
| **MEMBER'S EQUITY** | | 32,942 |
| **TOTAL LIABILITIES AND MEMBER'S EQUITY** | $ | 37,942 |

See Accompanying Notes and Independent Accountant's Report

**LINDEN CREEK, LLC**
**NOTES TO THE BALANCE SHEET**
**DECEMBER 31, 2023**

## NOTE 1 – BUSINESS OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations
Linden Creek, LLC ("Linden Creek") was organized as a limited liability company on December 20, 2022 under the laws of North Carolina. Linden Creek, LLC is a franchisor of boutique home staging services and interior design businesses. The Company offers franchises in the United States.

Basis of Accounting
The accompanying combined financial statements are prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles of the United States of America.

Revenue Recognition
The Companies' account for revenue from contracts in accordance with Accounting Standards Codification 606 ("ASC 606") and ASU 2021-01 which applies to franchisors. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under FASB ASC 606. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue as the performance obligation is satisfied. The majority of the Companies' contracts have a single performance obligation as the promise to transfer the individual services is not separately identifiable from other promises in the contracts and, therefore, not distinct. All the Companies' revenue is recognized at a point in time when performance obligations are satisfied as services are provided.

Cash and Cash Equivalents
For the purposes of the combined statement of cash flows, the Company considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. At December 31, 2023, the cash equivalents were $13,425.

Accounts Receivable
Accounts receivable are recorded at net realizable value consisting of the carrying amount less the allowance for doubtful accounts.

The Company performs ongoing credit evaluations of its customers and generally does not require collateral. Although the Company does not currently foresee a credit risk associated with these receivables, repayment is dependent on the financial stability of the companies involved. Payment terms on invoices are net 30 days. Accounts outstanding longer than the payment terms are considered past due. At each balance sheet date, the Company assesses its need for an allowance for potential losses based on specific identification of troubled accounts. Historically, the Company has not experienced a significant amount of write-offs. As of December 31, 2023, the Company had an allowance for doubtful accounts of $0.

Income Taxes
The Company has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owner on his income tax return. The Company's federal tax status as a pass-through entity is based on its legal statuses as a limited liability company. Accordingly, the

Company is not required to take any tax positions in order to qualify as a pass-through entity. The Company is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these combined financial statements do not reflect a provision for income taxes and the Company has no other tax positions which must be considered for disclosure.

Use of Estimates and Assumptions

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

Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842), which among other things, requires the recognition of right-of-use lease assets and lease liabilities on the balance sheet of lessees for operating leases, along with the disclosure of key information about leasing arrangements. A lessee is required to record lease assets and lease liabilities for all leases with a term of greater than 12 months. Leases with a term of 12 months or less will be accounted for in a manner similar to existing guidance for operating leases today. As of December 31, 2023, the company did not have any leases with a term greater than 12 months.

## NOTE 2 – CONCENTRATIONS OF CREDIT RISK

The Company maintains cash balances at financial institutions located in the Raleigh, North Carolina area. Accounts at the institutions are insured by the Federal Depository Insurance Corporation up to $250,000 per institution. At December 31, 2023, the Company did not have any balances in excess of insured limits.

## NOTE 3 – NOTES PAYABLE

Notes payable consisted of the following at December 31, 2023:

| | |
|---|---|
| Notes payable to Linden Creek Home Staging, LLC<br>Interest accrues at 4.82%, note matures in December, 2029 | $ 5,000 |

## NOTE 4 – RELATED PARTY TRANSACTIONS

The Company advanced monies to affiliated companies through common ownership. These advances have no specific repayment terms. Due from affiliated companies totaled $3,017 as of December 31, 2023.

The Company received advances from affiliated companies through common ownership. These advances have no specific repayment terms. Due to affiliated companies totaled $5,000 as of December 31, 2023.

**LINDEN CREEK, LLC**
**NOTES TO THE BALANCE SHEET**
**DECEMBER 31, 2023**

## NOTE 5 – LITIGATION, CLAIMS AND ASSESSMENTS

The Company has not been a party to any legal proceedings, claims and assessments arising in the ordinary course of business. The Company regularly assesses these matters based on the latest information available. Therefore, there are no proceedings, claims or assessments that would have a material adverse effect on the business, financial condition, results of operations or cash flows.

## NOTE 6 – SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the combined financial statements in determining the accounting for and disclosure of transactions and events that affect the combined financial statements. Subsequent events have been evaluated through February 29, 2024, which is the date the financial statements were available to be issued.

## EXHIBIT D

## STATE SPECIFIC INFORMATION

### RIDERS TO FRANCHISE AGREEMENT FOR SPECIFIC STATES

If any one of the following Riders to the Franchise Agreement for Specific States ("Riders") is checked as an "Applicable Rider" below, then that Applicable Rider shall be incorporated into the Franchise Agreement entered into by LINDEN CREEK LLC and the undersigned Franchisee. To the extent any terms of an Applicable Rider conflict with the terms of the Franchise Agreement, the terms of the Applicable Rider shall supersede the terms of the Franchise Agreement.

