**FRANCHISE DISCLOSURE DOCUMENT**
**NextGen Great Sealcoating Franchise Group LLC (the "Franchisor")**

5538 Hamilton South
Sciota, PA 18354
(888) 201-6109
tim@GreatSealcoating.com
www.greatsealcoating.com

®

**THE CLEANER GREENER SEALER®** **ECOAMIGO™**

The Franchisee ("You") will receive the right to operate one or more NextGen Great Sealcoating ("Franchisor" or "Us") franchised businesses offering asphalt sealing and conditioning services with exclusive products manufactured specifically for the franchises by our affiliated company.

The estimated total investment necessary to begin operation of a single NextGen Great Sealcoating franchised business is from $72,850 to $179,100. This includes $58,850 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 Fourteen (14) calendar days before you sign a binding agreement with, or make any payment to, the Franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Tim Smeltz, CEO at NextGen Great Sealcoating Franchise Group LLC, 5538 Hamilton South, Sciota, PA 18354. The terms of your franchise agreement will govern your franchise relationship. Don't rely on the disclosure document alone to understand your franchise agreement. Read all of your franchise agreement 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: May 5, 2020

## 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 NextGen Great Sealcoating 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 NextGen Great Sealcoating 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 A.

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

## Special Risks to Consider About *This* Franchise

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

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

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.

**NEXTGEN GREAT SEALCOATING, LLC.**
**FRANCHISE DISCLOSURE DOCUMENT**

## Table Of Contents



## EXHIBITS

## ITEM 1 - THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS OR AFFILIATES

The Franchisor

We have no parent or predecessor.

The Franchisor is "NextGen Great Sealcoating Franchise Group LLC." To simplify the language in this Franchise Disclosure Document, the "Franchisor" means "NextGen," the Franchisor, or "we" or "us". "You" or "Franchisee(s)" means both the entity and the person(s) who acquires a NextGen Great Sealcoating franchise. Our Franchise Agreement with attachments and addendums (collectively the "Franchise Agreement") is attached to this Franchise Disclosure Document as **Exhibit E**. If you are a corporation, partnership, limited liability company or other legal entity, certain provisions of the Franchise Agreement apply to your directors, officers, shareholders, partners or members.

The Franchisor, NextGen Great Sealcoating Franchise Group LLC, is a Pennsylvania limited liability company with a principal place of business at 5538 Hamilton South, Sciota, PA 18354. The Franchisor does not do business under any name other than NextGen Great Sealcoating Franchise Group LLC at the present time. The Franchisor was formed on September 27, 2018 as a New Jersey entity and switched to a Pennsylvania entity on December 27, 2019.

The Franchisor has an affiliate entity which manufactures and supplies sealcoating products to be sold to and used by all franchisees, namely, application materials, printing, uniforms and equipment, under the name of Asphalt Depot, LLC. The Franchisor has another affiliate entity, T & C Sealcoating LLC, which is the first franchisee in the Franchise system and is also the original applicant for all trademarks exclusively licensed to Franchisor hereunder. The trademarks have been assigned and are exclusively controlled by Franchisor as licensee. Neither affiliate has ever offered franchises on their own.

We have no other affiliates in any line of business.

The principal business addresses of our agents for service of process are shown in **Exhibit A**.

Business

A NextGen Great Sealcoating franchise business is an asphalt services business operating under the NextGen Great Sealcoating Mark (a "NextGen Great Sealcoating Business" or a "Franchise Business" or a "Franchise"). A NextGen Great Sealcoating Business utilizes our proprietary, ecologically friendly products and the specialized, high-quality consistent services that we have developed and perfected for the installation and maintenance of asphalt surfaces, including, without limitation, the repair and sealcoating of driveways, parking lots and other asphalt and surfaces, crack-filling, patchwork, oil spot treatment, power washing, grass edging, commercial sweeping, and any other related products and services (the "NextGen Great Sealcoating Products and Services"). If you purchase a NextGen Great Sealcoating franchise, you will sign the NextGen Great Sealcoating franchise agreement attached as **Exhibit E** to this disclosure document (the "Franchise Agreement") and will operate your franchise in accordance with our confidential operations manual ("Operations Manual").

For the operation of a NextGen Great Sealcoating Business, you must purchase or lease one vehicle (together with full insurance coverages) on your own from a third-party dealer or vehicle owner in strict accordance with the following specifications, which vehicle must be first approved in final format by Franchisor in its sole and absolute discretion:

- A 16-18 ft. flatbed truck in excellent condition, either new or model year within 4 years of the

date of your Franchise Agreement;
- Truck weight shall be 17,950 lbs. (Ground Vehicle Weight or "GVW");
- Truck may be purchased/financed or leased;
- Truck must contain all trademark content and other information, in the exact form and manner as set forth in the Company Operating Manual;
- Truck must be insured in the exact form and manner as set forth in the Company Operating Manual.

You must make any such payment as necessary to secure the required vehicle, and have all customization and other work done as required herein, and provide us proof of the same prior to opening a Franchise, and shall be subject to routine inspection and continuing approval by us during the term of the Franchise Agreement.

You will operate your NextGen Great Sealcoating Business in one or more "Territories," generally consisting of a contiguous geographic area containing a minimum of 75,000 household units ("Qualified Residences") as determined and approved by Franchisor. NextGen Great Sealcoating as Franchisor determines the number of Qualified Residences based on various commercially available software packages which provide demographic data and information.

A licensed Franchisee is currently entitled to utilize the principal trademarks "NextGen Great Sealcoating" (both the word and logo) which is registered on the principal register of the USPTO and listed previously on the cover page, and the Franchisor's associated designs, logos, marks and commercial symbols (collectively referred to as the "Proprietary Marks"), in the Franchisee's operation of its Business and Territory (which is also sometimes collectively called a "Franchise").

A Franchisee is also required to use, and must follow, Franchisor System in accordance with, among other things, the Operations Manual (collectively the "System"), which includes special products, methods, materials, and related items, which make up a typical Franchise. The System is detailed in the comprehensive Operations Manual which the Franchisor provides.

Industry Specific Regulations

There are no regulations specific to the operation of a NextGen Great Sealcoating Franchise. However, you must comply with all laws that regulate commerce in general and the paving and sealcoating service industry in particular. These laws include: (i) federal, state, and local laws regulating health and consumer protection; (ii) federal immigration laws, tax laws, unemployment and workers' compensation laws, employment and discrimination laws, disability laws, environmental laws, and product labeling laws; (iii) federal, state, and local building and zoning codes, and (iv) all federal, state and local environmental laws, OSHA laws, licensing laws and other laws relating to the application, storage and disposal of products used in your Franchise. The details of federal, state, and local laws and regulations vary from place to place, and you must make sure that you are familiar with these laws and that you comply with them. Franchise.

Market and Competition

The Products and Services will be provided at homes, town homes, multi-family residential buildings, commercial properties and government properties using approved products and methods. You will operate in a developed market and compete with other asphalt maintenance or pavement marking businesses. Sales of NextGen Great Sealcoating Products and Services are typically seasonal in areas which receive heavy snow and rainfall or where temperatures consistently fall below 50°F, since effective application of Products requires mild temperatures and clean, dry surfaces. As the Franchise Business only provides you with protection against other franchisees soliciting residential projects within your Territory. you may face competition for commercial projects within your Territory from other franchisees. Accordingly, your Territory herein is protected to you only with regard to residential projects.

## ITEM 2 - BUSINESS EXPERIENCE

**President & Founder—Tim Smeltz**
Tim Smeltz is the Founder and has served as the President of NextGen Great Sealcoating Franchise Group LLC, in Scotia, Pennsylvania, since its inception in September 2018 as a New Jersey company that switched to a Pennsylvania company on December 27, 2019. Mr. Smeltz has also served as the President of our Affiliate T&C Sealcoating LLC, in Scotia, Pennsylvania, since its inception in September 2005 and the Managing Member of our Affiliate Asphalt Depot, LLC in Scotia, Pennsylvania since its inception in January of 2007.

**Director of Compliance—Donna Smeltz**
Donna Smeltz has served as the Director of Compliance of NextGen Great Sealcoating Franchise Group LLC, in Scotia, Pennsylvania, since its inception in September 2018 as a New Jersey company that switched to a Pennsylvania company on December 27, 2019. Mrs. Smeltz has also served as the Bookkeeper of our Affiliate T&C Sealcoating LLC, in Scotia, Pennsylvania, since its inception in September 2005 and the Bookkeeper of our Affiliate Asphalt Depot, LLC in Scotia, Pennsylvania since its inception in January of 2007.

**Operations Manager - Aristeo Ruiz**
Aristeo Ruiz has served as the Operations Manager of NextGen Great Sealcoating Franchise Group LLC, in Scotia, Pennsylvania, since its inception in September 2018 as a New Jersey company that switched to a Pennsylvania company on December 27, 2019. Mr. Ruiz has also served as the Operations Manager of our Affiliate T&C Sealcoating in Scotia, Pennsylvania since June 2013 and the Operations Manager of our Affiliate Asphalt Depot, LLC in Scotia, Pennsylvania since March 2015.

**Director of Sales – Douglas Eagen**
Douglas Eagen has served as the Director of Sales of NextGen Great Sealcoating Franchise Group LLC, in Scotia, Pennsylvania, since its inception in September 2018 as a New Jersey company that switched to a Pennsylvania company on December 27, 2019. Mr. Eagen has also served as the Director of Sales of our Affiliate T&C Sealcoating in Scotia, Pennsylvania since April 2014 and the Director of Sales of our Affiliate Asphalt Depot, LLC in Scotia, Pennsylvania since April 2014.

## 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 following initial fees and other payments are non-refundable unless otherwise specifically stated, and are due and payable by you as follows:

For the initial purchase of a single franchised business territory, you pay a "Franchise Fee" of Twenty-Nine Thousand Dollars ($29,000.00) in one lump sum when you sign the Franchise Agreement. If you decide to purchase another franchised business territory at a later date within five years of signing the original Franchise Agreement, we will extend the same Franchise Fee of Twenty-Nine Thousand Dollars ($29,000.00) to the second franchise agreement.

If approved by us, at our sole discretion, you may purchase a second and/or third franchised business territory at the same time as you sign the first franchise agreement for a discounted franchise fee as follows:
2nd franchised business territory Franchise Fee=Fifteen Thousand Dollars ($15,000.00)
3rd franchised business territory Franchise Fee=Ten Thousand Dollars ($10,000.00)

For each franchised business territory, you are required to sign a separate franchise agreement. The Franchise Fee is fully earned by us and due in lump sum when you sign the Franchise Agreement(s). The Franchise Fee is not refundable under any circumstance.

To honor those men and women who have served our county in the U.S. Armed Forces or in the roll of first responders, we offer a twenty five percent (25%) discount of the Initial Franchise Fee(s) (contingent upon verification and, as applicable, honorable separation).

You must also pay us a non-refundable combined amount of Twenty-Nine Thousand Eight Hundred and Fifty ($29,850) Dollars for the "Initial Inventory Package" of equipment, products, office and marketing materials and miscellaneous credit, all of which are explained below in detail. This payment is due one time for between one and three franchised business territories.

Initial Inventory of Equipment, Products, Office and Marketing Materials

You must pay NextGen Great Sealcoating for the "Initial Inventory Package" of equipment, products, office and marketing materials and miscellaneous credit as described below:

| **Fee paid to NextGen Great Sealcoating** | Description |
|---|---|
| $24,900<br>(non-refundable) | Equipment consists of a proprietary hydraulically powered sealcoating tank system, powered blower for cleaning, powered grass edger, sealcoating brooms, one propane tank, and other necessary sealcoating tools. |
| $3,000<br>(non-refundable) | Initial credit for purchase of inventory including asphalt sealant, crack sealer, sand, and other products from NextGen Great Sealcoating's approved vendors. |

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|---|---|
| $1,950<br><br>(non-refundable) | Office and sales materials including proprietary software including uniforms, marketing and promotional materials, clothing, personalized banner tape, measuring and estimating tools and business and quote cards. |
| **TOTAL: $29,850.00** | |

Except as specified by NextGen Great Sealcoating, the cost of your Initial Inventory Package purchased from NextGen Great Sealcoating must be paid to Asphalt Depot, LLC (an affiliated company to Franchisor) in full approximately 30 days prior to opening your franchised business and is nonrefundable.

## ITEM 6 - OTHER FEES

Here is a summary of the other fees you will pay as a NextGen Great Sealcoating Franchisee. A description of the applicable remarks follows the summary. Except as otherwise provided, we impose all fees uniformly and all fees are payable to us. All fees are nonrefundable.

| **Type of Fee** (1) | **Amount** | **Date Due** | **Remarks** |
|---|---|---|---|
| Royalty Fees | The greater of the Minimum Royalty or 6% of Gross Revenues. | Monthly on a day we specify in the Operations Manual (currently the fifteenth ($15^{th}$) day of each month) for the preceding month's Gross Revenues. Minimum Royalties are calculated annually (see below) | Gross Revenues are defined in Note 2 below. |

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|---|---|---|---|
| Minimum Royalties | Irrespective of your Gross Revenues, you must pay us Minimum Royalties as follows:<br><br>First and second full calendar year of business: $4,000<br><br>Third and fourth full calendar year of business: $10,000<br><br>Fifth and subsequent full calendar years of business: $25,000 | Starting in your second full calendar year of business, you must pay us any difference between the previous year's Minimum Royalties and the Royalty Fees you paid the previous year, by no later than the end of the first calendar month of the year. | |
| National Advertising Fees | 1% of Gross Revenues | Monthly, same as Royalty | Gross Revenues are defined in Note 2 below. Fee includes website, SEO advertising, email address, 888 phone number. We take care of social media advertising, especially Facebook. See Note 3 |
| Credit Card Processing Fees | Generally, these fees are currently 2.7%; plus an additional $0.25 transfer fee. These fees are subject to change. | As payments are processed | NextGen Great Sealcoating offers a centralized credit card processing service on-line, which franchisees must utilize. |
| Technology Fee | Currently, $225 per month | As incurred | Includes one license for desktop and two licenses for mobile to our proprietary software, in addition to your email license and routing software license. See Note 4 |
| Call Center Fee | 1% of Gross Sales | Monthly | May be increased as needed. |

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|---|---|---|---|
| Product Purchases | Amount of your purchases from us or a qualified pre-approved source | When NextGen Great Sealcoating ships the products you order | Based on the location of your Territory, you may be required to purchase certain products from NextGen Great Sealcoating. See Note 5 |
| Transfer Fee | $5000 | Before the date you transfer the Franchise Agreement or a controlling interest in a corporation, limited liability company or partnership which holds the franchise | NextGen Great Sealcoating must approve the transfer; the transfer fee includes NextGen Great Sealcoating's Training Fee for the buyer or General Manager. The transfer fee is non-negotiable. |
| Renewal Fee | 15% of the then current franchise fee | When you sign the new Franchise Agreement | |
| Franchise Resale Fee for NextGen Great Sealcoating Services | 8% of the sale price for your Franchise if you formally request NextGen Great Sealcoating actively assists with the resale of your Franchise | At the closing of the sale | You must pay a franchise resale fee only if you formally request NextGen Great Sealcoating actively assists in locating a buyer for your existing Business. |
| Service Charge | $50 per week | Within 10 days after you fail to pay a Continuing Fee | You must pay a Service Charge for each late payment of a Continuing Fee or late report. |
| Collection Costs for Unpaid Fees | Amount NextGen Great Sealcoating incurs to collect unpaid Royalty Fees | On demand | Includes the amount of actual attorneys' fees, deposition costs, expert witness fees, investigation costs, accounting fees, filing fees and travel expenses. |

| | | | |
|---|---|---|---|
| Audit Fees | Amount NextGen Great Sealcoating incurs to audit your Business plus ten percent (10%) interest on underpaid amount | Within 10 days of receipt of an invoice | Payable only if an audit by NextGen Great Sealcoating reveals that your understatement of Gross Revenues is intentional or is greater than 2% or you underpaid your Royalty Fees by more than $1,000 during any 12 months. |
| Interest Charges for Unpaid Fees | The lesser of 18% per annum or the maximum legal rate allowable in the state your Business is located in | On demand | Applies to past due payments of Royalty Fees due to NextGen Great Sealcoating. |
| Damages | The amount of damages sustained by NextGen Great Sealcoating as a result of the termination of the Franchise Agreement | On demand following termination of the Franchise Agreement | If you wrongfully terminate the Franchise Agreement, or if NextGen Great Sealcoating terminates the Franchise Agreement because of your breach, you must pay NextGen Great Sealcoating the damages it sustains as a result, taking into account the Royalty Fees (including Minimum Royalty Fees) and other amounts you would have paid NextGen Great Sealcoating over the remaining term of the Franchise Agreement. |

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|---|---|---|---|
| Training Fees for New General Manager | $500 per person | If training is requested at your location | Any new General Manager you hire must attend training within 60 days after beginning to manage your Business or must be trained by you in accordance with NextGen Great Sealcoating's requirements. There is currently no cost for training for your General Manager at our corporate office. See Note 6 |
| Daily Equipment Rental | As determined by the parties | As determined by the parties | See Note 7 |
| Attorney's Fees | The amount of all attorneys' fees, costs, expenses and interest incurred by NextGen Great Sealcoating in enforcing the terms of the Franchise Agreement or in seeking to enjoin any violation of the Franchise Agreement by you. | As incurred | |
| Late Fee | 10% of the total Royalty Fee | As due | See Note 8 |
| Indemnification | Amount of Liability | As incurred | See Note 9 |
| Insurance | Cost of Premium | As incurred | See Note 10 |
| Supplier Evaluation | Cost of inspection or testing | When billed | See Note 11 |
| Remedial Training | $1,000 per week, plus inflation | When billed | See Note 12 |

**Notes:**

(1) You must pay each fee to NextGen Great Sealcoating unless otherwise noted. All fees are nonrefundable and are uniformly imposed.