Applicable Rider

□ Maryland

LINDEN CREEK LLC

_____
FRANCHISEE (Print Name)

By: _____

Name: Alisa Sparks

Title: Chief Executive Officer

By: _____

Name: _____

Title: _____

## Maryland

**Disclosure Document Addendum**

1. Item 17(c) (renewal) and 17(m) (transfer) are revised to provide that, to the extent required by Maryland law, the requirement to sign a general release as a condition of renewal or consent to an assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17 is revised to provide that a provision in the franchise agreement which terminates the franchise upon the bankruptcy of the franchise may not be enforceable under Title 11, United States Code Section 101.

3. The disclosure document is revised to include the following:

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

4. Item 11 is revised to include the following:

We are required to provide you an accounting of the advertising fund under Maryland law. You may obtain an unaudited accounting by making a written request to our Chief Financial Officer with sixty (60) days' prior notice at the following address: 8450 Falls of Neuse #200, Raleigh, NC 27615.

5. Item 17 is revised to include the following:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. Item 17 is revised to include the following:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. Item 5 is revised to include the following:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

**Franchise Agreement Addendum**

1. The Franchise Agreement is revised to provide that termination upon bankruptcy might not be enforceable under the U.S. Bankruptcy Act.

2. The Franchise Agreement is revised to provide that, to the extent required by Maryland law, the requirement to sign a general release as a condition of renewal or consent to an assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. The Franchise Agreement is revised to include the following:

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

4. The following terms apply to all agreements contained herein:

All representations in the agreement requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law, to the extent required by Maryland law.

5. The Franchise Agreement is revised to include the following:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

6. Section 21 of the Franchise Agreement ("Governing law, Jurisdiction and Venue")is hereby amended to include the following language:

Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Nothing in this agreement shall act to reduce the three -year statute of limitations afforded to the Franchisee for bringing a claim under the Maryland Franchise Registration and Disclosure Law.

7. Section 20 of the Franchise Agreement ("Franchisee Representations") is hereby removed in its entirety for franchises offered or sold in the State of Maryland.

Each provision of this Addendum to the Franchise Agreement shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise

Registration and Disclosure Law are met independently without reference to this Addendum. Each provision of this Addendum to the Franchise Agreement shall be enforceable only to the extent required by applicable Maryland franchise law.

LINDEN CREEK LLC

FRANCHISEE (Print Name)

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

## EXHIBIT E

## STATE AND FEDERAL REGULATORY AUTHORITIES

FEDERAL TRADE COMMISSION

Franchise Rule Coordinator
Federal Trade Commission Division of Marketing Practices
Seventh and Pennsylvania Avenues, N.W., Room 238
Washington, D.C. 20580
Telephone: (202) 326-2970

STATE FRANCHISE REGULATORS AND AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed.

CALIFORNIA:
Commissioner of Financial Protection & Innovation
Department of Financial Protection and Innovation
320 West 4th St., Ste. 750
Los Angeles, California 90013
Telephone: (213) 576-7500 or
Toll Free Telephone: (866) 275-2677

HAWAII:
Commissioner of Securities
of the State of Hawaii
Department of Commerce and
Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
Telephone: (808) 586-2722

ILLINOIS (Registered Agent):
F. Chet Taylor, Director of Securities
Office of the Secretary of State
Securities Department
69 West Washington Street, Suite 1220
Chicago, IL 60602
Telephone: (312) 793-3884

ILLINOIS (Regulatory Authority):
Kwame Raoul
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
Telephone: (217) 782-4465

INDIANA:
Marie Castetter, Securities Commissioner
Franchise Section
Indiana Securities Division
Secretary of State
Room E-111
302 West Washington Street
Indianapolis, IN 46204
Telephone: (317) 232-6681

MARYLAND (Registered Agent):
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020
Telephone: (410) 576-6360

MARYLAND (Regulatory Authority):
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202-2020
Telephone: (410) 576-6360

MICHIGAN (Regulatory Authority):
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
525 W. Ottawa Street
Lansing, MI 48909
Telephone: (517) 373-1152

MICHIGAN (Registered Agent):
Linda Cena, Securities Director
Office of Financial & Insurance Regulation
525 West Allegan
1st Floor Constitution Hall
Lansing, MI 48909
Telephone: (517) 241-6345

MINNESOTA:
Minnesota Dept. of Commerce
Securities-Franchise Registration
85 7th Place East, Suite 280
Saint Paul, MN 55101-2198
Telephone: (651) 539-1500

NEW YORK (Administrator/Regulatory Authority)
New York State Department of Law
Investor Protection Bureau
28 Liberty St., 21st Floor
New York, NY 10005
Telephone: (212) 416-8222

NEW YORK (Agent for Service of Process)
Secretary of State
99 Washington Avenue
Albany, NY 12231

NORTH DAKOTA:
North Dakota Securities Department
Fifth Floor State Capitol, Dept. 414
600 East Boulevard
Bismarck, ND 58505-0510
Telephone: (701) 328-2910

RHODE ISLAND:
Division of Securities
1511 Pontiac Ave.
John O. Pastore Complex – Bld 69-1
Cranston, RI 02920
Telephone: (401) 462-9500

SOUTH DAKOTA:
Division of Insurance
Securities Regulation
124 S. Euclid, Ste. 104
Pierre, SD 57501
Telephone: (605) 773-3563

VIRGINIA (Registered Agent):
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
Telephone: (804) 371-9733

VIRGINIA (Regulatory Authority)
State Corporation Commission,
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
Telephone: (804) 371-9051

WASHINGTON:
Address for Service of Process:
Department of Financial Institutions
Securities Division
150 Israel Road, SW
Tumwater, WA 98501
Telephone: (360) 902-8760

Mailing Address:
Department of Financial Institutions
Securities Division
PO Box 41200
Olympia, WA 98504-1200

WISCONSIN:
Franchise Office
Wisconsin Securities Commission
P.O. Box 1768
Madison, WI 53701
Telephone: (608) 266-3364

**EXHIBIT F**

**SAMPLE MUTUAL RELEASE**
**[This Agreement is a sample form currently in use and is subject to change.]**

**FULL AND FINAL GENERAL RELEASE**

**FOR AND IN CONSIDERATION** of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all parties, the parties agree and covenant to fully and mutually release the other as follows:

1. The Franchisee; Owners; guarantors of the Franchisee; and their respective predecessors, parents, affiliates, subsidiaries, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns.(collectively, the "Franchisee Parties") do hereby release and forever discharge Franchisor; Franchisor's predecessors, parents, affiliates, and subsidiaries; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities (collectively, the "Franchisor Parties") from any and all claims, demands, damages, actions, causes of action, or suits of any kind or nature whatsoever, both known and unknown, including, without limitation: (a) arising out of or related to the Franchisor Parties' obligations under the franchise agreement or (b) otherwise arising from or related to the Franchisee Parties' relationship, from the beginning of time to the date of Franchisee's signature below, with any of the Franchisor Parties.

2. Franchisee, on Franchisee's own behalf and on behalf of the other Franchisee Parties, further covenant not to sue any of the Franchisor Parties on any of the claims released by the preceding paragraph and represent that Franchisee has not assigned any such claims released by the preceding paragraph to any individual or entity who is not bound by this Release. It is understood and agreed that this Release is not to be construed as an admission of liability with respect to the Franchisor Parties.

3. The consideration expressly mentioned herein is the only consideration paid or to be paid by said parties hereby released. The parties acknowledge that no other party, or agent, or attorney of any other party, has made any promise, or representation or warranty to induce this Release, not herein expressly set forth, and no such promises, representations or warranties are relied upon as a consideration for this Release, or otherwise, but any and all of the parties' respective claims, of whatever nature are hereby fully and forever released, compromised and settled. Full and complete compromise, settlement, and accord and satisfaction are hereby acknowledged, and it is expressly agreed by the undersigned parties never to sue any of the other parties hereby released on any alleged promise, representation or warranty for this Release not herein expressly set forth.

4. This Agreement contains the entire agreement and understanding between the parties as to the matters specified herein and supersedes and replaces all agreements on this subject matter, whether written or oral. The terms contained herein may not be modified or amended

except in writing signed by the parties. The terms of this Release are contractual and not a mere recital.

5. The undersigned further state that they have carefully read the foregoing instrument; that they know the contents thereof; that they understand and agree to each and every term and condition contained herein; that they signed the same as their own free act and deed; and that they have not assigned any rights released hereunder to any person or organization, private or governmental.

6. The parties hereby covenant and agree that each shall not make, at any time or place, any disparaging remarks, verbally or in writing, concerning any of the parties' actions or perceived omissions, regarding any matter connected with this Release Agreement or otherwise take any action that would disparage or cast doubt upon the business acumen or judgment of any other party. Each party understands and acknowledges that each other party's business and reputation are of special, unique, and extraordinary character, which gives them a particular value, the loss of which cannot reasonably be compensated in damages in an action at law. Accordingly, each party further agrees that in addition to any other rights or remedies that any other party may possess at law, any aggrieved party shall be entitled to injunctive and other equitable relief in order to prevent or remedy a breach of the provisions of this Agreement by any other party hereto.

7. The terms of this Release arose from discussions between the parties. Accordingly, no claimed ambiguity in this Release shall be construed against any party claimed to have drafted or proposed the language in question.