(2) "Gross Revenues" will mean the total revenue you receive for all products and services in conjunction with the Business or NextGen Great Sealcoating's trademarks (including all Products and Services), regardless of whether such services or products are provided to customers or clients by you, your employees or independent contractors hired by you. "Gross Revenues" will not include any sales, use or gross receipts tax imposed by any federal, state, municipal or governmental authority directly upon sales, if: (a) the amount of the tax is added to the selling price and is expressly charged to the customer; (b) a specific record is made at the time of each sale of the amount of such tax; and (c) the amount of such tax is paid to the appropriate taxing authority by you. You must authorize your bank to directly deposit Royalty Fees into NextGen Great Sealcoating's bank account from your bank account on a monthly basis. You must provide NextGen Great Sealcoating with all documents necessary to direct your

bank to honor these pre-authorized bank debits. If you acquire an existing NextGen Great Sealcoating business, your Minimum Royalty will be based on the number of years the business has been in operation. It is a requirement to use NextGen Great Sealcoating's on-line proprietary software as your primary database. You must report sales and record customer data through the proprietary system, which data is expected to be inputted immediately and simultaneously at the time of contact by the customer to our call center. You are responsible to ensure this process is in effect.

(3) You will be required to pay into a separate national advertising fund to be maintained by Franchisor, in its sole discretion for marketing related purposes for the benefit of the franchise system. We currently require our Franchisees to contribute 1% of gross revenue monthly. We reserve the right to increase this contribution to 2% of gross revenue in our sole discretion.

(4) NextGen Great Sealcoating charges a technology fee for access and for support, hosting, database and other services related to franchisee's use of existing or future communication or data storage systems, components to that and associated hardware and services. This fee may be charged on a monthly or annual basis as the fees are assessed. To cover significant improvements in technology that may be rolled out in any given year, NextGen Great Sealcoating reserves the right to increase this fee up to 25% per year per Territory upon 60 day's written notice to you.

(5) You are required to purchase products directly from NextGen Great Sealcoating or an approved supplier, as described in Item 8. You must authorize your bank to directly deposit the amount of product purchases into NextGen Great Sealcoating's (or affiliate's) bank account from your bank account or have a credit card for payment. You must pay for the products, and NextGen Great Sealcoating will debit your bank account for the amount of the product purchase order, when NextGen Great Sealcoating ships the products to you. You must provide NextGen Great Sealcoating with all documents necessary to direct your bank to honor these pre-authorized bank debits.

(6) If you or an employee of your Business has been qualified by NextGen Great Sealcoating to provide the required General Manager training, NextGen Great Sealcoating will not require the new General Manager to attend NextGen Great Sealcoating's training program.

(7) Although NextGen Great Sealcoating has not developed a formal program and you are not required to rent any equipment from NextGen Great Sealcoating, in certain instances in particular markets NextGen Great Sealcoating or other NextGen Great Sealcoating franchisees may rent equipment to you on a daily basis for particular Jobs for a fee as agreed upon by both parties.

(8) A late fee in the amount of 10% of the total Royalty Fee will be charged to you in the event that the Royalty Fee has not been paid to us on the date it is due. Additional late charges will be assessed for each day for which the Royalty Fee is late beyond the due date in the amount of One Hundred ($100) Dollars per month or 1% per month of the total Royalty Fee due, whichever is greater.

(9) You agree to defend us and reimburse us for all claims, obligations, and damages directly or indirectly arising out of the Franchise operations or your breach of the Franchise Agreement, except to the extent they arise as a result of our own gross negligence or willful misconduct. Franchise.

(10) If you fail to comply with our minimum insurance requirements, we have the right to obtain and

maintain insurance on your behalf. If we obtain insurance on your behalf, you must pay us the cost of the insurance premium plus an administrative cost for obtaining the insurance equal to eighteen (18%) percent of the annual premium. See Item 8 of this Franchise Disclosure Document about our minimum insurance requirements.

(11) If you request that we approve a new supplier of goods or ingredients for your Franchise, we may require you to provide us with a sample of the supplier's products and to reimburse us for any reasonable costs we incur to test or otherwise evaluate the sample and the supplier's fitness for approval.

(12) You will be required to complete remedial operations training should you fail to comply with our standards of product or service quality requirements at a facility of our designation, pay the Franchisor a "Training Fee" of One Thousand ($1,000) Dollars per week (as adjusted to reflect price inflation) plus travel and living expenses.

## ITEM 7 - ESTIMATED INITIAL INVESTMENT

### ESTIMATED INITIAL INVESTMENT- SINGLE TERRITORY

Here is a summary of your estimated initial investment for a franchise with one territory. A description of the notes follows the final table.

| Type of Expenditure | Amount (1) | Method of Payment (2) | When Due | To Whom Payment is to be Made |
|---|---|---|---|---|
| Initial Fee (3) | $29,000 | Lump Sum | When you sign the Franchise Agreement | NextGen Great Sealcoating. |
| Truck mounted sealcoating system(4) | $24,900 | Lump Sum | When you sign the Franchise Agreement | NextGen Great Sealcoating or approved supplier |
| Initial Inventory Package(5) | $3,000 | Lump Sum | Before Opening | NextGen Great Sealcoating or approved supplier |
| Initial Non-Inventory Package | $1,950 | Lump Sum | Before Opening | NextGen Great Sealcoating or approved supplier |
| Optional Storage Tanks(6) | $0-$25,000 | Lump Sum | If needed, when you sign the Franchise Agreement | NextGen Great Sealcoating or approved supplier |
| Training Expenses(7) | $500-$2,000 | As You Incur Expenses | During Training | General Manager, Airlines, Hotels and Restaurants |
| Business Office Garage Lease – 3 Months(8) | $0-$5,000 | As Arranged | Before Opening | Building Owner |

| | | | | |
|---|---|---|---|---|
| Computer Equipment[9] | $0-$3,000 | As Arranged | Before Opening | Supplier or Leasing Company |
| Phone and Internet Access | $0-$500 | As Arranged | Before Opening | Suppliers and Utilities |
| Truck[10] | $5,000-$65,000 | As Arranged | Before Opening | Dealer or Leasing Company |
| Vehicle Storage[11] | $0-$750 | As arranged | As necessary | Supplier |
| Grand Opening Advertising[12] | $3,000 | As arranged | Before/During Opening | Vendors/Suppliers |
| Insurance [13] | $500-$1,000 | As Arranged | Before Opening | Insurance Broker |
| Additional Funds – 3 Months[14] | $5,000-$15,000 | As you incur expenses | As you incur expenses | Employees, Suppliers and Utilities |
| TOTAL | $72,850-$179,100 | | | |

## ESTIMATED INITIAL INVESTMENT- TWO TERRITORIES

Here is a summary of your estimated initial investment for a franchise with two territories. A description of the notes follows the final table.

| **Type of Expenditure** | **Amount** [1] | **Method of Payment** [2] | **When Due** | **To Whom Payment is to be Made** |
|---|---|---|---|---|
| Initial Fee [3] | $44,000 | Lump Sum | When you sign the Franchise Agreement | NextGen Great Sealcoating. |
| Truck mounted sealcoating system[4] | $24,900 | Lump Sum | When you sign the Franchise Agreement | NextGen Great Sealcoating or approved supplier |
| Initial Inventory Package[5] | $3,000 | Lump Sum | Before Opening | NextGen Great Sealcoating or approved supplier |
| Initial Non-Inventory Package | $1,950 | Lump Sum | Before Opening | NextGen Great Sealcoating or approved supplier |
| Optional Storage Tanks[6] | $0-$25,000 | Lump Sum | If needed, when you sign the Franchise Agreement | NextGen Great Sealcoating or approved supplier |
| Training Expenses[7] | $500-$2,000 | As You Incur Expenses | During Training | General Manager, Airlines, Hotels and Restaurants |

| | | | | |
|---|---|---|---|---|
| Business Office Garage Lease – 3 Months(8) | $0-$5,000 | As Arranged | Before Opening | Building Owner |
| Computer Equipment(9) | $0-$3,000 | As Arranged | Before Opening | Supplier or Leasing Company |
| Phone and Internet Access | $0-$500 | As Arranged | Before Opening | Suppliers and Utilities |
| Truck(10) | $5,000-$65,000 | As Arranged | Before Opening | Dealer or Leasing Company |
| Vehicle Storage(11) | $0-$750 | As arranged | As necessary | Supplier |
| Grand Opening Advertising(12) | $3,000 | As arranged | Before/During Opening | Vendors/Suppliers |
| Insurance (13) | $500-$1,000 | As Arranged | Before Opening | Insurance Broker |
| Additional Funds – 3 Months(14) | $15,000-$25,000 | As you incur expenses | As you incur expenses | Employees, Suppliers and Utilities |
| TOTAL | $97,850-$204,100 | | | |

## ESTIMATED INITIAL INVESTMENT-THREE TERRITORIES

Here is a summary of your estimated initial investment for a franchise with three territories. A description of the notes follows the summary.

| **Type of Expenditure** | **Amount** (1) | **Method of Payment** (2) | **When Due** | **To Whom Payment is to be Made** |
|---|---|---|---|---|
| Initial Fee (3) | $54,000 | Lump Sum | When you sign the Franchise Agreement | NextGen Great Sealcoating. |
| Truck mounted sealcoating system(4) | $24,900 | Lump Sum | When you sign the Franchise Agreement | NextGen Great Sealcoating or approved supplier |
| Initial Inventory Package(5) | $3,000 | Lump Sum | Before Opening | NextGen Great Sealcoating or approved supplier |
| Initial Non-Inventory Package | $1,950 | Lump Sum | Before Opening | NextGen Great Sealcoating or approved supplier |
| Optional Storage Tanks(6) | $0-$25,000 | Lump Sum | If needed, when you sign the Franchise Agreement | NextGen Great Sealcoating or approved supplier |
| Training Expenses(7) | $500-$2,000 | As You Incur Expenses | During Training | General Manager, Airlines, Hotels and Restaurants |

| | | | | |
|---|---|---|---|---|
| Business Office Garage Lease – 3 Months[8] | $0-$5,000 | As Arranged | Before Opening | Building Owner |
| Computer Equipment[9] | $0-$3,000 | As Arranged | Before Opening | Supplier or Leasing Company |
| Phone and Internet Access | $0-$500 | As Arranged | Before Opening | Suppliers and Utilities |
| Truck[10] | $5,000-$65,000 | As Arranged | Before Opening | Dealer or Leasing Company |
| Vehicle Storage[11] | $0-$750 | As arranged | As necessary | Supplier |
| Grand Opening Advertising[12] | $3,000 | As arranged | Before/During Opening | Vendors/Suppliers |
| Insurance [13] | $500-$1,000 | As Arranged | Before Opening | Insurance Broker |
| Additional Funds – 3 Months[14] | $20,000-$30,000 | As you incur expenses | As you incur expenses | Employees, Suppliers and Utilities |
| TOTAL | $112,850-$219,100 | | | |

**Notes:**

(1) For the estimated range of costs, NextGen Great Sealcoating relied on its management's collective experience in the business of asphalt maintenance since 2005. The low end of the estimate assumes that you will purchase only one franchised business territory for your Business and will purchase the standard options for start-up and a down payment on a truck. The high end of the estimate assumes that you will purchase a new truck for your Business, pay for an office and/or storage area and incur additional travel expenses for training. You should carefully review these figures with your business advisor before making any decision to purchase a franchise.

(2) Payments are not refundable unless otherwise noted.

(3) Franchise Fee. If you operate a NextGen Great Sealcoating Business, your Initial Fee will be $29,000 for the first Franchise. We offer a reduced Franchise Fee for any additional franchised business territories that you purchase at the same time of the purchase of your initial Franchise. So, if two (2) or more franchises are purchased, the Franchise Fee shall be reduced to Fifteen Thousand ($15,000) Dollars for the second Franchise and Ten Thousand Dollars ($10,000) for the third.

(4) Truck mounted sealcoating equipment. To operate a Franchise, you must purchase Truck mounted sealcoating equipment in strict accordance with all requirements and specifications referenced above. This equipment is sold to franchisees at or near cost. All truck mounted equipment will be purchased from us or an affiliate.

(5) Initial Inventory Package. As described in Item 5, you must purchase the applicable Initial Inventory Package for your Business.

(6) Storage Tank. If you operate a NextGen Great Sealcoating Business, you may choose to purchase an optional storage tank for sealant, though it will not be necessary for most new NextGen Great Sealcoating businesses.

(7) Training Expenses. You must pay for the salaries, fringe benefits, travel costs, lodging, food, automobile rental and other expenses you and your General Manager incur while attending the training program. In addition to factoring potential variance in travel and lodging expenses, the low-cost estimates assume that you will not have a General Manager and the high cost estimates assumes that you will have a General Manager.

(8) Business Office. You need not obtain business office or warehouse space for your Business, particularly if you purchase one franchised business territory. As your business grows, you may consider a business office or warehouse space or both.

(9) Computer System. You will need a dedicated computer with a high-speed internet connection for managing and operating your Business and running our proprietary program. The specifications for the computer system are listed in Item 11. You may already own a computer that meets these requirements.

(10) Vehicle. For the operation of a NextGen Great Sealcoating Business, you must lease or purchase one vehicle (together with full insurance coverages) on your own from a third-party dealer or vehicle owner in strict accordance with the following specifications, which vehicle must be first approved in final format by Franchisor in its sole and absolute discretion:

- A 16-18 ft. flatbed truck in excellent condition, either new or model year within 4 years of the date of your Franchise Agreement;
- Truck weight shall be at least 17,950 lbs. (Gross Vehicle Weight or "GVW"), gas or diesel;
- Truck may be purchased/financed or leased;
- Truck must contain all trademark content and other information, in the exact form and manner as set forth in the Company Operating Manual and
- Truck must be insured in the exact form and manner as set forth in the Company Operating Manual.

The payment for this required vehicle, including all customization and fit up as required herein, must be made to our satisfaction prior to opening a Franchise, and vehicle shall be subject to routine inspection and continuing approval by us during the term of the Franchise Agreement.

(11) You will incur this expense only if you are required to lease space to store your vehicle and equipment.

(12) See Item 6 for more information about our minimum grand opening advertising requirements.

(13) Business insurance coverage will vary from state to state and will depend on your prior loss experience, if any, and/or the prior loss experience of your insurance carrier in the state or locale in which you operate the Business, and national or local market conditions. We estimate that you will be required to pay your insurance carrier or agent a down payment of Seven Hundred Fifty ($750.00) Dollars, which equals approximately fifty (50%) percent of the estimated annual premium. See Item 8 for insurance requirements.

(14) This estimates your initial start-up expenses during the first three (3) months of operation. These expenses include payroll costs and working capital. We have relied upon our principals' experience in operating both a similar business before our formation and a franchised location, as well as the opening experience of our existing franchisee in compiling this estimate. These figures are estimates and we cannot guarantee that you will not have additional expenses in starting the business. Your costs will depend on factors such as: how closely you follow our methods and procedures; your management skill; experience and business acumen; local economic conditions; the local market for our products and services; the prevailing wage rate; competition; and the level of sales reached during the start-up phase of the business.

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

We and our Franchisees have an interest in protecting the quality and integrity of the NextGen Great System. To protect our common interests, we place certain restrictions on the locations of the Territories, the services and items they offer; the products, equipment, services, and supplies they purchase; and the sources from which they purchase them.

Obligation to Purchase Products or Services from Asphalt Depot LLC

If you operate a NextGen Great Sealcoating Franchise, you must purchase the heavy-duty sealer and hot crack sealer and other products NextGen Great Sealcoating specifies directly from NextGen Great Sealcoating, our affiliate or other approved supplier as detailed in our Operations Manual. To the extent that it is geographically and logistically possible, NextGen Great Sealcoating will provide delivery of all supplies, or franchisees may pick-up supplies at its corporate office in Pennsylvania. If logistical factors prevent delivery or pick-up, NextGen Great Sealcoating will provide the name of an approved manufacturer or distributor of sealant, crack sealer, and sealant additives, and we may provide an additive to bring the products up to our standards.

All printed advertising materials NextGen Great Sealcoating offers to its franchisees must be purchased from NextGen Great Sealcoating. These printed pieces include, without limitation, work cards, estimate cards, direct mail cards, pre-pay letters, commercial flyers, door-to-door cards, yellow cards, yard signs, banner tape, decals, business cards, newspaper inserts, letterhead, and more. All pre-paid and direct mail campaigns must go through NextGen Great Sealcoating. If you want to use advertising materials or methods NextGen Great Sealcoating does not offer, you must receive NextGen Great Sealcoating's prior written approval before using those materials.

NextGen Great Sealcoating will give you a written list of the product inventory that you must maintain and will occasionally update this list. You may, on written request, obtain information on pricing, yield, coverage and shipping weights of the products from NextGen Great Sealcoating before signing the Franchise Agreement. If you are opening a NextGen Great Sealcoating Business, you must also purchase from NextGen Great Sealcoating one truck mounted sealcoating system for up to three franchised businesses territories that you purchase. All franchisees must purchase from NextGen Great Sealcoating the applicable Initial Inventory Package. Future additional truck mounted sealcoating systems must be purchased from NextGen Great Sealcoating or approved by NextGen Great Sealcoating if another type of rig is needed.

NextGen Great Sealcoating (as an affiliated company of Asphalt Depot LLC, the supplier and manufacturer) may derive revenue from your purchase of products, printed advertising materials, and the initial inventory by charging you prices that exceed NextGen Great Sealcoating's costs of supplying these products, printed advertising materials, and the initial inventory. However, many items are provided at cost or close to cost. The requirement to purchase the products, printed advertising materials, sealcoating system rig and the initial inventory from NextGen Great Sealcoating is necessary to ensure that you adhere to the uniformity requirements and quality standards associated with all Businesses.

NextGen Great Sealcoating estimates that your purchase or lease of products, equipment and supplies which meet NextGen Great Sealcoating's specifications and standards will represent approximately 65% to 75% of the total cost of initially establishing your Business in one Territory and approximately 20% to 40% of the continuing cost of operating your Business in one Territory. In the year ending December 31, 2019, NextGen Great Sealcoating did not receive any revenues, rebates or other material consideration from either the sale or lease of products and services to franchisees.

Obligation to Purchase or Lease Products or Services from Approved Suppliers

In addition to purchasing supplies and products, printed advertising materials, sealcoating system and the initial inventory of marketing materials and business supplies from NextGen Great Sealcoating, you must purchase certain other products, goods, merchandise, supplies, furniture, fixtures, equipment and services used or sold at your Business from suppliers approved by NextGen Great Sealcoating in writing. NextGen Great Sealcoating will give you a list of these approved suppliers and will occasionally update this list. Approved suppliers are necessary to ensure that all franchisees adhere to the uniformity requirements and quality standards associated with Businesses. You may also elect to purchase a hot asphalt trailer, a larger bulk storage tank, a squeegee machine with a trailer, a commercial spray applicator, a commercial sweeper and/or pavement installation products. Although you are not required to purchase this equipment, if you choose to offer products or services that require this equipment, you must purchase the equipment from NextGen Great Sealcoating or approved suppliers. In certain limited instances, some of this equipment may be available to rent from NextGen Great Sealcoating or other NextGen Great Sealcoating franchises.

Asphalt Depot LLC (an affiliate of Franchisor) is an approved supplier for the NextGen Great Sealcoating Products and truck mounted equipment, the Initial Inventory Package and products that you use in your NextGen Great Sealcoating Business. NextGen Great Sealcoating shall derive revenue from your purchase of these items by charging you prices that exceed NextGen Great Sealcoating's costs of supplying these products and services. However, it is NextGen Great Sealcoating's goal to sell many products it purchases in bulk to franchisees at near cost, if possible.

If you are located within approximately 250 miles of our corporate facility, we will ship all of your sealcoating materials to you (or you may arrange to pick it up from our facility). If you are located more than 250 miles away from our corporate facility, we will designate a local supplier of sealcoating material and will supply you with an additive for the locally sourced sealcoating material. In all cases, you must follow our guidelines on suppliers as designated in the Operating Manual.

NextGen Great Sealcoating will negotiate purchase terms for you with some of your suppliers. Although NextGen Great Sealcoating did not derive revenue or any other material consideration from franchisees' purchase of products or services from approved suppliers other than itself in 2019, it reserves the right to do so in the future. If NextGen Great Sealcoating receives revenue from approved suppliers, the fees and payments would most likely range from 0.5% to 10.0% or more of each supplier's sales (to NextGen Great Sealcoating's franchisees) of products or services. The revenue NextGen Great Sealcoating receives from suppliers may or may not be reasonably related to services NextGen Great Sealcoating provides to such suppliers NextGen Great Sealcoating does not offer incentives for you to use suppliers approved by NextGen Great Sealcoating.

NextGen Great Sealcoating's members own a controlling interest in Asphalt Depot LLC. NextGen Great Sealcoating's members do not own a material interest in any other supplier.

Obligation to Purchase or Lease Products or Services from Designated Suppliers

NextGen Great Sealcoating requires that you purchase certain products or services only from designated suppliers. If NextGen Great Sealcoating provides for a single designated supplier of a particular item, you may purchase that item only from the designated supplier and NextGen Great Sealcoating will not approve other suppliers.

Obligation to Purchase or Lease Products or Services that Comply with NextGen Great Sealcoating's Standards and Specifications

You must purchase or lease certain products and services which satisfy NextGen Great Sealcoating's written standards and specifications. This requirement is necessary to ensure that you adhere to the uniformity requirements and quality standards associated with all NextGen Great Sealcoating. NextGen Great Sealcoating will provide you with written standards and specifications for your trucks, trailers, supplies, equipment, computer equipment, telephone equipment, standard attire, signs, insurance and the maintenance of the trucks and equipment. NextGen Great Sealcoating formulates its standards and specifications at its sole discretion. NextGen Great Sealcoating will periodically modify its written standards and specifications. You must comply with any modifications.

You must fully and completely comply with our standards and specifications regarding all furnishings, fixtures, equipment, vehicles, décor, signs, products, supplies, computer equipment, and other items used in the operation of your Franchise. You may purchase these items from our affiliates, or from any supplier we approve. In some cases, we may have only one approved supplier. If we do not designate an approved supplier for an item, you may purchase the item from any supplier that meets our standards and specifications. Our criteria for supplier approval are not available to franchisees. Estimated costs for these items are described in Item 7.

If you wish to purchase any item (for which we have identified approved supplier(s)), from a supplier whom we have not yet approved, you must provide us the name, address and telephone number of the proposed supplier, a description of the item you wish to purchase, and purchase price of the item, if known. At our request, you must provide us, for testing purposes, a sample of the item you wish to purchase. If we incur any costs in connection with testing a particular product or evaluating a supplier at your request, you must reimburse us our reasonable testing costs, regardless of whether the supplier or item is subsequently approved. Although not obligated under the Franchise Agreement, we will make a good faith effort to notify you of supplier approval or disapproval within 30 days following receipt of your request for approval or receipt of a sample product for testing if testing is required. We have the right to revoke our approval of particular suppliers when we determine, in our sole discretion, that such suppliers no longer meet our System standards. Upon receipt of written notice of such revocation, you may no longer purchase from such supplier. In such case we will give you reasonable notice in which to secure other suppliers.

We will derive revenue from your purchases to the extent that you purchase any item from us. While we currently do not derive revenue or other material consideration as a result of required purchases, in the future we may realize income from your required purchases.

You will be required to procure and maintain public liability and property damage insurance, covering the operation of the business and the location where the business is conducted, from insurance carriers reasonably acceptable to us in a minimum amount of One million ($1,000,000) Dollars combined single limit and real and personal property insurance including fire, products liability and extended coverage on an all risk replacement cost basis, plus an additional excess limits (or "**umbrella**") liability policy in a minimum amount of One Million ($1,000,000) Dollars You will agree to carry such insurance as may be required by the lease of your location or by any lender or equipment lessor you select. You also must carry and pay for worker's compensation insurance to the extent that it is required by applicable law where the Business is located. You must add us as an additional insured under the insurance policies, the cost of which to be paid by you.

You must carry minimum insurance coverage of at least $500,000 for general liability, $500,000 for vehicle liability, replacement cost for property damage, "all risks" property insurance, and $1,000,000 in umbrella insurance coverage (see Section 13 of the Franchise Agreement). Your insurance policies must name NextGen Great Sealcoating as an additional insured. NextGen Great Sealcoating does not derive revenue from your purchase of required insurance coverage. Insurance requirements may be modified at any time and will be documented in the Operations Manual.

As further described above, all printed advertising materials NextGen Great Sealcoating offers to its franchisees must be purchased from Asphalt Depot LLC, and all pre-paid and direct mail campaigns must go through NextGen Great Sealcoating. You must obtain NextGen Great Sealcoating's prior written approval for all other advertising materials or methods NextGen Great Sealcoating does not offer, and for all signs. NextGen Great Sealcoating has the sole discretion to grant or deny written approval for these advertising materials and methods, and signs. You must ensure that all goods and services you select conform to NextGen Great Sealcoating's standards and specifications. NextGen Great Sealcoating reserves the right to reject any goods or services you obtain from any unapproved supplier if they fail to meet NextGen Great Sealcoating written standards and specifications.

Franchisor does not provide any material benefits to You or any other franchisee based on your purchase of particular products or your use of designated or approved suppliers.

## ITEM 9 - FRANCHISEE'S OBLIGATIONS

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

| Obligation | Section in Agreement | Disclosure Document Item |
|---|---|---|
| a. Territory and acquisition/lease | Not applicable | |
| b. Pre-opening purchases/leases | Sections 7 and 12, Attachments 3, 4 and 5 | Items 5 and 8 |
| c. Site development and other pre-opening requirements | Not applicable | Not applicable |
| d. Initial and ongoing training | Section 9, Attachments 3, 4 and 5 | Items 6 and 11 |
| e. Opening | Sections 10 and 12 | Item 11 |
| f. Fees | Sections 5, 6 and 7 | Items 5 and 6 |
| g. Compliance with standards and policies/ Operating Manual | Sections 8 and 12 | Item 11 |
| h. Trademarks and proprietary information | Sections 4 and 8, Attachments 4 and 5 | Items 13 and 14 |
| i. Restrictions on products/services offered | Section 12 | Item 16 |
| j. Warranty and customer service requirements | Section 12 | Item 11 |
| k. Territorial development and sales quotas | Not applicable | Not applicable |
| l. Ongoing product/service purchases | Section 12 | Item 8 |
| m. Maintenance, appearance and remodeling requirements | Section 12 | Item 11 |
| n. Insurance | Section 13 | Items 7 and 8 |
| o. Advertising | Sections 7 and 12 | Items 5, 6 and 11 |
| p. Indemnification | Section 22 | Not applicable |
| q. Owner's participation, management and staffing | Section 12 | Items 11 and 15 |
| r. Records/reports | Section 14 | Item 6 |
| s. Inspections/audits | Sections 12 and 14 | Items 6 and 11 |
| t. Transfer | Section 16 | Item 17 |
| u. Renewal | Section 3 | Item 17 |
| v. Post-termination obligations | Section 19 | Item 17 |

| | | | |
|---|---|---|---|
| w. | Non-competition covenants | Section 20 | Item 17 |
| x. | Dispute resolution | Sections 25, 26 and 27 | Item 17 |
| y. | Other (Personal guaranty) | Attachment 3 | Item 15 |

## ITEM 10 -FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or other obligations. We are listed on the SBA Directory, listing number S5856.

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

**Except as listed below, NextGen Great Sealcoating is not required to provide you with any assistance.**

Pre-Opening Obligations

1. NextGen Great Sealcoating will designate your Territory (see Section 2 of the Franchise Agreement). You will operate your Business only in your Territory. NextGen Great Sealcoating will define your Territory in your Franchise Agreement by a written description with zip codes. Because you are not required to have an office for your Franchise Business, NextGen Great Sealcoating will not select or approve your office location.

2. NextGen Great Sealcoating will train you and (if someone other than you) your General Manager (see Section 9 of the Franchise Agreement). The training period will be a minimum of three days. NextGen Great Sealcoating offers training courses at its Pennsylvania offices as often as is necessary to train new franchisees. The training program includes classroom, home study and on-the-job instruction on the topics described below and must be successfully completed to NextGen Great Sealcoating's satisfaction. There is no additional charge for on-line training at this time; all fees for training are included in the franchise fee. Currently, there is no charge for employee training on Jobs at the corporate office (during sealcoating season). We reserve the right to require you to participate in up to two (2) days of introductory training at a local franchise location in Pennsylvania. You will be responsible for travel and living expenses to participate in headquarters training. All training is presently conducted by Aristeo Ruiz, our Operations Manager, who has notable experience in the industry. Mr. Ruiz has a wide range of expertise as to hiring and firing, customer service, advertising and management functions. Representatives of our Franchise Business Systems will train you on how to use the computer system.

3. Provide you with specifications and requirements for the vehicles, fixtures, decor, electronic systems, equipment, and signs, required for the opening of your Franchise. (See Franchise Agreement, Section 12). We will provide specifications for, and designate, sources of supply from which you agree to purchase inventory, goods and supplies necessary for the startup and ongoing operations of the Franchise. (See Franchise Agreement, Section 12).

4. Provide you with a copy of the Operations Manual which currently consists of forty-one (41) pages. We reserve the right to amend the Operations Manual at any time. (See Franchise Agreement, Section 8). A copy of the Table of Contents of the Operations Manual is attached as **Exhibit D** to the Franchise Disclosure Document.

5. NextGen Great Sealcoating provides you initial training at no additional cost. However, you must pay the salaries, fringe benefits, payroll taxes, unemployment compensation, workers' compensation

insurance, travel and living expenses, lodging, food, automobile rental costs and all other expenses for you and your General Manager. You and your General Manager must complete the training program within 60 days after you sign your Franchise Agreement and before you open your Business. Neither you nor your General Manager is currently required to take any additional training or refresher courses.

6. Provide you with operating assistance for your Franchise as the Franchisor may, in its discretion, determine to be necessary, including opening and post-opening matters, training, inspection and testing of equipment, décor, inventory ordering and preparation. (See Franchise Agreement, Sections 11 and 12).

7. NextGen Great Sealcoating will connect you into the centralized call center as per the Operating Manual. All customer inquiries will be routed directly to the call center as a point of first contact, through our toll-free telephone number. As such, the call center will be available to answer and administer all calls and emails, enter all customer information into our database (using our software), schedule projects and job estimates, assist in payment collections and generally be a resource to interact and handle all issues related to your customers.

ITEM 11 Table
Training Program

| **Subject** | **Hours of Classroom Training** | **Hours of On-The-Job Training** | **Location** |
|---|---|---|---|
| Basic Business Procedures | 1 | 0 | PA |
| Employee Training | .5 | .5 | PA and your location |
| Basic Accounting | .5 | 0 | PA |
| Computer Operations | 4 | 0 | PA |
| Telephone Skills | 1 | .5 | PA and your location |
| Selling and Marketing Techniques | 1 | 1 | PA and your location |
| Product Knowledge | 1 | 0 | PA |
| Equipment Maintenance and Operation | 0 | 3 | PA and your location |
| Customer Service and Customer Relations | .5 | 4 | PA and your location |
| Sales Estimating | .5 | 4 | PA and your location |
| Customer Sales Presentations | 0 | 2 | Your location |
| Asphalt Preparation | 0 | 4 | Your location |
| Crack Filling | 0 | 3 | Your location |

| | | | |
|---|---|---|---|
| Debris Removal | 0 | 1 | Your location |
| Edging | 0 | 1 | Your location |
| Asphalt Sealant Application | 0 | 7.5 | Your location |
| Asphalt Repair | 0 | 5 | Your location |
| Lot Striping | .5 | 1 | PA and your location |
| Total | 10.5 hours | 33 hours | |

1. NextGen Great Sealcoating will provide to you the Products and a list of the suppliers approved by NextGen Great Sealcoating (see Sections 11 and 12 of the Franchise Agreement). NextGen Great Sealcoating will provide standards and specifications and the maintenance requirements for all trucks, trailers, supplies and equipment used in your Business (see Section 12 of the Franchise Agreement).

2. NextGen Great Sealcoating will provide a list of designated and approved suppliers for goods and services used in your Business (see Section 11 and 12 of the Franchise Agreement).

3. NextGen Great Sealcoating will provide marketing and grand opening materials for your Business (see Section 7 of the Franchise Agreement).

4. NextGen Great Sealcoating will approve the opening of your Business (see Section 10 of the Franchise Agreement).

5. NextGen Great Sealcoating will establish the standards and specifications for your employees' standard attire (see Section 12 of the Franchise Agreement).

6. NextGen Great Sealcoating will establish the standards and specifications for your telephone equipment (see Section 12 of the Franchise Agreement).

7. NextGen Great Sealcoating will provide you standards and specifications for the computer hardware and software, as well as all modifications and updates to these standards and specifications (See Section 12 of the Franchise Agreement). You must purchase or own at least one computer with an updated PC or Mac operating system. The cost to purchase the computer hardware and software will range from $0 to $2,000, depending on if you already own a computer that meets our standards. NextGen Great Sealcoating has the right to require you to update or purchase hardware and software components if your current operating system is not adequate to run the proprietary software described below. You also must maintain a high-speed wireless connection to continuously connect to the proprietary software.

You must use the NextGen Great Sealcoating software that NextGen Great Sealcoating has developed and/or selected for the System. Our proprietary software includes proprietary modifications to third-party software. The proprietary software is cloud based and is confidential. NextGen Great Sealcoating will have independent access to the information generated and stored, may access such information including financial information and customer data obtained through the proprietary System. This data includes information about the franchisee and its customers such as names, addresses, payments and other information that may be collected by the franchisee from its customer base. NextGen Great Sealcoating owns all data (including customer data) obtained through the proprietary System. NextGen Great Sealcoating may require you to replace the software at any time.

You also must maintain high speed or broadband Internet access and Internet browser software to access and utilize certain web-enabled systems used by NextGen Great Sealcoating. You must also have email capability of at least two gigabytes for transfer and storage of electronic communications. You must email customers using your required NextGen Great Sealcoating email address.

In addition, NextGen Great Sealcoating charges for its technology for access and for support, hosting, database and other services related to your use of existing or future communication or data storage systems, components of those systems and associated hardware and services.

Time to Opening

Generally, you will open your Business within two to eight weeks after you sign the Franchise Agreement. Factors which will affect your opening date include seasonal weather conditions, obtaining financing, completing training, compliance with local ordinances and delivery of inventory. You must obtain approval from NextGen Great Sealcoating in order to open your Business.

You are required to open your Franchise and complete your first sale and job within six (6) months following the execution of the Franchise Agreement. If the Franchise is not opened within six (6) months, the Franchisor shall, at Franchisor's sole discretion, elect to terminate the Franchise Agreement, unless such delays are due to Acts of God or circumstances beyond the control of the Franchisee. If such circumstances occur, we will extend the time to open your Business for a reasonable period, not to exceed three (3) additional months in our sole and absolute discretion. (See Franchise Agreement, Section 10 and 12)

Assistance during the Operation of the Business

(1) NextGen Great Sealcoating may occasionally review your business and give you written reports (see Section 11 and 12 of the Franchise Agreement).

(2) NextGen Great Sealcoating may occasionally make advertising and marketing recommendations and give you the advertising materials it develops for Businesses (see Sections 7 and 12 of the Franchise Agreement). NextGen Great Sealcoating requires you to contribute one percent (1%) of your gross revenue to our National Advertising fund, and NextGen Great Sealcoating requires that you participate in advertising and promotional programs we may establish (see Section 7 of the Franchise Agreement).

(3) NextGen Great Sealcoating may review the advertising, promotion, marketing, public relations or telemarketing programs or campaigns which you propose to use for your Business (see Section 7 of the Franchise Agreement). All printed advertising material NextGen Great Sealcoating offers must be purchased from NextGen Great Sealcoating or our designated suppliers. These printed pieces include, without limitation, clothing, work cards, estimate cards, direct mail cards, pre-pay letters, commercial flyers, door-to-door cards, yellow cards, yard signs, banner tape, decals, business cards, newspaper inserts, letterhead, and more. If NextGen Great Sealcoating does not offer certain advertising materials, you may create your own materials provided that they are approved by NextGen Great Sealcoating, and disseminate these materials via print, radio or television. Upon NextGen Great Sealcoating's request, you must provide NextGen Great Sealcoating with monthly reports of your advertising expenditures within 15 days after the end of each month. NextGen Great Sealcoating and its outside advertising consultants create print advertising suitable for mailing, newspaper or magazines. No formal franchisee advertising council currently exists to advise NextGen Great Sealcoating on advertising policies.