8. This Release shall be governed by and construed pursuant to the laws of the State of North Carolina.

9. This Release may be executed in two (2) copies, each of which shall be deemed an original.

IF THE FRANCHISED BUSINESS FRANCHISEE OPERATES UNDER THE FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF FRANCHISEE IS A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

**SECTION 1542 ACKNOWLEDGMENT**. IT IS FRANCHISEE'S INTENTION, ON FRANCHISEE'S OWN BEHALF AND ON BEHALF OF THE FRANCHISEE PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY FRANCHISEE OR THE FRANCHISEE PARTIES. FRANCHISEE RECOGNIZES THAT FRANCHISEE OR THE FRANCHISEE PARTIES MAY HAVE SOME CLAIM, DEMAND OR CAUSE OF ACTION AGAINST FRANCHISOR PARTIES OF WHICH FRANCHISEE, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH FRANCHISEE, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS FRANCHISEE'S INTENTION, ON FRANCHISEE'S OWN BEHALF AND ON BEHALF OF THE FRANCHISEE PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE FRANCHISEE, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT FRANCHISEE, HIM, HER, OR

IT FROM ASSERTING IT AGAINST FRANCHISOR PARTIES. IN FURTHERANCE OF THIS INTENTION, FRANCHISEE, ON FRANCHISEE'S OWN BEHALF AND ON BEHALF OF THE FRANCHISEE PARTIES, EXPRESSLY WAIVES ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

**"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN THE CREDITOR'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY THE CREDITOR MUST HAVE MATERIALLY AFFECTED THE CREDITOR'S SETTLEMENT WITH THE DEBTOR."**

FRANCHISEE ACKNOWLEDGES AND REPRESENTS THAT FRANCHISEE HAS CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT FRANCHISEE UNDERSTANDS ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENTS THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the franchised business is located in Maryland or if Franchisee is a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

All releases given by the Parties are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action whatsoever which exist, or might have existed, on the date of this document. The Parties represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this document as the Releasing Parties, in the Releasing Parties independent judgment, believe necessary or appropriate.

| | |
|---|---|
| _____ | LINDEN CREEK LLC |
| [FRANCHISEE] | |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |

**EXHIBIT G**

**ACH/EFT TRANSFER AGREEMENT**

AUTHORIZATION TO HONOR CHECKS AND DEBITS BY AND PAYABLE TO THE FOLLOWING PAYEE(S):

The undersigned depositor ("Franchisee" or "Payor") hereby authorizes LINDEN CREEK LLC ("Franchisor" or "Payee") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the bank designated below ("Bank") to debit or credit such account(s) pursuant to Franchisor's instructions.

Name of Person or Legal Entity of Franchisee: _____
ID Number: _____
Bank: _____
Branch: _____
City: _____ State: _____ Zip Code: _____
Bank Transit/ABA Number: _____
Account Number: _____

This authority is to remain in full and force and effect until sixty days after Franchisor has received written notification from Franchisee of its termination.

FRANCHISEE/PAYOR:

_____

By: _____
Name: _____
Title: _____
Date: _____

**INDEMNIFICATION AGREEMENT**

To the above named Payee and the Bank designated:

The Payor agrees with respect to any action taken pursuant above authorization:

1. To indemnify the Bank and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Bank in the regular course of business for the purpose of payment, including any costs or expenses reasonably in collection therewith.
2. To indemnify Payee and the Bank for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.
3. To defend at Payor's cost and expense any action which might be brought by any depositor or any other persons because of any actions taken by the Bank of Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Bank's or Payee's participation therein.

**BE SURE THAT ALL INFORMATION ASKED FOR IS PROVIDED**

## EXHIBIT H

## FIRST ADDENDUM TO FRANCHISE AGREEMENT
**(to be signed by a renewing franchisee concurrently with the Franchise Agreement)**

**[This Agreement is a sample form currently in use and is subject to change.]**

**THIS FIRST ADDENDUM** ("Addendum") to the Franchise Agreement dated as of the Effective Date ("Agreement") between LINDEN CREEK LLC ("Franchisor") and _____ ("Franchisee") is made as of the same date to amend and supplement certain terms and conditions of the Agreement. In the event of any conflict between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall control. All capitalized terms not otherwise defined in this Addendum shall have their respective meanings set forth in the Agreement.

**1. Commencement of Operations.** Franchisor and Franchisee acknowledge that the Franchised Business has commenced operations as required pursuant to the Franchise Agreement.

**2. Franchisor's Development Assistance.** Franchisee acknowledges and agrees that Franchisor has complied with its obligations under the Agreement (or Franchisee waives, as the case may be, Franchisor's obligation) to provide any services prior to the opening of the Franchised Business.

**3. Grand Opening.** The Section of the Franchise Agreement pertaining to a Grand Opening is deleted.

**4. Remodeling.** Franchisee will complete the remodeling and renovations of the Franchised Business, at Franchisee's expense, listed on Exhibit 1 to this addendum no later than sixty (60) days following the Effective Date of the Agreement or at such different time as set forth in Exhibit 1.

**5. No Further Renewal Rights.** Section 2(b) of the Agreement is hereby deleted. As such, Franchisee has no right to renew the Agreement. Any renewal rights or terms following the expiration of the Initial Term of the Agreement shall be granted in Franchisor's sole discretion. Franchisor has no obligation to grant Franchisee any further renewal rights, terms, or franchises.