(4) NextGen Great Sealcoating will, in its sole judgment, legally protect the mark "NextGen Great Sealcoating and the other trademarks, service marks, logos, slogans and commercial symbols used

in connection with the Businesses (the “Marks”) and NextGen Great Sealcoating’s proprietary system for operating the Businesses (the “Business System”) (see Section 4 of the Franchise Agreement).

(5) NextGen Great Sealcoating maintains a home page on the Internet (the “Home Page”) for advertising and promoting the Business System and all Businesses. NextGen Great Sealcoating determines all features of the Home Page, including domain name, content, format and links to other web sites. NextGen Great Sealcoating has the sole right to use the Marks, advertise the Businesses, and sell products and services via the Internet. You cannot use the Marks (either as a domain name or in any advertising or content), advertise your Business, or sell any products or services on the Internet without first obtaining NextGen Great Sealcoating’s written consent. Your conduct on the Internet (if authorized by NextGen Great Sealcoating) is subject to any rules or restrictions imposed by NextGen Great Sealcoating (see Section 12 of the Franchise Agreement).

(6) NextGen Great Sealcoating will furnish supplements and modifications to the Standard Operating Manual (see Sections 8, 11 and 12 of the Franchise Agreement).

(7) NextGen Great Sealcoating will provide a list of the names and addresses of newly approved suppliers (see Sections 11 and 12 of the Franchise Agreement).

(8) NextGen Great Sealcoating will provide you updates to the standards and specifications and the maintenance requirements for all trucks, trailers, supplies and equipment for your Business (see Section 12 of the Franchise Agreement).

(9) NextGen Great Sealcoating may offer from time to time, in our discretion, mandatory or optional additional training programs. If we require it, you must attend mandatory additional training offered by us, and/or attend an annual business meeting or franchisee conference for up to five (5) days each year at a location we designate. Failure to attend mandatory additional training or an annual business meeting or conference is a default of the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer’s travel costs.

Advertising

You are required to spend a minimum of eight percent (8%) of gross revenues annually on local advertising. However, in the first season of operation you must spend a minimum of $11,000 including your Grand Opening spending. For your Grand Opening, you must spend a minimum of $3,000. (See Franchise Agreement, Section 7)

Regardless of anything mentioned elsewhere in this document, you are permitted to create and conduct promotion of your Franchise with prior consent and approval of the Franchisor. You must submit to us, prior to publication or use, samples of all sales, promotional and advertising materials (“Promotional Materials”), including, but not limited to, print, radio and television materials, signage, supplies and packaging. We shall notify you in writing of our approval or disapproval of the Promotional Materials within ten (10) business days of our receipt of the Promotional Materials. You are prohibited from using any Promotional Materials that have not been expressly approved by the Franchisor. (See Franchise Agreement, Section 7).

We do not have a council composed of franchisees that advise us on advertising policies at the present time.

In its sole discretion, the Franchisor may establish a regional advertising cooperative ("Cooperative") for the benefit of Franchisees operating a Franchise within common geographical areas. The Franchisor may, in its sole discretion define the geographical areas, determine whether a Cooperative is appropriate for a specific geographical area, and to determine the monthly contribution to each Cooperative (monthly contributions are dependent on advertising costs and requirements in the region). The Franchisor is responsible for administering each Cooperative, and reserves the right to change, merge or dissolve any Cooperative. You are required to become a member of the Cooperative within thirty (30) days from the date the Franchisor notifies you that the Cooperative has been established. You are required to sign a copy of the Cooperative's bylaws. You will not be charged a fee for becoming a member of the Cooperative. Each Cooperative is required to prepare and disclose annual, unaudited financial statements.

You are not required to contribute more than your minimum local advertising requirement to the Cooperative. The Cooperative may, upon a majority vote of its voting members, impose required member contributions which exceed the local advertising minimum. Although we will have membership rights in Cooperatives, we will abstain from voting on matters which may result in contributions in excess of the local advertising minimum.

We have established and administer a national advertising fund ("Fund") for the common benefit of Franchisees. Franchisees are obligated to contribute equally to the Fund at a rate of one percent (1%) of gross revenue per month. (See Franchise Agreement, Section 7). Monies collected through the Fund will be used in the development and distribution of national, regional and/or local advertising, for the creation of advertising materials and public relations services which, in our judgment, promote the products and services offered by Franchisees. We are not obligated to provide advertising in the geographic area of your Franchise.

Any portion of Fund contributions not spent during the fiscal year in which they accrue will be carried forward to the following year. At your written request, we will provide you with an annual unaudited accounting of Fund expenditures. We reserve the right to make a "*Franchises Available*" notation, along with a telephone number on any advertisement financed by the Fund.

## ITEM 12 - TERRITORY

You will receive a limited exclusive territory ("Territory") which provides you with the exclusive right to service all residential customers within the Territory. NextGen Great Sealcoating may not open other Franchise Businesses, company-owned or anywhere within your Territory without your written permission. You are not protected from competition within your Territory from other franchisees regarding any non-residential (commercial) customer. Likewise, you may service any commercial (non- residential) customers outside your Territory but may service any other non-commercial customers outside your territory only if you receive NextGen Great Sealcoating's permission. NextGen Great Sealcoating may revoke that permission at any time, and you must stop serving customers outside your Territory within 30 days. Otherwise, you will operate your Business only in your Territory and you may not solicit or accept orders, sell any Products or Services, or otherwise operate your Business outside the boundaries of your Territory, including, but not limited to, soliciting or accepting orders or selling through other channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing. NextGen Great Sealcoating will define your Territory in your Franchise Agreement by zip codes.

As described in Items 1 and 5 you may elect to purchase one or several Franchises. Each Franchise may consist of a contiguous geographic area. The Territory is determined by examining the number of households (collectively, "Qualified Residences"). In particular, because NextGen Great Sealcoating primarily uses U. S. mail zip codes to define a Territory and/or Qualified Residences in zip code blocks rather than splitting zip codes to add Qualified Residences individually. The number of Qualified Residences is determined by NextGen Great Sealcoating based on various commercially available software packages which provide demographic data and information. A typical Territory will consist of between 80,000 and 100,000 Qualified Residences, but in all cases no less than 75,000. You may not relocate any Territory without NextGen Great Sealcoating's written consent.

NextGen Great Sealcoating has the right anywhere in the world (including within your Territories without any compensation to you) to directly or indirectly advertise and/or sell any products that have been or may be developed through methods of distribution other than through Businesses, including through wholesale outlets, retail stores, or by mail order, electronic commerce or any other direct sales method. Other Businesses operating under the same mark as your Business cannot solicit customers in your Territory. You will have no option, right of first refusal or other right to purchase any additional franchises contiguous with yours. You need not achieve any certain sales volume, market penetration or other contingency to maintain your Franchise. However, you must pay NextGen Great Sealcoating a Minimum Annual Royalty Fee per franchised business territory during each full calendar year during the term of your Franchise Agreement. Except as described above, NextGen Great Sealcoating is not restricted in the distribution of products or services through channels of distribution other than the NextGen Great Sealcoating franchises and is not restricted in the establishment of or company-owned outlets, under the NextGen Great Sealcoating, name or a different trademark, either within or outside of your Territory. NextGen Great Sealcoating reserves the right to establish policies and procedures with respect to national and regional accounts as described in the Operations Manual from time to time. NextGen Great Sealcoating also reserves the right to charge you for or require you to pay commissions in connection with national or regional accounts.

Commencing with the first calendar year following the date of the Franchise Agreement, and for each calendar year thereafter for the remaining term of the Franchise Agreement, the aggregate amount of Royalty Fees paid by you to NextGen Great Sealcoating must meet or exceed the following Minimum Annual Royalty Fees:

| **Through End of Calendar Year** | **Minimum Royalty Payments (Yearly)** |
|---|---|
| 1st and 2nd Full Year | $4,000 |
| Years 3 and 4 | $10,000 |
| Years 5 and Thereafter | $25,000 |

If the total of the Royalty Fees paid by you to NextGen Great Sealcoating in any full calendar year is less than the Minimum Annual Royalty Fee amount set forth above, then you must pay NextGen Great Sealcoating the difference between the Minimum Annual Royalty Fee and the Royalty Fees you actually paid. The payment of such amount will be made by pre-authorized bank transfer from your account to NextGen Great Sealcoating's account on or before January 31 of the year following the year in which you have paid less than the applicable Minimum Annual Royalty Fee amount. NextGen Great Sealcoating will have the right to terminate the Franchise Agreement if you fail to pay the Minimum Annual Royalty Fee, or any other fee due to NextGen Great Sealcoating under the Franchise Agreement.

## ITEM 13 -TRADEMARKS

NextGen Great Sealcoating authorizes you to operate your business under the name "NextGen Great Sealcoating," and to use the principal trademarks shown below and shown on the cover page, which has been registered on the principal register of the USPTO, and the other trademarks listed below (collectively the “Marks”). You may use NextGen Great Sealcoating’s Marks only in the manner NextGen Great Sealcoating authorizes in writing. The following is a list of the trademark and service mark registration numbers or application/serial numbers of Franchisor’s registered or pending Marks on the Principal Register of the United States Patent and Trademark Office:

| **Trademarks** | **Registration or Serial No.** | **Registration Date** | **Register** |
|---|---|---|---|
| NEXTGEN GREAT SEALCOATING | **5662988** | **January 22, 2019** | **Principal** |
| NEXTGEN GREAT SEALCOATING | **5662992** | **January 22, 2019** | **Principal** |
| THE CLEANER GREENER SEALER | **5594607** | **October 30, 2018** | **Principal** |
| ECOAMIGO | **6075576** | **June 9, 2020** | **Principal** |

There are no presently effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or the trademark administrator in any state or any court restricting the use or registration of the Marks, no pending infringement, opposition or cancellation proceeding, and no pending material litigation involving the Marks which have limited or restricted the use of NextGen Great Sealcoating trademarks, trade names, service marks or commercial symbols in any state. There are no agreements currently in effect which limit NextGen Great Sealcoating’s rights to use or license the use of its trademarks, service marks, trade names, logotypes or other commercial symbols in any manner material to you. NextGen Great Sealcoating has filed all required affidavits, declarations of continuing use and renewal applications to either pursue registration or maintain its registrations for the Marks.

You must promptly notify us of any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including the right to settle proceedings or litigation. You must follow our rules when using the above Mark. You cannot use our company name NextGen Great Sealcoating Franchise Group LLC or any variation of that name, or any of our Marks as part of a corporate name or with modifying words, designs or symbols except for those which the Franchisor licenses to you. You may not use our name or any of our Marks for the sale of an unauthorized product or service or in a manner not previously authorized by the Franchisor in writing.

The only rights you have to use the Marks or any related goodwill are the rights we expressly grant you in the Franchise Agreement. Your rights are subject to all the conditions and restrictions contained in the Franchise Agreement and the System Standards. All your rights will terminate when the Franchise Agreement is terminated or expires. Your right to use the Marks is limited to your operation of the Franchise in strict compliance with the Franchise Agreement and all System Standards. You agree that your use of the Marks and any goodwill established by your use of the service mark is for our benefit exclusively. This Franchise Disclosure Document does not grant you any goodwill or other right, title, or interest in the Marks (other than the right to use the Marks to operate the Franchise in compliance with the Franchise Agreement and System Standards). All current and future goodwill associated with the Marks and your operation of the Franchise is ours and not yours; thus, we will not compensate you for any loss of goodwill if the Franchise Agreement is terminated or expires for any reason.

If we, in our, sole discretion, determine that you have not used the Marks in accordance with the Franchise Agreement and the Operations Manual, then the cost of the defense, including cost of any judgment or settlement and related attorney fees and costs will be borne by you. If the cost of this defense is to be borne by you, then that will be a payment due and failure to pay will be cause for termination.

We reserve the right to substitute different proprietary trademarks for use in identifying our system and businesses operating under it, at our sole discretion. You must discontinue using all Proprietary Marks that we have notified you, in writing, have been modified or discontinued, within ten (10) days of receipt of such written notice. You will bear the costs of modifying your signs and advertising materials to conform to our new proprietary marks, and we will not have any obligation or liability to you as a result of the substitution.

We will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will pay the cost of defending the action, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you will be required to pay for the defense or to reimburse us for costs we incurred in providing the defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Proprietary Marks, you are required to sign all documents and assist us, as we deem necessary, to carry out the defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, we will reimburse you for your out-of-pocket costs in performing such acts. We have the right, in our sole discretion, to require you to discontinue, modify, or substitute any of the Proprietary Marks as result of pending or threatened litigation involving your use of the Proprietary Marks; provided that we will indemnify you for your actual out-of-pocket costs incurred to effectuate such change.

Other than the Franchise Agreement for defined geographic areas as described elsewhere in this Franchise Disclosure Document, we have not entered into any currently effective agreements that significantly limit our rights to use or license our Proprietary Marks. To the knowledge of NextGen Great Sealcoating, there are no infringing uses which could materially affect your use of the licensed Marks or other related rights in any state. You must provide NextGen Great Sealcoating with written notice of any claims made against or associated with the Marks. NextGen Great Sealcoating must protect your right to use the Marks and other related rights and must protect you against claims of infringement and unfair competition with respect to the Marks. However, if anyone establishes to NextGen Great Sealcoating's satisfaction that its rights are, for any legal reason, superior to any of the Marks, then you must use the other service marks, trademarks or trade names NextGen Great Sealcoating requires to avoid conflict with the superior rights. NextGen Great Sealcoating will have the sole and absolute right to determine whether it will commence any action or defend any litigation involving the Marks.

## ITEM 14 - PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or registered copyrights that are material to your Franchise.

We claim trade secret protection rights, common law rights and copyright protection in a number of other items you will use in the operation of your Franchise, including our Operations Manual, and in certain other materials and information related to the System, like our marketing materials, training materials, specifications, marketing techniques, advertising programs, advertising strategies, supplier lists, expansion plans, and other information we create or use. We have not registered any of these copyrighted materials with the United States Copyright Offices, although we may do so. You must promptly tell us when you learn about any unauthorized use of this proprietary information.

We may claim trade secret protection rights and copyright protection in certain techniques we create and may patent certain processes and equipment we develop. If we do, we will notify you and, if the copyrights and patents are material to your obligations under the Franchise Agreement, we will authorize you to use them with your Franchise at no additional charge.

There are currently no effective determinations of the United States Copyright Office or any court regarding any of our copyrights, nor are there any currently-effective agreements between any third parties and us that will significantly limit our right to use or license others to use any of the copyrighted material in any manner material to your Business. We do not know of any infringing uses that could materially affect your use of our copyrighted material in any states in which your Franchise is located. There are currently no agreements in effect that affect or limit our use of any copyrighted items in any manner material to your Business.

We are not required to protect or defend our copyrights, although we intend to do so when it is in the best interests of the Franchise System. We have the exclusive right to control any copyright litigation. We are not required to participate in your defense or to indemnify you for damages or expenses you incur if you are a party to any administrative or judicial proceeding involving our confidential information or other information in which we claim common law rights and copyright protection.

We will have the right at any time, on notice to you, to make additions to, deletions from, and changes in any item in which we claim common law copyright or registered copyright protection. You must adopt and use all additions, deletions, and changes as we direct, at your expense.

Confidential Information

We will provide you with certain information we consider to be confidential information or trade secrets. You must maintain the confidentiality of all our confidential information and trade secrets, including items in which we claim copyright ownership, both during and after the term of the Franchise Agreement. You may not use this information in any other business or in any manner that we do not approve in writing, and you may not communicate, divulge, or otherwise display this information to anyone other than your employees who have a need to know of it in order to operate your Franchise. You must keep confidential NextGen Great Sealcoating's Standard Operating Manual, any supplements to it and any other manuals or written materials (including any copyrighted materials) used in your Business. The Standard Operating Manual contains information regarding the Business System. NextGen Great Sealcoating considers this information a trade secret and extremely confidential. You must use all reasonable means to keep this information confidential and prevent any unauthorized copy, duplication, record or reproduction of this information. You cannot disclose the Standard Operating Manual, any supplements to it and any other manuals or written materials (including any copyrighted materials), to any third-party without NextGen Great Sealcoating's prior written consent. Your employees must sign confidentiality agreements which will require them to keep confidential, both during and after employment, all information designated by NextGen Great Sealcoating as confidential and proprietary.

You must have all your Principal Owners, Managers and employees execute the Confidentiality and Restrictive Covenant Agreement attached to the Franchise Agreement as **Attachment 6**, covenanting that they will maintain the confidentiality of our confidential information and the secrecy of our trade secrets, and that they will not compete with us. We have the right to take legal action against you if there has been an unauthorized use of our confidential information or trade secrets through you.

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

You are not required to participate in the operation of your Business. However, if you do not participate in the operation, your Business must be managed by a General Manager who has completed NextGen Great Sealcoating's training program. Your General Manager need not have an equity interest in your Business. Your General Manager and all other employees who will have access to the Standard Operating Manual must sign a written agreement and keep confidential, both during and after employment, all information designated by NextGen Great Sealcoating as confidential and proprietary (**Attachment 6** to the Franchise Agreement).

If you are a legal entity, anyone who owns an interest in the entity must personally guarantee the performance of all of your obligations under each Franchise Agreement and agree to be personally liable for your breach of these agreements by signing the form of Personal Guaranty that is **Attachment 3** to the Franchise Agreement. Someone who "owns" an interest means any individual or entity who owns shares of capital stock in you, if you are a corporation, or who owns a membership or partnership interest in you, if you are a limited liability company or a partnership. You cannot participate in any business that competes with a Franchise Business, either within or outside your Territory, during the term of the Franchise Agreement and for one year after expiration or termination.

The spouse of each person who owns an interest in the franchisee entity (and your spouse if you are an individual) must also personally guarantee your obligations under the Franchise Agreement.

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

The Franchisor requires you to offer and sell only approved goods and services specified or approved in writing by us. You must offer all goods and services that the Franchisor designates as required for all Franchisees). You may not offer any other products for sale, rent or lease without having received our prior written authorization. You must offer and sell all private label products which we designate for sale by System Franchisees. Such items may include, without limitation, proprietary sealants, combinations of products and related items. We place no restrictions upon the customers to whom you may sell product; however, you may not advertise, solicit or accept orders, sell any Products or Services, or otherwise operate your Business outside your Territory without our prior written consent. You are not permitted to advertise or solicit sales outside the Territory without prior written consent of the Franchisor. In order to preserve the territorial protection afforded to all System Franchisees, the profits generated from advertisement and solicitation of sales outside the Exclusive Territory may be shared with the Franchisee whose territory has been encroached upon.

The Franchisor has the right to add additional authorized products, goods and services that the Franchisee is required to offer, as well as the right to delete, withdraw or change authorized products, goods and services. There are no limits on the Franchisor's right to do so. If we modify the System, you may be required to add or replace equipment, signs and fixtures, and you may have to make improvements or modifications as necessary to maintain uniformity with our current standards and specifications. We may occasionally allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based upon factors as we determine, including test marketing, your qualifications, and regional or local differences.

You must keep your Franchise open and in normal operation for the minimum hours and days that we specify. You must operate your Franchise in strict conformity with all applicable federal, state, and local constitutions, statutes, regulations, ordinances, and case law (collectively, the "Laws"). These Laws vary from jurisdiction to jurisdiction. You are responsible for complying with all Laws that apply to your Franchise.

## ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

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

| Provision | Section in Franchise or Other Agreement | Summary |
|---|---|---|
| a. Length of the franchise term | Section 3.1 | 10 years renewable; if Franchisee fails to execute a timely renewal, the Agreement will continue on a month to month to month basis until a renewal or termination is completed. |
| b. Renewal or extension of the term | Section 3.2 | You have the right to renew the franchise provided certain conditions are met; Term of then-current standard Franchise Agreement. |
| c. Requirements for you to renew or extend | Section 3.1 | You have the right to renew the franchise if you are not in default of your current Franchise Agreement; Give NextGen Great Sealcoating at least 180 days' notice before your Franchise Agreement expires; you have complied with all material terms and conditions of the Franchise Agreement and material operating and quality standards and procedures; you have satisfied all monetary obligations owed to NextGen Great Sealcoating; you pay the renewal fee; sign a release and you agree to sign and comply with the then-current standard Franchise Agreement (which may contain materially different terms and conditions). |
| d. Termination by you | Section 18 | If NextGen Great Sealcoating violates any material provision of the Franchise Agreement or fails to timely pay any uncontested obligation due to you within 90 days of your advance written notice to us giving us the opportunity to cure, then you have the right to terminate the Franchise Agreement for cause. You may also terminate the Franchise Agreement on any grounds available by law. |
| e. Termination by NextGen Great Sealcoating without cause | Not Applicable | |
| f. Termination by NextGen Great Sealcoating with cause | Section 17 | Upon notice and without right to cure if you breach the Franchise Agreement. |

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| g. | "Cause" defined – curable defaults | Sections 17.1 and 17.2 | We have the right to terminate the Franchise Agreement after providing you a 15-day cure period if: (i) you fail to pay any monies you owe us or our affiliates; (ii) you fail to maintain a sufficient inventory level; (iii) you fail to open the franchise for business within 12 months from the date your sign the Franchise Agreement; (iv) you fail to operate the Business during the months, days and hours that we prescribe; (v) you fail to personally supervise Business operations or employ adequate personnel; (vi) you order or purchase supplies from unapproved suppliers; (vii) you fail to maintain our quality controls and standards; or (viii) you conduct yourself in a manner which reflects adversely on the System, the Proprietary Marks, or our products.<br><br>We have the right to terminate the Franchise Agreement after providing you a 30-day cure period if you fail to perform or comply with any one or more of the terms or conditions of the Franchise Agreement. |
| h. | "Cause" defined – non-curable defaults | Sections 17.4 and 17.5 | We have the right to terminate the Franchise Agreement without providing you advance notice or an opportunity to cure if (i) you take part in criminal acts or misconduct; (ii) you commit fraud in the operation of the Business; (iii) you make any misrepresentations in connection with the franchise application; (iv) you fail to complete our initial training program; (v) you attempt to transfer the franchise in violation of the Franchise Agreement; (vi) you receive 2 or more written notices of default within any 12-month period; (vii) you materially breach any other agreement with us or our affiliates; (viii) you misuse the Proprietary Marks or Confidential Information; (ix) you violate any health, safety or sanitation law and fail to timely cure such violation; (x) you or your employees violate the in-term restrict covenants of the Franchise Agreement; (xi) you file a petition in bankruptcy; (xii) you are placed into involuntary bankruptcy; (xiii) a lien or writ of attachment or execution is placed against you and is not released or bonded against within 30 days; (xiv) you are insolvent; or (xv) you abandon the Franchise. |

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| i. | Your obligations on termination/ non-renewal | Sections 17.8 and 19 | You must: cease to be a NextGen Great Sealcoating franchisee and cease to operate under the Business System; pay all sums and fees owing to NextGen Great Sealcoating; return to NextGen Great Sealcoating the Standard Operating Manual and all trade secrets and confidential materials, customer data, equipment and other property; inform your suppliers that you are no longer a NextGen Great Sealcoating franchisee; cease to use in advertising, or in any manner whatsoever, the name NextGen Great Sealcoating , the licensed Marks, any methods, procedures or techniques associated with the Business System or the licensed Marks; remove all trade dress and other indications of operation under the Business System from your trucks or trailers; and transfer all rights to telephone numbers and directory listings to NextGen Great Sealcoating. If you wrongfully terminate the Franchise Agreement, or if NextGen Great Sealcoating terminates the Franchise Agreement because of your breach, you must pay NextGen Great Sealcoating the damages it sustains as a result, taking into account the Royalty Fees (including Minimum Royalty Fees) and other amounts you would have paid NextGen Great Sealcoating over the remaining term of the Franchise Agreement. |
| j. | Assignment of the contract by NextGen Great Sealcoating | Section 16.1 | No restriction - We have the right to assign our rights under the Franchise Agreement NextGen Great Sealcoating's right to assign. |
| k. | "Transfer" by you - defined | Sections 16.2, 16.3 and 16.4 | A sale, transfer or assignment requiring our prior written consent occurs; (i) if you are a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of your voting stock, or any increase in the number of outstanding shares of your voting stock which results in a change in ownership; (ii) if you are a partnership or individual, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if you are a limited liability company, upon any assignment, sale, pledge or transfer of any fractional portion of any interest in the limited liability company; (iv) in the event of your death or disability; (v) in the event of assignment of the Franchise Agreement or ownership in you. |
| l. | NextGen Great Sealcoating's approval of transfer by you | Section 16.4 | NextGen Great Sealcoating has the right to approve any transfer made by you but will not unreasonably withhold its consent. We have the right to condition our approval of any sale, transfer, assignment or encumbrance as described below. |

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|---|---|---|---|
| m. | Conditions for NextGen Great Sealcoating's approval of transfer | Section 16.4 | We will approve a proposed transfer if: (i) all of your accrued monetary obligations to us have been paid; (ii) all existing defaults under the Franchise Agreement have been cured; (iii) you execute a general release in favor of us and our affiliates; (iv) you provide us a copy of the executed purchase agreement; (v) the transferee meets our qualifications; (vi) the transferee executes our then-current license agreement; (vii) we are paid the transfer fee; (viii) the transferee satisfactorily completes our training program; (ix) you comply with the post term provisions of the Franchise Agreement. You must comply with NextGen Great Sealcoating's right of first refusal, and complete a written agreement between you and NextGen Great Sealcoating agreeing to observe all post-term obligations; transferee does not and will not participate in any business that competes with a Business; transferee's General Manager complete our training program at the corporate office; transferee pays the initial inventory of marketing materials and business supplies and initial inventory of products. |
| n. | NextGen Great Sealcoating's right of first refusal to acquire your business | Section 15.1 | You must first offer the sale of your Business or Business Assets to NextGen Great Sealcoating before selling to anyone else. After you present an offer to sell or a third-party's offer to purchase your Business or Business Assets to NextGen Great Sealcoating, NextGen Great Sealcoating must respond within 15 days of receiving your offer. If NextGen Great Sealcoating begins negotiations to purchase your Business or Business Assets, you must continue negotiations until you and NextGen Great Sealcoating have agreed in writing that negotiations have terminated. |
| o. | NextGen Great Sealcoating's option to purchase your business | Section 15.6 | If your Franchise Agreement is terminated or expires, NextGen Great Sealcoating may purchase your Business or Franchise Assets. |
| p. | Your death or disability | Section 16.3 | If you are an individual, your Franchise Agreement may be transferred to your beneficiary without first being offered to NextGen Great Sealcoating or paying a transfer fee to NextGen Great Sealcoating. |
| q. | Noncompetition covenants during the term of the franchise | Section 20.2 | You may not participate in any business that competes with a Business. |
| r. | Noncompetition covenants after the franchise is terminated or expires | Section 20.3 | You may not participate in any competitive business located within the Territory, within the territory of any Business or within any exclusive area granted by NextGen Great Sealcoating. After termination or expiration of the Franchise, you shall not be permitted to engage in a similar business for two (2) years. |
| s. | Modification of the agreement | Section 25.8 | Only by written agreement between you and NextGen Great Sealcoating. |

| | | | |
|---|---|---|---|
| t. | Integration/merger clauses | Section 25.8 | Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. |
| u. | Dispute resolution by arbitration or mediation | Section 26 | Except for certain claims, all disputes must be arbitrated in Pennsylvania. |
| v. | Choice of forum | Section 25.5 | You consent to the personal jurisdiction of the State and Federal courts located within the Eastern District of Pennsylvania (subject to state law). |
| w. | Choice of law | Section 27.1 | Pennsylvania Law shall apply (subject to state law). |

In the event that the provisions of the Franchise Agreement are inconsistent with applicable state law, including the termination or renewal provisions of the state laws noted above as it may be in force and effect, then such applicable state law or laws shall apply. The Franchise Agreement contains a covenant not to compete which extends beyond the term of the franchise. Pennsylvania law may limit a Franchisor's right to restrict a Franchisee's competitive activities after termination of a franchise. Please review and discuss with your attorney.

The Franchise Agreement provides for termination upon bankruptcy. A provision in a franchise agreement that terminates the franchise upon bankruptcy of the Franchisee may not be enforceable under Title 11, U.S. Code sec. 101.

## ITEM 18 - PUBLIC FIGURES

We do not use any public figure to advertise or otherwise promote our 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.

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

Tables 1, 2, and 3 provide information based on the historical performance of our Corporate Location, and table 3 provides information on our Franchise Owned locations as described below:

1. Table 1: The operation of one franchised location owned by our Affiliate ("**Corporate Location**") during the period extending from January 1, 2019 through December 31, 2019. Our affiliate has been operating in this territory for approximately 15 years.
2. Table 2: The Operation of our Corporate Location, adjusted to reflect the current franchise offering (as further explained in Note 1).

3. Table 3: The Gross Revenues of our Corporate Location, on a month-by-month basis, for the first 8 months of 2020 compared to the same time in 2019. This information is provided to show to show the effects of the COVID-19 pandemic on the operations of the Corporate Location.
4. Table 4: The operation of one franchised location not owned by us or an Affiliate ("**SE PA Franchisee**") during the period extending from May 1, 2020 through August 31, 2020 ("**Franchisee Reporting Period**"). The Franchisee Reporting Period represents the time that the SE PA Franchisee has operated the Franchised Business, as of the Effective Date of this Franchise Disclosure Document. This is considered a single territory.

This Item 19 Disclosure resents all operating Franchised Businesses as of the Effective Date of this Franchise Disclosure Document.

**Table 1**

***Corporate Location***

***January 1, 2019 to December 31, 2019***

***Actual Performance***

| Gross Revenues[2] | Gross Profit[3] | Net Profit[4] |
|---|---|---|
| $ 1,043,793 | $ 606,670 | $ 458,352 |

**Table 2**

***Corporate Location***

***January 1, 2019 to December 31, 2019***

***Adjusted Performance***[1]

| Gross Revenues[2] | Gross Profit[3] | Net Profit[4] |
|---|---|---|
| $ 1,043,793 | $ 502,291 | $ 278,397 |

**Table 3**

**Corporate Location**

**January through August 2019 and 2020**

**Actual Performance, Gross Revenues**

| Month/Year | 2019 | 2020 |
|---|---|---|
| **January** | $ 33,080 | $ 37,526 |
| **February** | $ - | $ 997 |
| **March** | $ 54,566 | $ 11,647 |
| **April** | $ 70,097 | $ 24,219 |
| **May** | $ 96,494 | $ 83,021 |
| **June** | $ 94,116 | $ 119,618 |
| **July** | $ 95,306 | $ 113,435 |
| **August** | $ 186,883 | $ 101,851 |
| **Total** | **$ 630,542** | **$ 492,314** |

**Table 4**

***SE PA Location***

***May 1, 2020 to August 31, 2020***

| Month | Gross Revenues[2] | Gross Profit[3] | Net Profit[4] |
|---|---|---|---|
| May | $12,883 | $5,480 | -$1,284 |
| June | $9,063 | $6,995 | -$1,431 |
| July | $21,092 | $10,430 | $2,590 |
| August | $27,272 | $13,862 | $4,468 |

Notes:

Note 1. Though the Corporate Location does operate as a franchised location, we have adjusted the actual performance of the Corporate Location to reflect how this franchisee would perform if it operated under the current franchise agreement and was not an Affiliate. The Corporate Location operates in a territory that contains approximately 140,000 qualifying residences and represents the equivalent of approximately two franchised territories. Specifically:

a. We have adjusted the Gross Profit number from $606,670 to $502,291 to reflect the additional expense a typical franchise would incur when purchasing the Approved Products.

b. We have adjusted the Net Profit number as follows:

i. Eliminated a reduction from Net Profit in the amount of $52,000 to reflect a salary paid to an individual that did not perform duties that would be required of a typical franchisee.

ii. Increased the reduction of Net Profit by $23,576 to reflect the costs that a standard franchisee would incur for the Call Center Fee, Technology Fee, and the National Advertising Fee.

Note 2. Gross Revenues are defined as the total revenue received for all products and services in conjunction with the Business or NextGen Great Sealcoating's trademarks (including all Products and Services).

Note 3. Gross profit is defined as Gross Revenues less purchase of products used, labor, and royalties.

Note 4. Net Profit is defined as Gross Profit less certain expenses including marketing and advertising, fuel, credit card fees and payroll services.

Written substantiation for the above 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 the franchisor's management by contacting Tim Smeltz (5538 Hamilton South Sciota, PA 18354; (888) 201-9109; tim@greatsealcoating.onmicrosoft.com), the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20 - OUTLETS AND FRANCHISEE INFORMATION

**TABLE NUMBER 1**
**System wide Outlets Summary**
**For years 2017 to 2019**

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year(1) | Net Change |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| **Franchised** | 2017 | 0 | 0 | 0 |
| | 2018 | 0 | 0 | 0 |
| | 2019 | 0 | 0 | 0 |
| **Company-Owned*** | 2017 | 1 | 1 | 0 |
| | 2018 | 1 | 1 | 0 |
| | 2019 | 1 | 1 | 0 |
| **Total Outlets** | 2017 | 1 | 1 | 0 |
| | 2018 | 1 | 1 | 0 |
| | 2019 | 1 | 1 | 0 |

**TABLE NUMBER 2**
**Transfers of Outlets from Franchisees to New Owners**
**(Other than the Franchisor)**
**For years 2017 to 2019**

| State | Year | Number of Transfers |
|---|---|---|
| **NONE** | 2017 | 0 |
| | 2018 | 0 |
| | 2019 | 0 |

**TABLE NUMBER 3**
**Status of Franchise Outlets**
**For years 2017 to 2019**

| State | Year | Outlets at the Start of the Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations / Other Reasons | Outlets at the End of the Year(1) |
|---|---|---|---|---|---|---|---|---|
| **None** | 2017 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | 2017 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

**TABLE NUMBER 4**
**Status of Company-Owned***
**Outlets For years 2017 to 2019**

| State | Year | Outlets at the Start of the Year | Outlets Opened | Outlets Reacquired From Franchises | Outlets Closed | Outlets Sold to Franchisor | Outlets at the End of the Year |
|---|---|---|---|---|---|---|---|
| | 2017 | 1 | 0 | 0 | 0 | 0 | 1 |
| **New Jersey** | 2018 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2019 | 1 | 0 | 0 | 0 | 0 | 1 |
| **TOTAL** | 2017 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2018 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2019 | 1 | 0 | 0 | 0 | 0 | 1 |

**TABLE NUMBER 5**
**Projected Openings for 2020 As of December 31, 2019**

| 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 |
|---|---|---|---|
| **Maryland** | 0 | 1 | 0 |
| **New Jersey** | 0 | 1 | 0 |
| **Pennsylvania** | 0 | 1 | 1 |
| **TOTAL** | 0 | 3 | 1 |

***** Company-owned outlets are operated by affiliated entities.

Exhibit B lists the location of each franchised NextGen Great Sealcoating outlet in our System.

During our last fiscal year, no franchisee has had an outlet terminated, canceled, not renewed or has otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisee has signed confidentiality clauses during the last three years.

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

## ITEM 21 -FINANCIAL STATEMENTS

The Franchisor was formed in September 2018. Because the Franchisor has not been in business for three (3) years, it is not able to include the three (3) prior years of audited financial statements normally required by this Item 21. Exhibit C contains the Franchisor's audited financial statements dated as of December 31, 2019. Also includes an unaudited balance sheet as of September 30,2020 and profit and loss statement from January to September 2020.

The Franchisor's fiscal year end is December 31.