**6. Release.** Franchisee and the undersigned owner and guarantors, for themselves and their respective predecessors, affiliates, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns, hereby fully and forever unconditionally release and discharge Franchisor; Franchisor's predecessors and affiliates; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities ("Franchisee Parties") from any and all claims, demands, obligations, actions, liabilities, defenses or damages of every kind and nature whatsoever, in

law or in equity, whether known or unknown, which may hereafter be discovered, in connection with, as a result of, or in any way arising from, any relationship or transaction with Franchisor or Franchisor Parties, however characterized or described, from the beginning of time until the date of this Addendum.

**IN WITNESS WHEREOF,** the parties hereto have caused this Addendum to be executed on the date first set forth above.

LINDEN CREEK LLC

By: _____
Name: _____
Title: _____
Date*: _____
(*This is the Effective Date)

FRANCHISEE:

By: _____
Name: _____
Title: _____

**Exhibit 1**

**Remodeling**

**EXHIBIT I**

**AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER**

**[This Agreement is a sample form currently in use and is subject to change.]**

THIS AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER ("Agreement") is made among LINDEN CREEK LLC ("Franchisor"), _____ ("Seller"), and _____ ("Buyer"), and, if any, the undersigned Guarantors, effective as of the Effective Date.

A. Seller is the franchisee pursuant to that certain franchise agreement between Franchisor and Seller, as franchisee, dated _____ ("Seller Franchise Agreement"), governing the operation of the LINDEN CREEK business located at _____, ("Franchised Business");

B. Buyer is the franchisee under that certain franchise agreement between Franchisor and Buyer, as franchisee, dated _____, (as amended, "Buyer Franchise Agreement");

C. Seller has notified Franchisor that it and Buyer have entered into an Asset Purchase Agreement, dated _____ ("Purchase Agreement"), pursuant to which Seller has agreed to sell and Buyer has agreed to purchase all of the rights, obligations and assets relating to the Franchised Business ("Interests") and, further, that Buyer has agreed to assume the lease obligations with regard to the Franchised Business (collectively, the "Transfer"); and

D. Seller and the guarantors of the obligations of Seller ("Seller Guarantors") have requested that Franchisor consent to the Transfer and release Seller and the Seller Guarantors from all obligations under the Franchise Agreement and guaranty, respectively; and

E. The parties desire to set forth the terms and conditions under which Franchisor will consent to the Transfer and release.

FOR AND IN CONSIDERATION of the foregoing Recitals, which are incorporated herein, the mutual covenants expressed herein and other valuable consideration, receipt and sufficiency of which are acknowledged, the parties agree as follows:

**1. Effective Date.** The "Effective Date" of the Transfer will be the date the closing occurs under the Purchase Agreement and the assets of the Franchised Business are assigned from Seller to Buyer ("Closing"), or the date on which Franchisor signs this Agreement acknowledging its consent to the proposed Transfer, whichever occurs later. For the avoidance of doubt, Seller's franchise rights will not transfer to Buyer unless the Closing occurs.

**2. Proposed Transfer.** Buyer is purchasing the Interests from Seller in accordance with the terms and conditions of the "Purchase Agreement," a copy of which has been provided to Franchisor by Seller and Buyer. Seller and Buyer represent and warrant that the form of Purchase Agreement provided to Franchisor is the final version of the agreement and is the version which has been or will be executed by them to effectuate the Transfer.

**3.** **Conditional Consent; Release of Guaranty**. The Seller Franchise Agreement provides that the Transfer cannot take place without the consent of Franchisor. Franchisor will consent to the Transfer, as provided in the Seller Franchise Agreement, and will release (a) Seller from any obligations arising under the Seller Franchise Agreement and (b) Seller Guarantors under any guaranty agreement (in each case except as described below) from and after the Effective Date; provided, however, such consent and release are expressly contingent upon compliance with the following terms and conditions on or before the date of the closing of the Transfer ("Closing"):

**a.** **Franchise Agreement.** The Seller Franchise Agreement will terminate as of the Closing, and the operation of the Franchised Business will thereafter be governed by the Buyer Franchise Agreement;

**b.** **Payment of Amounts Due.** Seller will pay all amounts due and owing to Franchisor through the date of Closing; including the amount of $_____;

**c.** **Transfer Fee.** Seller shall pay a transfer fee of $_____ as provided in the Seller Franchise Agreement;

**d.** **Financial Statements.** Seller will provide Franchisor with all required monthly financial statements for the Franchised Location through the date of Closing;

**e.** **Training.** Buyer or Buyer's designated representative(s) shall have satisfactorily completed the initial training program as described in the Buyer Franchise Agreement prior to the Closing;

**f.** **Right to Possession.** Buyer will provide satisfactory evidence to Franchisor that Buyer has the right to possession of the premises for the Franchised Business by way of lease assignment (with **all** required landlord consents) or otherwise;