## ITEM 22 - CONTRACTS

The following agreements and other required documents are attached to this Franchise Disclosure Document:

EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
EXHIBIT B: Outlets as of the date of this Disclosure Document
EXHIBIT C: Financial Statements of NextGen Great Sealcoating Franchise Group LLC
EXHIBIT D: Operations Manual Table of Contents
EXHIBIT E: Franchise Agreement with Attachments
Attachment 1 Franchisee Acknowledgement Statement
Attachment 2 Territory Addendum
Attachment 3 Personal Guaranty
Attachment 4 Collateral Assignment of Lease

## ITEM 23 - RECEIPTS

The last two pages of the Franchise Disclosure Document are detachable documents acknowledging receipt of the Franchise Disclosure Document, one of which is for you to sign and provide to us and the other of which is for you to keep.

**EXHIBIT A**

**AGENCIES/AGENTS FOR SERVICE OF PROCESS**

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

| State | State Agency | Agent for Service of Process |
|---|---|---|
| CALIFORNIA | Commissioner of Business Oversight<br>Department of Business Oversight<br>320 West 4th Street, Suite 750<br>Los Angeles, CA 90013<br>(213) 576-7505<br>Toll-free (866-275-2677) | Commissioner of Business Oversight |
| CONNECTICUT | State of Connecticut<br>Department of Banking<br>Securities & Business Investments Division<br>260 Constitution Plaza<br>Hartford, CT 06103-1800<br>(860) 240-8230 | Banking Commissioner |
| HAWAII | Business Registration Division<br>Department of Commerce and Consumer Affairs<br>335 Merchant Street, Room 203<br>Honolulu, HI 96813<br>(808) 586-2722 | Commissioner of Securities of the State of Hawaii |
| ILLINOIS | Office of Attorney General<br>Franchise Division<br>500 South Second Street<br>Springfield, IL 62706<br>(217) 782-4465 | Illinois Attorney General |
| INDIANA | Indiana Secretary of State<br>Securities Division<br>302 West Washington St., Room E-111<br>Indianapolis, IN 46204<br>(317) 232-6681 | Indiana Secretary of State<br>201 State House<br>Indianapolis, IN 46204 |
| MARYLAND | Office of the Attorney General<br>Division of Securities<br>200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-6360 | Maryland Securities Commissioner<br>200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-6360 |
| MICHIGAN | Michigan Department of Attorney General<br>Consumer Protection Division<br>Antitrust and Franchise Unit<br>670 Law Building<br>Lansing, MI 48913<br>(517) 373-7117 | Michigan Department of Commerce, Corporations and Securities Bureau |
| MINNESOTA | Minnesota Department of Commerce<br>85 7th Place East, Suite 280<br>St. Paul, MN 55101-2198<br>(651) 539-1500 | Minnesota Commissioner of Commerce |

| State | State Agency | Agent for Service of Process |
|---|---|---|
| NEW YORK | Office of the New York State Attorney General<br>Investor Protection Bureau, Franchise Section<br>28 Liberty Street, 21st Floor<br>New York, NY 10005<br>(212) 416-8211 Phone<br>(212) 416-6042 Fax | Attention: New York Secretary of State<br>New York Department of State<br>One Commerce Plaza<br>99 Washington Avenue, 6th Floor<br>Albany, NY 11231-0001<br>(518) 473-2492 |
| NORTH DAKOTA | North Dakota Securities Department<br>600 East Boulevard, 5th Floor<br>Bismarck, ND 58505-0510<br>(701) 328-4712 | North Dakota Securities Commissioner |
| OREGON | Department of Consumer and Business Services<br>Division of Finance and Corporate Labor and Industries Building<br>Salem, Oregon 97310<br>(503) 378-4387 | Director of the Department of Consumer and Business Services |
| RHODE ISLAND | Department of Business Regulation<br>Division of Securities<br>1511 Pontiac Avenue, Building 69-1<br>Cranston, RI 02920<br>(401) 462-9585 | Director of Rhode Island Department of Business Regulation |
| SOUTH DAKOTA | Division of Insurance<br>Securities Regulation<br>124 South Euclid, Suite 104<br>Pierre, SD 57501<br>(605) 773-3563 | Director of Insurance-Securities Regulation |
| VIRGINIA | State Corporation Commission<br>Division of Securities and Retail Franchising<br>1300 East Main Street, 9th Floor<br>Richmond, VA 23219<br>(804) 371-9051 | Clerk of State Corporation Commission<br>1300 East Main Street, 1st Floor<br>Richmond, VA 23219<br>(804) 371-9733 |
| WASHINGTON | Department of Financial Institutions<br>Securities Division<br>P.O. Box 9033<br>Olympia, WA 98507-9033<br>(360) 902-8760 | Director of Washington Financial Institutions<br>Securities Division<br>150 Israel Road, SW<br>Tumwater, WA 98501 |
| WISCONSIN | Wisconsin Securities Commissioner<br>Securities and Franchise Registration<br>345 W. Washington Avenue<br>Madison, WI 53703<br>(608) 266-8559 | Commissioner of Securities of Wisconsin |

**Exhibit B**

**NextGen Great Sealcoating Franchise Group LLC (the "Franchisor")**

**Current List of Franchise Operating Units**
**As of December 31, 2019**

None.

**NextGen Great Sealcoating Franchises Terminated, Cancelled, Not Renewed, Transferred or Ceased to Do Business**
**As of December 31, 2019**

None.

**Exhibit C**

**NextGen Great Sealcoating Franchise Group LLC (the "Franchisor")**

**Financial Statements**

# NextGen Great Sealcoating Franchise Group

## BALANCE SHEET

As of September 30, 2020

| | TOTAL |
|---|---|
| ASSETS | |
| Current Assets | |
| Bank Accounts | |
| TD Bank 7686 | 13,101.02 |
| **Total Bank Accounts** | **$13,101.02** |
| Accounts Receivable | |
| Accounts Receivable (A/R) | 0.00 |
| **Total Accounts Receivable** | **$0.00** |
| Other Current Assets | |
| Intercompany Asphalt Depot | -2,933.25 |
| Intercompany T&C | -348,854.78 |
| Undeposited Funds | 0.00 |
| **Total Other Current Assets** | **$ -351,788.03** |
| **Total Current Assets** | **$ -338,687.01** |
| **TOTAL ASSETS** | **$ -338,687.01** |
| LIABILITIES AND EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Credit Cards | |
| Capital One 2714 | 4,556.53 |
| **Total Credit Cards** | **$4,556.53** |
| Other Current Liabilities | |
| Accrued Expenses | 7,013.00 |
| Deferred Revenue | 13,500.00 |
| Loan Payable SBA | 2,000.00 |
| **Total Other Current Liabilities** | **$22,513.00** |
| **Total Current Liabilities** | **$27,069.53** |
| **Total Liabilities** | **$27,069.53** |
| Equity | |
| Opening Balance Equity | 1,601.20 |
| Partners' Equity | |
| Ashley Diperio | -3,862.00 |
| Danielle Smeltz | -3,862.00 |
| Donna Smeltz | -27,032.00 |
| Timothy Smeltz | -302,091.00 |
| Tyler Smeltz | -3,861.00 |
| **Total Partners' Equity** | **-340,708.00** |
| Retained Earnings | 0.11 |
| Net Income | -26,649.85 |
| **Total Equity** | **$ -365,756.54** |
| **TOTAL LIABILITIES AND EQUITY** | **$ -338,687.01** |

# NextGen Great Sealcoating Franchise Group

## PROFIT AND LOSS

January - September, 2020

| | TOTAL |
|---|---|
| Income | |
| Sales | 74,293.24 |
| **Total Income** | **$74,293.24** |
| Cost of Goods Sold | |
| Admin | 20,243.84 |
| Payroll Tax | 1,551.94 |
| **Total Cost of Goods Sold** | **$21,795.78** |
| GROSS PROFIT | **$52,497.46** |
| Expenses | |
| Advertising & Marketing | 14,119.00 |
| Internet | 10,545.17 |
| Social Media | 267.00 |
| **Total Advertising & Marketing** | **24,931.17** |
| Legal & Professional Services | 35,489.51 |
| Office Expenses | 690.68 |
| Telephone | 639.69 |
| **Total Office Expenses** | **1,330.37** |
| Postage | 459.30 |
| QuickBooks Payments Fees | 87.70 |
| Rent & Lease | 3,998.07 |
| Repairs & Maintenance | 5,741.57 |
| Software | 5,428.08 |
| Supplies Operating | 398.11 |
| Uniforms | 150.00 |
| Utilities | 1,372.46 |
| Vehicle Fuel | 239.95 |
| **Total Expenses** | **$79,626.29** |
| NET OPERATING INCOME | **$ -27,128.83** |
| Other Income | |
| Other Income | 478.98 |
| **Total Other Income** | **$478.98** |
| NET OTHER INCOME | **$478.98** |
| NET INCOME | **$ -26,649.85** |

# NextGen Great Sealcoating Franchise Group, LLC

Financial Statements

December 31, 2019

# Independent Auditors' Report

To the Members of
NextGen Great Sealcoating Franchise Group, LLC

**Report on the Financial Statements**

We have audited the accompanying balance sheet of NextGen Great Sealcoating Franchise Group, LLC, as of December 31, 2019 and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

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

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

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

**Opinion on the Balance Sheet**

In our opinion, the balance sheet referred to in the first paragraph presents fairly, in all material respects, the financial position of NextGen Great Sealcoating Franchise Group, LLC as of December 31, 2019, in accordance with accounting principles generally accepted in the United States of America.

Baker Tilly Virchow Krause, LLP

Appleton, Wisconsin
May 5, 2020

## NextGen Great Sealcoating Franchise Group, LLC

Balance Sheet
December 31, 2019

### Assets

| | | |
|---|---|---|
| **Current Assets** | | |
| Cash and cash equivalents | $ | 8,747 |
| Due from related party | | 1,612 |
| Total current assets | | 10,359 |
| Total assets | $ | 10,359 |

### Liabilities and Members' Deficit

| | | |
|---|---|---|
| **Current Liabilities** | | |
| Accounts payable and accrued expenses | $ | 4,382 |
| Deferred revenues, current portion | | 1,500 |
| Due to related party | | 333,185 |
| Total current liabilities | | 339,067 |
| **Long-Term Liabilities** | | |
| Deferred revenues | | 12,000 |
| Total liabilities | | 351,067 |
| **Members' Deficit** | | (340,708) |
| Total liabilities and members' deficit | $ | 10,359 |

*See notes to financial statements*

## 1. Summary of Significant Accounting Policies

### Nature of Operations

NextGen Great Sealcoating Franchise Group, LLC (the Company) is a franchisor of an asphalt sealcoating business model, primarily focused in the Northeast region of the United States. As of December 31, 2019, the company has one franchisee.

The Company began operations on January 1, 2019, however was formally established as a limited liability company in September 2018. The only activity occurring prior to January 1, 2019 was for member capital contributions made to fund certain start-up costs and to establish a balance in a bank account.

### Cash and Cash Equivalents

The Company defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less.

### Franchise Agreements

The Company has entered into a franchise agreement with one franchisee, a related party through common ownership, as of December 31, 2019. The agreement allows this franchisee to use the Company's sealcoating process and formula. The agreement requires a royalty to be paid monthly over the term of the agreement and requires an upfront initial franchise fee. The franchise agreement expires ten years from the effective date or January 2029.

### Revenue Recognition and Deferred Revenue

The Company's revenues consist of fees from the franchisee, which include initial franchise fees and monthly royalty fees. Initial one-time franchise fees are $15,000 for new franchisees.

The Company adopted the Financial Accounting Standards Board’s (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* as of January 1, 2019. As the Company had no revenues prior to the effective date, no transition adjustment was required.

Topic 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. Initial franchise fees have been recognized as the Company satisfies the performance obligation over the franchise term, which is generally 10 years.

Deferred revenue as of December 31, 2019 consists of the unamortized balance of franchise fees collected. These fees are recognized into revenue as the Company performs its performance obligation over the life of the franchise term. The Company expects to recognize future revenue of $1,500 each year through 2028.

### Income Taxes

The Company is treated as a limited liability company (LLC) for federal and state income tax purposes. As such, the Company's income, losses and credits are included in the income tax returns of its members.

The Company recognizes the income tax effect from an uncertain tax position in the financial statements, only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized, upon ultimate settlement with the relevant tax authority.

The Company does not anticipate that amounts accrued for uncertain tax positions, of which there are none at December 31, 2019, will substantially change within the next twelve months.

As of December 31, 2019, the Company has no amounts accrued related to penalties and interest for income tax matters.

The Company is subject to U.S. federal, state or local income tax examinations by tax authorities for all fiscal years since inception. The Company is not currently under examination by any tax authorities.

**Estimates**

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

## 2. Related Party Transactions

As disclosed in Note 1, the Company's current franchisee is a related party, which is owned by the members of the Company. The agreement with the related party accounts for 100 percent of the Company's revenue for the year ended December 31, 2019.

During the year, the Company paid for expenses incurred by an entity related through common ownership. The balance due from the related party was $1,612 as of December 31, 2019.

During the year, the Company incurred expenses that were paid for by an entity related through common ownership. Interest accrues at the short term Applicable Federal Rate (effectively 2.76 percent as of December 31, 2019). As of December 31, 2019, the balance due to the related party was $333,185.

The Company has a lease agreement with a related entity for use of their office facilities. See Note 3 for further information.

The Company does not guarantee the debt of any of the related parties.

## 3. Leases

The Company currently utilizes shared space with other related parties to run its daily operations. This space is owned by an entity related through common ownership. The lease requires monthly rent payment of $800 and is considered a month-to-month lease. The property taxes, insurance and normal maintenance costs of the facilities are paid by the lessor.

## 4. Subsequent Events

The Company has evaluated subsequent events through May 5, 2020 which is the date that the financial statements were approved and available to be issued for events requiring disclosure or recording in the Company's financial statements.

Effective January 17, 2020, the Company entered into an agreement with a third party franchisee. The initial franchise fee was $15,000 and the agreement expires in December 2029. All other terms of the agreement are consistent with those described in Note 1.

**5. New Accounting Pronouncement**

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. During 2018, the FASB also issued ASU No. 2018-01, *Land Easement Practical Expedient*, which permits an entity to elect an optional transition practical expedient to not evaluate land easements that existed or expired before the entity's adoption of Topic 842 and that were not previously accounted for under ASC 840; ASU 2018-10, *Codification Improvements to Topic 842, Leases*, which addresses narrow aspects of the guidance originally issued in ASU No. 2016-02; ASU 2018-11, *Targeted Improvements*, which provides entities with an additional (and optional) transition method whereby an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption and also provides lessors with a practical expedient, by class of underlying asset, to not separate nonlease components from the associated lease component and, instead, to account for those components as a single component; and ASU No. 2018-20, *Narrow-Scope Improvements for Lessors*, which addresses sales and other similar taxes collected from lessees, certain lessor costs and the recognition of variable payments for contracts with lease and nonlease components. During 2019, the FASB also issued ASU No. 2019-01, *Leases (Topic 842): Codification Improvements*, which delayed the effective date for certain entities. Topic 842 (as amended) is effective for annual periods beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted. The Company has not yet determined the effect that Topic 842 (as amended) will have on the Company's financial statements.

**Exhibit D**

**NextGen Great Sealcoating Franchise Group LLC (the "Franchisor")**
**<u>Table of Contents to Operations Manual</u>**



**<u>Total Number of Pages: 41</u>**

**Exhibit E**

**NextGen Great Sealcoating Franchise Group LLC (the "Franchisor")**

**FRANCHISE AGREEMENT**

**<u>FRANCHISE AGREEMENT</u>**

**NEXTGEN GREAT SEALCOATING FRANCHISE GROUP LLC**

**AND**

**(“Franchisee”)**

**BUSINESS ADDRESS:**

____________________________________

____________________________________

**NEXTGEN GREAT SEALCOATING FRANCHISE GROUP LLC**

**FRANCHISE AGREEMENT**

## FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT, (this "Agreement") effective as of ___________(the "Effective Date"), by and between NextGen Great Sealcoating Franchise Group LLC, a Pennsylvania limited liability company, hereinafter referred to as the "Franchisor," and ______________________, a___________________________hereinafter referred to as the "Franchisee."

## RECITALS:

A. The Franchisor has developed a "Franchise Operation System," as defined in Section 1 below. The Franchisor has publicized the name NextGen Great Sealcoating to the public and other businesses as an organization of businesses operating under the Franchise Operation System.

B. The Franchisor represents (and the Franchisee acknowledges) that it has the right and the authority to license the use of the "Marks," as defined in Section 1, for use in connection with businesses operated in conformity with the Franchise Operation System to selected persons, businesses or entities who will comply with the Franchisor's uniformity requirements and quality standards.

C. The Franchisee desires to establish and operate a business, using the other Marks and Franchise Operation System, within the "Territory" set forth in Section 2.1 (the "Business").

D. The Franchisor is willing to provide the Franchisee with marketing, advertising, operational and other business information and "know-how" about the Franchise Operation System and the Business, all of which have been developed by the Franchisor over time and at a significant cost and investment to the Franchisor.

E. The Franchisee acknowledges that it would take substantial capital and human resources to develop a business similar to the Business and as a result, desires to acquire from the Franchisor the right to use the Marks and the Franchise Operation System and to own and operate a Business subject to and under the terms and conditions set forth in this Agreement.

F. The Franchisee acknowledges that the Franchisor would not grant the NextGen Great Sealcoating Franchise to the Franchisee or provide the Franchisee with any business information or operational know-how about the Business and the Franchise Operation System unless the Franchisee agreed to comply in all respects with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth in this Agreement and for other good and valuable consideration, the parties hereby contract as follows:

## SECTION 1
## DEFINITIONS

For purposes of this Agreement, the following words will have the following definitions:

"Abandon" will mean conduct of the Franchisee, including acts of omission as well as commission, indicating the willingness, desire or intent of the Franchisee to discontinue operating the Franchisee's Business in accordance with the quality standards, uniformity requirements and the Franchise Operation System as set forth in this Agreement and the Manuals including but not limited to the failure to communicate with its customers or otherwise ceasing operation of the Franchise Business for more than three (3) consecutive days without notification to Franchisor and reasonable cause for the suspension of services or such repeated failure without our prior written approval.

"Business Assets" will have the meaning prescribed in Section 15.1 hereinbelow.

"Competing Business" will mean any business that offers products or services that are the same as or similar to Products and Services, including all products or services offered by the NextGen Great Sealcoating system, such as paving and concrete work, installation and maintenance of asphalt surfaces, including, without limitation, the repair and sealcoating of driveways, parking lots and other asphalt and surfaces, crack repair, patchwork, oil spot treatment, power washing, grass edging, commercial sweeping, pavement marking services, including line striping, lot signage installation, parking lot bumper installation, thermo plastic pavement marking, decorative asphalt services, tennis court surfacing, track surfacing, and any other related products and services, even if all of those services are not offered by Franchisee, or which is otherwise competitive with or similar to a Business.

"Confidential Information" will mean all of the Franchisor's proprietary information, knowledge and know-how concerning the Franchise Operation System and the procedures, operations and data used in connection with the Franchise Operation System and the operation of Businesses including, without limitation, business plans and strategies, marketing and advertising plans, drawings, client lists, materials, brochures, marketing materials, equipment, technology, methods, procedures, specifications, techniques, teaching methods, computer software programs and systems, and any other business information which the Franchisor designates as a trade secret, or as confidential or proprietary.

"Estimator" will mean the individual responsible for the overall sales and marketing efforts on behalf of the Franchisee's Business including, but not limited to, sales presentations to customers and estimating job pricing.

"Financial Statements" will mean a balance sheet, detailed profit and loss statement, statement of cash flows and footnotes prepared in accordance with generally accepted accounting principles applied on a consistent basis. The Franchisee's Financial Statements will be presented in the exact form and format prescribed by the Franchisor and will be categorized according to the standard chart of accounts developed and approved by the Franchisor.

"Franchise" or "Franchise Business" will mean the right granted to the Franchisee authorizing the Franchisee to operate a business pursuant to this Agreement and in strict conformity with the Franchise Operation System using the name "NextGen Great Sealcoating" and the other Marks.

"Franchise Operation System" will mean the Franchisor's proprietary business concept and methods for operating businesses of a distinctive character and quality under license hereunder to Franchisee for the Territory, that provides Products and Services under the Marks. "Franchise Operation System" will include all of the Products and Services, uniformity requirements, standards of quality, procedures, specifications and instructions established and amended from time to time by the Franchisor.

"General Manager" will mean the individual responsible for the overall management of the Franchisee's Business including, but not limited to, administration, customer relations, basic operations, marketing, community relations, recordkeeping, employee staffing and training, inventory control, hiring and firing, and maintenance of the Franchisee's office, trucks, trailers and other equipment.

"Gross Revenues" will mean the total revenue the Franchisee receives on the sale of all products and services in conjunction with the Business or Marks (including all Products and Services), regardless of whether such services or products are provided to customers or clients by the Franchisee, its employees or independent contractors hired by the Franchisee. "Gross Revenues" will not include any sales, use or gross receipts tax imposed by any federal, state, municipal or governmental authority directly upon sales, if: (a) the amount of the tax is added to the selling price and is expressly charged to the customer; (b) a specific record is made at the time of each sale of the amount of such tax; and (c) the amount of such tax is paid to the appropriate taxing authority by the Franchisee.

"Job" will mean the sale of any of the Products and Services in conjunction with the Business to customers or clients, as set forth in Section 6.

"Marks" will include the marks "NextGen Great Sealcoating," (U.S. Reg. 5662988), "Nextgen Great Sealcoating" logo (U.S. Reg. No. 5662992), EcoAmigo (U.S. Reg. 6075576), and "The Cleaner Greener Sealer" (U.S. Reg. No. 5594607) and such other trademarks, trade names, service marks, logos, slogans and commercial symbols as the Franchisor has developed or may develop for use in connection with the Businesses.

"Manuals" will mean the confidential and copyrighted standard operations, procedures and training manuals developed by the Franchisor for the operation of Businesses, as supplemented, changed or modified from time to time by the Franchisor.

"Minimum Annual Royalty Fees" will mean the minimum amounts as set forth in Section 6.

"Month" or "Monthly" will mean the calendar month.

"NextGen System" refers to the online database that the Franchisor maintains and that the Franchisee must use in its Business for data entry, customer tracking, sales reporting and more, as Franchisor may update or replace periodically.

"Owner" will mean any individual or entity who owns shares of capital stock in the Franchisee, if the Franchisee is a corporation, or who owns a membership or partnership interest in the Franchisee, if the Franchisee is a limited liability company or a partnership. "Ownership Interests" will mean shares of capital stock in the Franchisee, if the Franchisee is a corporation, or a membership or partnership interest in the Franchisee, if the Franchisee is a limited liability company or a partnership.

"Products and Services" will mean products and services in connection with the Franchise Operation System for the installation and maintenance of asphalt and concrete surfaces, including without limitation, the repair, installation and sealcoating of driveways, parking lots, roadways, and other asphalt and concrete surfaces, asphalt crack repair, patchwork, pot hole repair or service, oil spot treatment, paving, sealing and restoration of concrete, power washing, grass edging, commercial sweeping, and any other related or ancillary products and services.

"System" will mean the Franchise Operation System.

"Training Expenses" will mean the salaries, fringe benefits, payroll taxes, unemployment compensation, workers' compensation insurance, lodging, food, medical insurance, automobile rental, travel costs and all other expenses for the Franchisee and all other persons who attend the Franchisor's training programs on behalf of the Franchisee.

"Transfer" will mean the following sale, transfer or assignment event requiring our prior written consent: (i) if you are a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of your voting stock, or any increase in the number of outstanding shares of your voting stock which results in a change in ownership; (ii) if you are a partnership or individual, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if you are a limited liability company, upon any assignment, sale, pledge or transfer of any fractional portion of any interest in the limited liability company, if you are any other entity or an individual, then upon the assignment, sale, pledge or transfer of any fractional ownership interest.

## SECTION 2
## GRANT OF FRANCHISE; TERRITORY

**2.1** **Grant**. The Franchisor hereby grants to the Franchisee the exclusive right to operate one (1) Franchise Business within the geographical territory set forth in **Attachment 2** (as determined by the Franchisor) hereinafter referred to as the "Territory".

**2.2** **Exclusive Territory**. Franchisor will not own or operate, or authorize any other person to own or operate, a Franchise Business serving residential customers within the Territory during the term of this Agreement without the prior consent of the Franchisee, except as qualified below. **Franchisee understands, acknowledges and agrees that the exclusive territory rights granted hereunder shall relate solely and be strictly limited to residential jobs and properties within the approved territory. All commercial jobs/properties are non-exclusive and can be solicited, bid and serviced by any franchisee, and likewise, you shall be permitted to solicit bid and service any commercial property/job outside of your territory. In addition, you may only service residential customers located outside of your territory with our permission.** Accordingly, the Territory is only exclusive to Franchisee specifically in connection with such residential type projects, and Franchisee shall not be protected from any other franchisee soliciting and engaging in and performing commercial projects within Franchisee's Territory. The Franchisor will have the absolute and unconditional right, without paying any compensation to the Franchisee, at any location or in any area outside the boundaries of the Territory, to:
(a) grant other franchisees the right to use the name "NextGen Great Sealcoating," the other Marks and the Franchise Operation System, and (b) operate company owned businesses under the name "NextGen Great Sealcoating," the other Marks and the Franchise Operation System. During the term of this Agreement and thereafter, the Franchisor has the right, without paying any compensation to the Franchisee, anywhere in the world (including within the Territory) to directly or indirectly advertise and/or sell any proprietary products that have been or may be developed by or for the Franchisor, to any persons, businesses or entities, through methods of distribution other than Franchise Businesses, including without limitation sales through wholesale outlets, retail stores, or by mail order, electronic commerce or any other direct sales method. Further, if the Franchisee does not offer certain optional services (such as driveway installation) or if the Franchisee does not have the equipment to handle certain jobs (such as a commercial spray applicator), the Franchisor or other NextGen Great Sealcoating franchisees may perform those services in the Territory without paying any compensation to the Franchisee.

**2.3** **Franchisee Acceptance**. The Franchisee hereby undertakes the obligation to operate the Business within the Territory, in strict compliance with the terms and conditions of this Agreement. The rights and privileges granted to the Franchisee by the Franchisor under this Agreement are applicable only in the Territory and are personal in nature. The Franchisee may not use the Marks or operate the Business at any location or within any area other than the Territory, and may not deliver Products and Services or any similar products and/or services to any customer located outside the boundaries of the Territory, without the prior written consent of the Franchisor which decision shall be in the sole and absolute discretion of Franchisor. Furthermore, if Franchisee receives the Franchisor's written consent to operate its Business or service customers outside the Territory, Franchisee acknowledges, understands and agrees that the Franchisor reserves the right to revoke such consent for any reason with thirty (30) days prior written notice to the Franchisee.

**2.4** **Personal License**. The Franchisee will not have the right to franchise, sub-franchise, license or sublicense its rights under this Agreement. The Franchisee will not have the right to transfer this Agreement or the Franchisee's rights under this Agreement, except as specifically provided for in this Agreement.

## SECTION 3
## FRANCHISE TERM: FRANCHISEE'S OPTION TO REACQUIRE FRANCHISE

**3.1** **Term**. The term of this Agreement is Ten (10) years, beginning on the Effective Date. This Agreement will not be binding and enforceable until it has been signed by both the Franchisee and the

Franchisor.

**3.2 Option to Reacquire**. At the end of the term of this Agreement, the Franchisee will have the option to reacquire a franchise for the Territory, provided the Franchisee has complied with the following conditions:

3.2.1. The Franchisee has given the Franchisor written notice of at least one hundred and eighty (180) days prior to the end of the term of this Agreement of its intention to reacquire the Franchise;

3.2.2. The Franchisee has at all times complied with all material terms and conditions of this Agreement and with the Franchisor's material operating and quality standards and procedures, and otherwise continuously remained in good standing hereunder;

3.2.3. The Franchisee has timely satisfied all monetary obligations owed by the Franchisee to the Franchisor throughout the term of this Agreement;

3.2.4. The Franchisee has replaced or updated the vehicles, systems, and other equipment used in the Business to comply with the Franchisor's then-current standards and requirements;

3.2.5. The Franchisee and each of the Owners have executed a general release of all claims relating to or arising out of this Agreement, the Franchise Business or the parties business relationship in the form designated by the Franchisor attached hereto as **Attachment 7**, which form shall provide that no release language shall relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Pennsylvania, provided, that this part will not bar the voluntary settlement of disputes; and

3.2.6. The Franchisee agrees to execute the then-current standard franchise agreement being offered to new franchisees by the Franchisor.

**3.3 Terms of Option**. The Franchisee will have the limited qualified option to reacquire the Franchise for the Territory under the same terms and conditions then being offered to other franchisees by the Franchisor under the Franchisor's then-current standard franchise agreement. The Franchisee must pay a renewal fee equal to fifteen percent (15%) of the then current Franchise Fee for each Franchise Business with assigned Territory that the Franchisee reacquires. The Franchisee will also be required to pay Royalty Fees, Minimum Annual Royalty Fees, and all other fees (whether or not included under this Agreement) at the rates specified in the then-current standard franchise agreement. In addition, during the term of this Agreement, demographic changes may occur in the Territory. Accordingly, Franchisee hereby understands, acknowledges and agrees that the Franchisor has the right to modify the Territory based on the Franchisor's then-current standards for determining the size or composition of Territory and Franchisee will be obligated to sign the then-current franchise agreement with any and all modifications. The Franchisor will not offer to sell a franchise for the Territory at the end of the term of this Agreement to any other person or entity on more favorable terms or conditions than those being offered to the Franchisee. Hence, the Franchisee acknowledges that the terms, conditions, capital requirements, equipment costs and economics of subsequent franchise agreements, including the then-current standard franchise agreement of the Franchisor may, at that time, vary in substance and form from this Agreement.

## SECTION 4
## LICENSING OF MARKS AND FRANCHISE OPERATION SYSTEM TO FRANCHISEE

**4.1 Franchisor Marks and License**. The Franchisor warrants that it has the right to grant the franchise granted hereunder and, except as provided herein, to license the Marks and the Franchise Operation System to the Franchisee. Any and all improvements to the Marks or the Franchise Operation System made by the Franchisee will be the sole and absolute property of the Franchisor who will have the exclusive right to register (in its own name), protect, use and license others to use all such improvements in accordance with applicable law. The Franchisee's use of the Marks and the Franchise Operation System will inure exclusively to the benefit of the Franchisor and any and all goodwill associated with the Marks and the Franchise Operation System will inure exclusively to the Franchisor's benefit. Upon the expiration or termination of this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with the Franchisee's use of the Marks and the Franchise Operation System. The Franchisee will at no time take any action whatsoever to contest the validity or the ownership of the Marks or the Franchise Operation System.

**4.2 Conditions to License of Marks**. The Franchisee will have the right to use the Marks and the Franchise Operation System subject to and in strict accordance with the provisions of this Agreement. Such rights will apply only to the Franchisee's Business operated within the Territory and will exist only so long as the Franchisee fully performs and complies with all of the conditions, terms and covenants of this Agreement. The Franchisee will not have or acquire any rights in any of the Marks or the Franchise Operation System other than the right of use as provided herein. The Franchisee will have the right to use the Marks and the Franchise Operation System only in the manner prescribed, directed and approved by the Franchisor in writing. If, in the judgment of the Franchisor, the acts of the Franchisee are contrary to the limitations set forth in this Agreement or infringe upon or demean the goodwill, uniformity, quality or business standing associated with the Marks or the Franchise Operation System, then the Franchisee will, upon written notice from the Franchisor, immediately modify its use of the Marks or the Franchise Operation System in the manner prescribed by the Franchisor in writing.

**4.3 Adverse Claims to Marks**. If any third party claims that its rights to any or all of the Marks are superior to those of the Franchisor and if the Franchisor's attorneys are of the opinion that such claim by a third party is legally meritorious, or if there is an adjudication by a Court of competent jurisdiction or by the United States Patent and Trademark Office that any party's rights to the Marks are superior to those of the Franchisor, then upon written notice from the Franchisor, the Franchisee will, at its sole expense, immediately adopt and use the changes and amendments to the Marks that are specified by the Franchisor in writing. In that event, the Franchisee will immediately cease using the Marks specified by the Franchisor, and will, as soon as reasonably possible, commence using the new trademarks, trade names, service marks, logos, designs and commercial symbols designated by the Franchisor in writing in connection with all advertising, marketing and promotion of the Business. The Franchisee will not make any changes or amendments whatsoever to the Marks or the Franchise Operation System without the prior written approval of the Franchisor.

**4.4 Protection of Rights to Marks and Franchise Operation System**. The Franchisee will have no right to and will not defend or enforce any rights associated with the Marks or the Franchise Operation System in any Court or other proceedings for or against imitation, infringement, prior use or for any other claim or allegation. The Franchisee will give the Franchisor prompt and immediate written notice of any and all claims or complaints made against or associated with the Marks and the Franchise Operation System and will, without compensation for its time and at its expense, cooperate in all respects with the Franchisor in any lawsuits or other proceedings involving the Marks and the Franchise Operation System. The Franchisor will have the sole and absolute right to determine whether it will commence any action or defend any litigation involving the Marks and/or the Franchise Operation System, and the cost and expense of all litigation incurred by the Franchisor, including attorneys' fees, specifically relating to the Marks or the Franchise Operation System will be paid by the Franchisor.

**4.5 Subrogation**. If the Franchisee is named as a defendant or party in any action involving the Marks or the Franchise Operation System solely because the plaintiff or claimant is alleging that the Franchisee does not have the right to use the Marks or the Franchise Operation System in conducting the Franchise Business within the Territory, then the Franchisor will have the right (but not the obligation) to assume control of the defense of the action on behalf of Franchisee. In such case, the Franchisor will, at its expense, defend the Franchisee in the action and will indemnify and hold the Franchisee harmless from any damages assessed against the Franchisee in any actions resulting solely from the Franchisee's proper licensed use of the Marks and the Franchise Operation System within the Territory in accordance with the terms and conditions of this Agreement. Franchisee will pay all costs relating to its adoption and use of any changes or amendments to the Marks in accordance with Section 4.3.

**4.6 Franchisee's Right To Participate in Litigation**. The Franchisee may, at its expense, retain an attorney to represent it individually in all litigation and Court proceedings involving the Marks or the Franchise Operation System, and may do so with respect to matters involving only the Franchisee (i.e., not involving the Franchisor or its interests); however, the Franchisor (and its attorneys) shall retain all rights to control and conduct all litigation involving the Marks or the Franchise Operation System. The Franchisor will have no liability to the Franchisee for any costs that the Franchisee may incur in any litigation involving the Marks or the Franchise Operation System, and the Franchisee will pay for all costs, including attorneys' fees, that it may incur in any litigation or proceeding arising as a result of matters referred to under this Section 4, except for those specific claims that Franchisor agrees to assume and defend as provided for herein.

## SECTION 5
## INITIAL FEE; FRANCHISEE QUALIFICATION

**5.1 Initial Fee; Use of Initial Fee**. The Franchisee will pay the Franchisor a non-refundable Initial Fee as outlined below for the Franchised Business Territory(s), due in full upon execution of this Agreement by the Franchisee.

___ Single Franchised Business Territory: Twenty-Nine Thousand Dollars ($29,000.00)

___ 2nd Franchised Business Territory: Fifteen Thousand Dollars ($15,000.00)

___ 3rd Franchised Business Territory: Ten Thousand Dollars ($10,000.00)

**5.2 Franchisor's Unilateral Right to Reject Franchisee**. The Franchisor will have the absolute right to reject or disapprove the Franchisee and to cancel this Agreement at any time within sixty (60) days after the Effective Date of this Agreement if: (a) the Franchisor determines, in its sole judgment, that any required or other financial, personal or other information provided by the Franchisee to the Franchisor is materially false, misleading, incomplete or inaccurate; or (b) the Franchisor determines, in its sole judgment, that the Franchisee or the Franchisee's General Manager is not qualified or competent to properly manage or operate the Franchisee's Business and such person has failed to successfully complete the Franchisor's training program.