**g.** **Site Selection Assistance.** Buyer acknowledges and agrees that Franchisor has satisfied any and all obligations under the Buyer Franchise Agreement with respect to site selection and development assistance;

**h.** **Remodeling.** Seller and Buyer shall ensure that all of the items reflected on the Pre-Sale Inspection which is attached hereto have been completed;

**i.** **Purchase Agreement.** The Purchase Agreement will not be amended and the terms of the transaction thereunder will not be changed except with the prior written consent of Franchisor;

**j.** **Buyer Loans.** Buyer shall provide Franchisor with copies of all loan documents or loan commitments evidencing all debt taken on by Buyer in connection with the purchase of the Franchised Business; and

**k.** **Possession.** Prior to Closing and changing possession of the Franchised Business, Seller and Buyer shall obtain the written consent of Franchisor to change possession.

**4. Waiver of Right of First Refusal.** Franchisor hereby waives any right of first refusal to purchase the Interests as it may have pursuant to the Seller Franchise Agreement.

**5. Release of Franchisor.** Seller, the Seller Guarantors and Buyer, and each of them, for themselves and their affiliates, employees, officers, directors, successors, assigns, and other representatives, hereby fully and forever unconditionally release and discharge Franchisor, and its affiliates, parents, subsidiaries, area directors and agents and their respective employees, owners, members, officers, directors, successors, assigns, guarantors and other representatives (the "Released Parties"), from any and all claims, demands, obligations, actions, liabilities and damages of every kind or nature whatsoever, in law or in equity, whether known or unknown to them, which they may have against the Released Parties as of the date of this Agreement, or which may thereafter be discovered, accrued, or sustained, in connection with, as a result of, or in any way arising from, any relations or transactions with the Released Parties, however characterized or described, including but not limited to, any claims arising from the Seller Franchise Agreement, the Buyer Franchise Agreement or the Purchase Agreement or the transactions described herein.

If the Franchised Business is located in California or if either Buyer or Seller is a resident of California, the following shall apply:

**Section 1542 Acknowledgment.** It is the intention of Seller and Buyer in executing this Agreement that this instrument be and is a general release which shall be effective as a bar to each and every claim, demand or cause of action released by Seller and/or Buyer. Each of Seller and Buyer recognizes that he, she or it may have some claim, demand or cause of action against the Release Parties of which he, she, or it is totally unaware and unsuspecting, which he, she or it is giving up by executing this Agreement. It is the intention of each of Seller and Buyer in executing this instrument that it will deprive him, her or it of such claim, demand or cause of action and prevent him, her or it from asserting it against the Released Parties. In furtherance of this intention, Seller and Buyer expressly waive any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

Each of Seller and Buyer acknowledges and represents that he, she, or it has consulted with legal counsel before executing this Agreement and that he, she, or it understands its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consents that this Agreement shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands and causes of action.

**6. Termination of Seller Franchise Agreement and Guaranties**. Franchisor and Seller acknowledge and agree that, as of the date of Closing, upon the Transfer and upon compliance with the conditions set forth in Section 3 above, the Seller Franchise Agreement and the guaranties (if any) will automatically terminate and neither Seller nor Seller Guarantors shall have any further rights or obligations thereunder except that neither Seller nor any Seller Guarantor shall be released from:

**a.** any obligations to pay money to Franchisor owed under either the Seller Franchise Agreement or the guaranty prior to Closing; or

**b.** the provisions of the Seller Franchise Agreement that, either expressly or by their nature, survive termination of the Seller Franchise Agreement (including without limitation the post-termination restrictive covenants, audit rights, dispute resolution and notice, indemnification, and confidentiality provisions of the Seller Franchise Agreement).

**7. Acknowledgment.** Buyer and Seller acknowledge that although Franchisor or its affiliates, employees, officers, directors, successors, assigns, and other representatives may have been involved in Buyer's purchase of the Interests from Seller, Buyer and Seller have assumed sole and full responsibility for making the final decision to purchase and sell the Interests and each has consulted, or has had the opportunity to consult but, of its own accord, elected not to consult, with its own legal and financial advisors. Buyer further understands that as part of analyzing the purchase of the Interests from Seller, it is Buyer's responsibility to meet with or otherwise gather necessary information from the appropriate parties which may or may not affect Buyer's purchase of the Interests from Seller.

**8. Additional Documents.** Buyer and Seller agree to execute such additional documents as may be necessary to complete the Transfer as contemplated by the Purchase Agreement, the Seller Franchise Agreement and the Buyer Franchise Agreement.

**9. Miscellaneous Provisions.** This Agreement will be construed and enforced in accordance with, and governed by, the laws of the state of North Carolina. This Agreement may not be modified or amended or any term hereof waived or discharged except in writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced. The headings of this Agreement are for convenience and reference only and will not limit or otherwise affect the meaning hereof. This Agreement may be executed in any number of counterparts and sent via facsimile, each of which will be deemed an original but all of which taken together will constitute one and the same instrument. All capitalized terms used, but not defined, herein shall have the meanings ascribed to them in the applicable franchise agreement.

**10. Non-Disparagement.** In consideration of the accommodations provided to Seller, the Seller Guarantors and Buyer and concessions made by Franchisor and its affiliates under this Agreement, Seller, the Seller Guarantors and Buyer agree not to, and to use their best efforts to cause their current and former owners, officers, directors principals, agents, partners, employees, representatives, attorneys, spouses, and successors and assigns not to, disparage or otherwise speak or write negatively, directly or indirectly, of Franchisor or the Released Parties or their respective current and former agents, principals, officers, directors, owners, members, employees, franchisees, representatives, area directors, attorneys, parents, predecessors, affiliates, subsidiaries divisions, and successors and assigns, the LINDEN CREEK brand, the LINDEN CREEK S system, or any other service-marked or trademarked concept of Franchisor, or which would subject the LINDEN CREEK brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of Franchisor or its brand.

THUS signed by the parties shown below and made effective as of the Effective Date.

**SELLER(S):**

**By:** _____
**Name:** _____
**Title (if applicable):** _____

**SELLER GUARANTORS:**

_____ _____
**Print Name:** _____ **Print Name:** _____

**BUYER(S):**

**By:** _____ **By:** _____
**Name:** _____ **Name:** _____
**Title (if applicable):** _____ **Title (if applicable):** _____

**ACCEPTED:**

**LINDEN CREEK LLC**

By:_____
Name: _____
Title: _____
Date*: _____

*This date is the Effective Date

**PRE-SALE INSPECTION**

# EXHIBIT J

# SBA ADDENDUM

**ADDENDUM TO LICENSE [1] AGREEMENT**

**THIS ADDENDUM** ("Addendum") is made and entered into on _____, 20____, by and between _____ ("Licensor"), located at _____, and _____ ("Licensee"), located at _____.

Licensor and Licensee entered into a License Agreement on _____, 20__, (such Agreement, together with any amendments, the "License Agreement"). Licensee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the License Agreement or any other document Licensor requires Licensee to sign:

**CHANGE OF OWNERSHIP**

- If Licensee is proposing to transfer a partial interest in Licensee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Licensee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the (Enter type of) interest or any portion thereof, the transferor will not be liable for the actions of the transferee Licensee.

**FORCED SALE OF ASSETS**

- If Franchisor has the option to purchase the business personal assets upon default or termination of the License Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Licensee owns the real estate where the licensee location is operating, Licensee will not be required to sell the real estate upon default or termination, but Licensee may be required to lease the real estate for the remainder of the (enter type of) term (excluding additional renewals) for fair market value.

[1] While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

**COVENANTS**

- If the Licensee owns the real estate where the licensee location is operating, Franchisor has not and will not during the term of the License Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Licensee's real estate, they must be removed in order for the Licensee to obtain SBA-assisted financing.

**EMPLOYMENT**

- Franchisor will not directly control (hire, fire or schedule) Licensee's employees. For temporary personnel franchises, the temporary employees will be employed by the Licensee not the Franchisor.

As to the referenced License Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Licensee.

Except as amended by this Addendum, the License Agreement remains in full force and effect according to its terms.

Franchisor and Licensee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

**Authorized Representative of FRANCHISOR:**

By: _____

Print Name: _____

Title: _____

**Authorized Representative of LICENSEE:**

By: _____

Print Name: _____

Title: _____

**Note to Parties**: This Addendum only addresses "affiliation" between the Franchisor and Licensee. Additionally, the applicant Licensee and the (type of agreement) system must meet all SBA eligibility requirements.

# EXHIBIT K

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**EXHIBIT L**

**FORM OF FRANCHISE COMPLIANCE CERTIFICATION**

**[NOT FOR USE WITH FRANCHISEES IN MARYLAND]**

The purpose of this Certification is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you received and personally reviewed our Franchise Disclosure Document ("FDD"), Franchise Agreement and each Addendum (if any), and related agreement (i.e., personal guaranty) attached to them?

Yes or No? _____

2. Did you receive the Franchise Agreement and each related agreement, Addendum, or Amendment (if any), containing all material terms, at least 7 days before signing any binding agreement with us or an affiliate?*

Yes or No? _____

* This does not include changes to any agreement mutually agreed upon.

3. Did you receive the FDD at least 14 days before signing the Franchise Agreement, this document or any related agreement, and before paying any funds to us or an affiliate?

Yes or No?_____

4. Do you understand all of the information contained in the FDD, Franchise Agreement and each Addendum (if any), and related agreement provided to you?

Yes or No? _____

If No, what parts of the FDD, Franchise Agreement, Addendum (if any), and/or related agreements do you not understand?

_____
_____
_____

5. Did you sign a receipt for the FDD indicating the date you received it?

Yes or No? _____

6. Have you discussed the benefits and risks of purchasing a LINDEN CREEK franchise with an attorney, accountant or other professional advisor?

Yes or No? _____

If No, do you wish to have more time to do so?

Yes or No? _____

7. Do you understand that the success or failure of your LINDEN CREEK franchise will depend in large part upon your skills and abilities, competition from other businesses, and other economic and business factors?

Yes or No? _____

8. Has any employee or other person speaking on our behalf made any statement or promise concerning the actual or possible revenues or profits of a LINDEN CREEK franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes or No? _____

9. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a LINDEN CREEK franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes or No? _____

10. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a LINDEN CREEK franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes or No? _____

11. If you have answered "Yes" to any one of questions 8-10, please provide a full explanation of each "Yes" answer in the following blank lines.

_____
_____
_____
_____

12. Do you understand that the Franchise Agreement, Addendum (if any) and related agreements contain the entire agreement between you and us concerning the LINDEN CREEK franchise, meaning that any prior oral or written statements not set out in the Franchise Agreement, Addendum (if any) or related agreements will not be binding?

Yes or No? _____

Nothing in this document or any related agreement is intended to disclaim the representations we made in the FDD that we furnished to you.

13. Do you understand that, except as provided in the FDD, nothing stated or promised by us that is not specifically set forth in the Franchise Agreement, Addendum (if any) and related agreements can be relied upon?

Yes or No? _____

14. You signed the Franchise Agreement, and Addendum (if any) and related agreements on _____, and acknowledge that no agreement or addendum is effective until signed and dated by us.

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

The individuals signing below for the "**Franchisee Applicant**" constitute all of the executive officers, partners, shareholders, investors and/or principals of the Franchisee Applicant, or constitute the duly authorized representatives or agents of the foregoing.

FRANCHISE APPLICANT:

Signature:_____
Name: _____
Date: _____

Signature:_____
Name: _____
Date: _____

Signature:_____
Name: _____
Date: _____

## State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

| State | Effective Date |
|---|---|
| California | Not registered |
| Hawaii | Not registered |
| Illinois | Not registered |
| Indiana | Not registered |
| Maryland | Pending |
| Michigan | Not registered |
| Minnesota | Not registered |
| New York | Not registered |
| North Dakota | Not registered |
| Rhode Island | Not registered |
| South Dakota | Not registered |
| Virginia | Not registered |
| Washington | Not registered |
| Wisconsin | Not registered |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## EXHIBIT M

## RECEIPT

This disclosure document summarized certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If LINDEN CREEK LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires you to you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires you to receive this Franchise Disclosure Document 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If LINDEN CREEK LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to the appropriate state agency listed on Exhibit E. Our registered agents for service of process are identified on Exhibit E.

The name, principal business address and telephone number of the franchisor is: LINDEN CREEK LLC, 8450 Falls of Neuse #200, Raleigh, NC 27615, 919-417-3447. LINDEN CREEK LLC authorizes the state agencies identified on Exhibit E as its registered agent authorized to receive service of process. LINDEN CREEK LLC's registered agent is Alisa Sparks located at 8450 Falls of Neuse #200, Raleigh, NC 27615.

Issuance Date: April 21, 2025

The name, principal business address and telephone number of each franchise seller offering the franchise is:

| ☐ | ☐ | ☐ |
|---|---|---|
| Alisa Sparks<br>8450 Falls of Neuse #200,<br>Raleigh, NC 27615<br>919-417-3447 | Cameron Kessler<br>8450 Falls of Neuse #200<br>Raleigh, NC 27615<br>919-417-3447 | |

I have received a disclosure document dated: April 21, 2025 that included the following: Exhibit A – LINDEN CREEK LLC Franchise Agreement, with Attachment 1 (Franchise Rider), Attachment 2 (Internet, Social Media, and Telephone Assignment), Attachment 3 (Guaranty), Attachment 4 (Nondisclosure and Noncompetition Agreement) Attachment 5 (Nondisclosure and Non-solicitation Agreement), Exhibit B-1 – Franchised Business Directory/Listing of Current Franchisees , Exhibit B-2 – Listing of Certain Past Franchisees, Exhibit C – Financial Statements, Exhibit D – State Specific Information, Exhibit E – Federal and State Regulators and Agents for Service of Process, Exhibit F – Sample General Release Agreement, Exhibit G – ACH/EFT Transfer Agreement, Exhibit H – First Addendum to Renewal Franchise Agreement, Exhibit I – Agreement and Conditional Consent to Transfer, Exhibit J – Small Business Administration Addendum, Exhibit K – Brand Standards Manual Table of Contents, Exhibit L – Form of Franchise Compliance Certification, Exhibit M – Receipt

_____ _____

Date Signature

You may return one copy of this receipt either by signing, dating, and mailing or emailing it to Franchise Administration, at LINDEN CREEK LLC, 8450 Falls of Neuse #200, Raleigh, NC 27615, alisa@linden-creek.com.

RETAIN THIS COPY FOR YOUR RECORDS

**RECEIPT**

This disclosure document summarized certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If LINDEN CREEK LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires you to you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires you to receive this Franchise Disclosure Document 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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_____ _____

Date Signature

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