**5.3 Refund of Initial Fee**. If the Franchisee is rejected by the Franchisor pursuant to Section 5.2, then the Initial Fee paid by the Franchisee pursuant to Section 5.1 will be refundable to the Franchisee after the Franchisor deducts all reasonable administrative and out-of-pocket expenses incurred by the Franchisor including, but not limited to, executives' and employees' salaries, costs for salespersons' commissions, attorneys' fees, accountants' fees, travel expenses, training costs, marketing costs and long distance telephone calls. The Franchisee will be notified by the Franchisor in writing if the Franchisee is disapproved by the Franchisor pursuant to Section 5.2, and the Franchisor will provide the Franchisee with a written accounting of the administrative and out-of-pocket expenses that were incurred by the Franchisor and deducted from the Initial Fee paid by the Franchisee.

## SECTION 6
## ROYALTY FEES

**6.1 Amount of Royalty Fees**. In addition to the Initial Fee, the Franchisee will, for the entire term of this Agreement, pay the Franchisor Monthly Royalty Fees based on Franchisee's Gross Revenues for the preceding calendar year Month calculated in accordance with this Section 6.1. The Royalty Fees paid by the Franchisee to the Franchisor will not be refundable to the Franchisee under any circumstances. The Franchisee will pay a Royalty Fee of the greater of six percent (6%) of Gross Revenues or the yearly minimum royalties specified below. This Royalty Fee is in addition to your obligation as Franchisee to pay the Marketing and Technology Fee as set forth in Section 12.22 and elsewhere in this Agreement.

**6.2 Franchisee's Obligation to Pay**. The Royalty Fees payable to the Franchisor under this Section will be calculated and paid to the Franchisor by the Franchisee on a Monthly basis during the entire term of this Agreement. The Franchisee's obligation to pay the Franchisor the Royalty Fees pursuant to the terms of this Agreement will be absolute and unconditional and will remain in full force and effect until the term of this Agreement has expired. The Franchisee will not have the "right of offset" and, as a consequence, the Franchisee will timely pay all Royalty Fees due to the Franchisor under this Agreement regardless of any claims or allegations the Franchisee may allege against the Franchisor.

**6.3** **<u>Date Payable</u>**. The Franchisee will pay the Monthly Royalty Fees and National Advertising Fund contribution (as described in Section 7.5) to the Franchisor on or before the fifteenth (15th) of each Month for the preceding respective Month by pre-authorized bank transfer from the Franchisee's account to the account of the Franchisor. Any Royalty Fees not received by the Franchisor on or before the fifteenth (15th) of each Month for the preceding Month will be deemed to be past due. The Franchisee's report of Gross Revenues required under Section 14 of this Agreement will be entered into the NextGen System on or before fifth (5th) of each Month for the preceding Month.

**6.4** **<u>Interest on Unpaid Royalty Fees</u>**. If the Franchisee fails to remit the Royalty Fees or National Advertising Fund contributions due to the Franchisor as provided for in this Section, then the amount of the unpaid and past due Royalty Fees and Fund contributions will bear simple interest at the rate equal to the lesser of (a) the maximum legal interest rate allowable in the state in which the Franchisee's Business is located, or (b) 18% per annum.

**6.5** **<u>Service Charge</u>**. If the Franchisee fails to pay any Royalty Fees or National Advertising Fund contribution within ten days after the due date, including any bounced or returned auto-debit, or fails to submit a required report, then in addition to the interest payable by the Franchisee as set forth above, the Franchisee will pay the Franchisor a service charge of $200 for the Month in default which will be immediately due and payable.

**6.6** **<u>Collection Costs</u>**. The Franchisee will pay the Franchisor for any and all costs incurred by the Franchisor in the collection of unpaid and past due Royalty Fees including, but not limited to, the amount of actual attorneys' fees paid by the Franchisor, deposition costs, expert witness fees, investigation costs, accounting fees, filing fees, travel expenses, and interest.

**6.7** **<u>Minimum Royalty Fees</u>**. Commencing with the Effective Date of this Agreement, and for each calendar year thereafter for the remaining term of this Agreement, the aggregate amount of Royalty Fees paid by the Franchisee to the Franchisor must meet or exceed the following amounts (the "Minimum Annual Royalty Fees"):

NextGen Great Sealcoating Franchise Business

| **Through End of Calendar Year** | **Minimum Annual Royalty Fees** |
|---|---|
| Year 1 and Year 2 | $4,000 |
| Year 3 and Year 4 | $10,000 |
| Year 5 thru end of Agreement | $25,000 |

If the total of the Royalty Fees paid to the Franchisor by the Franchisee pursuant to Section 6.1 is less than the Minimum Annual Continuing Fee amount set forth in this Section 6.7, then the Franchisee must pay to the Franchisor the difference between the Minimum Continuing Fee and the Royalty Fees actually paid by the Franchisee. The payment of such amount will be made by pre-authorized bank transfer from the Franchisee's account to the Franchisor's account on or before the thirtieth (30th) of each January for the previous calendar year in which the Franchisee has paid less than the applicable Minimum Continuing Fee amount.

## SECTION 7
## ADVERTISING

**7.1 Approval of Advertising**. The Franchisee will use its best efforts to advertise and promote its Franchise Business. All concepts, materials or media proposed by the Franchisee for any advertising, promotion, marketing or public relations program or campaign must have the Franchisor's prior written approval. The Franchisee will not permit any third party (including any business) to advertise the Franchisee's business, services or products (including the NextGen Great Sealcoating Products) without obtaining the Franchisor's prior written approval.

**7.2 Local Advertising/Grand Opening Spending**. Commencing with the Effective Date of this Agreement through the end of the first calendar year hereunder (as prorated), and for each calendar year thereafter for the remaining term of this Agreement, the Franchisee will spend eight percent (8%) of Gross revenues for that calendar year (the "Local Advertising Requirement"), for approved advertising and promotion, as described in the Manuals, within the Franchisee's Territory. Expenditures by the Franchisee required pursuant to Section 7.4 to participate in marketing programs required by the Franchisor may be applied toward the local advertising requirement. Franchisee shall spend a minimum of three thousand dollars ($3,000) during the grand opening period and a minimum total of eleven thousand dollars ($11,000) during their first season of operation on local advertising and marketing. On or before January 31 of each year, the Franchisee will furnish to the Franchisor, in the form prescribed by the Franchisor, an accurate accounting of the Franchisee's expenditures for approved advertising and promotion during the previous year.

**7.3 Monthly Minimum Payments**. We reserve the right to require all franchisees to contribute on a monthly basis towards their minimum local advertising requirement if we, in our sole discretion, determine that the Franchisee is not sufficiently advertising their Franchise and/or is in jeopardy of not satisfying the spending requirement for their minimum local advertising.

**7.4 Participation in Marketing Programs**. The Franchisee will participate in all direct mail marketing, customer survey, Internet marketing and other local marketing and promotional programs which are required by the Franchisor as designated from time to time in the Manuals or otherwise designated by the Franchisor from time to time in writing. The Franchisee will pay the Franchisor, or the designated provider of marketing and promotional programs at the direction of the Franchisor, for all costs associated with printing and mailing direct mail marketing materials to the Franchisee's customers and for all other costs associated with directing the required marketing and promotional materials to the Franchisee's customers. The Franchisee's costs for participating in these marketing and promotional programs may be applied by the Franchisee to its local advertising expenditures required pursuant to Section 7.2 of this Agreement.

**7.5 National Advertising Fund** The Franchisee shall contribute one percent (1%) of monthly gross revenue to the National Advertising Fund, payable at the same time and in the same manner as the Royalty Fee. Franchisor has established a National Advertising Fund (the "National Fund") on behalf of the System for advertising and marketing. Franchisor reserves the right, in Franchisor's sole discretion and at any time and from time to time, to increase the amount of the National Fund Contribution to two percent (2%) of the Gross Revenue generated monthly. Payments will be made in the same manner and time as the Royalty Fees. If Franchisee fails to timely report Gross Revenue, then, in addition to a late fee and interest pursuant to Sections 6.4 and 6.5 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last National Fund Contribution payable. Franchisor shall reconcile amounts when Gross Revenues are reported.

7.5.1 Franchisor shall have the right to direct all advertising and marketing programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the National Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Franchised Businesses operating under the System.

7.5.2 Franchisor may, but has no obligation to, contribute to the National Fund on the same basis as Franchisee with respect to outlets operated by Franchisor or Franchisor's affiliates.

7.5.3 Franchisor may use the National Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing, enhancing and maintaining the Website; and personnel, salaries and other departmental costs for advertising that Franchisor internally administers or prepares).

7.5.4 The National Fund will be operated solely as a conduit for collecting and expending the advertising contributions for the System. The National Fund will not be used to defray any of Franchisor's general operating expenses, except for reasonable administrative costs and overhead that Franchisor may incur in activities related to the administration and direction of the National Fund and such costs and expenses pursuant Section 7.5.3. The National Fund and its earnings shall not otherwise inure to Franchisor's benefit.

7.5.5 Franchisor will prepare an unaudited annual statement of the National Fund's operations and will make it available to Franchisee upon request. In administering the National Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.

7.5.6 Although the National Fund is intended to be of perpetual duration, Franchisor may terminate it at any time and for any reason or no reason. Franchisor will not terminate the National Fund, however, until all monies in the National Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

## SECTION 8
## CONFIDENTIAL MANUALS AND OTHER INFORMATION

**8.1 Compliance with Manuals**. In order to protect the reputation and goodwill of the Franchisor and to maintain uniform operating standards under the Marks and the Franchise Operation System, the Franchisee will at all times during the term of this Agreement conduct its Business in accordance with the Manuals. The Franchisor will provide the Franchisee with access to the Manuals electronically through the NextGen System. Any required specifications, standards and operating procedures exist to protect the Franchisor's interests in the Franchise Operation System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to the Franchisee.

**8.2 Confidentiality of Manuals**. The Manuals and all supplements, changes and modifications to the

Manuals are considered proprietary and will remain the sole and exclusive property of the Franchisor. The information contained in the Manuals constitutes Confidential Information, and the Franchisee will at all times during the term of this Agreement and thereafter treat the Manuals, any other manuals created for or approved for use in the operation of the Franchisee's Business, and the information contained therein as secret and confidential, and the Franchisee will use all reasonable means to keep such information secret and confidential. Neither the Franchisee nor any employees of the Franchisee will: (a) make any copy, duplication, record or reproduction of the Manuals, or any portion thereof, available to any unauthorized person; or (b) use the Manuals or any information contained therein in connection with the operation of any other business or for any purpose other than in conjunction with the operation of the Franchisee's Business. Notwithstanding any other provision of this Agreement or the Manuals, Franchisee may, in accordance with any applicable law which includes but is not limited to the federal Defend Trade Secrets Act, disclose Confidential Information (a) in confidence, to federal, state, or local government officials, or to its attorney of, for the sole purpose of reporting or investigating a suspected violation of law; or (b) in a document filed in a lawsuit or other legal proceeding, but only if the filing is made under seal and protected from public disclosure. If Franchisee is required by applicable law or a valid legal order to disclose any Confidential Information, Franchisee shall, before such disclosure, notify Franchisor of such requirements so that Franchisor may seek a protective order or other remedy, and Franchisee shall reasonably assist Franchisor therewith. If Franchisee remains legally compelled to make such disclosure, it shall: (a) only disclose that portion of the Confidential Information that, in the written opinion of its legal counsel, Franchisee is required to disclose; and (b) use reasonable efforts to ensure that such Confidential Information is afforded confidential treatment.

**8.3** **Revisions to Manuals**. The Franchisor has the right to revise the Manuals at any time during the term of this Agreement as the Franchisor, in its sole judgment, deems necessary to: (a) improve the standards of service or the products offered for sale under the Franchise Operation System; (b) protect the goodwill associated with the Marks; or (c) improve the operation or efficiency of the Franchisee's Business. The Franchisee expressly agrees to operate its Business in accordance with all such revisions. The Franchisee will at all times keep the Manuals current and up-to-date, and in the event of any dispute regarding the Manuals, the terms of the Manuals maintained electronically on the NextGen System by the Franchisor will be controlling in all respects.

**8.4** **Confidentiality of Other Information**. The Franchisor will be disclosing and providing to the Franchisee certain Confidential Information. The Franchisee will not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any person or entity any Confidential Information which may be communicated to the Franchisee, or of which the Franchisee may be apprised by virtue of this Agreement. The Franchisee will divulge Confidential Information only to its employees who must have access to it on a need to-know-basis in order to operate the Business. Neither the Franchisee nor any employees of the Franchisee will make any copy, duplication, record or reproduction or any of Confidential Information available to any unauthorized person. Any Customer Data (as defined in Section 12.22) developed by either the Franchisor or the Franchisee and any information designated as Confidential Information by the Franchisor will be and remain the sole and exclusive property of the Franchisor.

**8.5** **Confidentiality Agreements**. All of the Franchisee's employees who have access to the Manuals, or any other Confidential Information, must sign agreements in a form satisfactory to the Franchisor agreeing to maintain the confidentiality, during the course of their employment and thereafter, of all information copyrighted or designated by the Franchisor as Confidential Information. Copies of all such executed agreements will be submitted to the Franchisor upon request.

**8.6** **Remedies**. The Franchisee acknowledges that the provisions of this Section are reasonable and necessary for the protection of the Franchisor and the Franchisor's franchisees. If the Franchisee violates any of the provisions contained in this Section, then the Franchisor will have the right to: (a) terminate this Agreement as provided for in Section 17; (b) seek injunctive relief from a court of competent jurisdiction; (c) commence an action or lawsuit against the Franchisee for damages; and (d) enforce all other remedies or take such other actions against the Franchisee that are available to the Franchisor under this Agreement, common law, in equity and any federal or state laws.

## SECTION 9
## TRAINING PROGRAM

**9.1** **Management Training**. The Franchisor will provide a training program for the Franchisee and the Franchisee's General Manager, in Sciota, Pennsylvania, or at such other location as may be designated by the Franchisor, to educate, familiarize and acquaint them with the Franchise Operation System and the operations of the Business. The Franchisee and the Franchisee's General Manager must successfully complete the classroom and on-the-job training program prior to providing any Products and Services to customers. The training program, which will be scheduled by the Franchisor, will be for a minimum of three days. In the event the Franchisor determines that the Franchisee or the Franchisee's General Manager has failed to successfully complete the Franchisor's training program within sixty (60) days of the Effective Date of this Agreement, then such person will not be permitted or authorized to participate in the management of the Franchisee's Business and the Franchisor will have the right to reject the Franchisee pursuant to Section 5.2.

**9.2** **Payment of Training Expenses; Release of Claims**. During the training program, the Franchisee will pay all Training Expenses for the Franchisee and all other persons who attend the training program on behalf of the Franchisee. The Franchisee, for itself and all persons who attend the training program on behalf of the Franchisee, hereby releases and agrees to hold harmless the Franchisor, and its officers and directors, from and against any and all claims, liability, damages, or causes of action of any nature arising from the participation and attendance by the Franchisee (or its designated training attendees) in the Franchisor's training program, provided however that nothing shall relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Pennsylvania, provided, that this part will not bar the voluntary settlement of disputes.

## SECTION 10
## APPROVAL TO OPEN

The Franchisee will not open and commence initial business operations until the Franchisor has given the Franchisee written approval to commence operation of the Franchisee's Business. Upon the written request of the Franchisee, the Franchisor will provide opening assistance to its General Manager and/or Estimator; however, the Franchisee will be required to pay the Franchisor the then-current charge imposed by the Franchisor for such additional opening assistance, and will pay for the travel, room and board and other expenses incurred by the individual or individuals employed or retained by the Franchisor who provide such additional opening services to the Franchisee.

## SECTION 11
## FRANCHISOR'S OBLIGATIONS

**11.1** **Franchise Operation System**. Consistent with the Franchisor's uniformity requirements and quality standards, the Franchisor or its authorized representative will: (a) designate the source, if any, from which the Franchisee must purchase products; (b) upon request, provide the Franchisee with a written schedule of all trucks, trailers, supplies and equipment which are necessary and required for the operation of the Franchisee's Business; (c) upon request, provide the Franchisee with a list of designated or approved suppliers for the goods and services necessary and required for the Franchisee's Business; (d) upon request, consider requests for new suppliers of Products; (e) make available to the Franchisee basic accounting and business procedures for use by the Franchisee in its Business; (f) make advertising and marketing recommendations; (g) review the Franchisee's Business as often as the Franchisor deems necessary and render written reports to the Franchisee as deemed appropriate by the Franchisor; (h) provide the Franchisee with the Manuals and any supplements and modifications to the Manuals that may be published by the Franchisor from time to time; and (i) upon the reasonable written request of the Franchisee, and if Franchisor determines (in its sole judgment) it is necessary, render advisory services by telephone or in writing pertaining to use of the Franchise Operation System and the operation of the Franchisee's Business.

**11.2 Consulting Services**. During the term of this Agreement, the Franchisor will, upon the reasonable written request of the Franchisee, provide consulting services to the Franchisee in the Territory regarding marketing, advertising and promotional issues, operational issues, accounting matters, personnel issues, and other business matters or special projects relating to the Business. The Franchisee will pay the Franchisor the then-current charge imposed by the Franchisor for such consulting services and may be required to travel to Franchisor's location to complete any additional training or consulting on Franchisee's Business.

## SECTION 12
## QUALITY CONTROL AND REQUIRED STANDARDS

**12.1 Quality and Service Standards**. The Franchisor will promulgate, from time to time, uniform standards of quality and service regarding the business operations of the Franchisee's Business so as to protect and maintain (for the benefit of all NextGen Great Sealcoating franchisees and the Franchisor) the distinction, valuable goodwill and uniformity represented and symbolized by the Marks and the Franchise Operation System. Accordingly, to insure that all NextGen Great Sealcoating franchisees will maintain and adhere to the uniformity requirements and quality standards for the products and services associated with the Marks and the Franchise Operation System, the Franchisee agrees to maintain the uniformity and quality standards required by the Franchisor for all products and services associated with the Marks and the Franchise Operation System and agrees to the following terms and conditions to assure that all Businesses will be uniform in nature and will sell and dispense quality products and services to the public. The Franchisee may not own or operate any other business in connection with its Business. An Owner of the Franchisee may own and operate a business separate from the Business, provided that the operation of the business does not violate Section 20.2 of this Agreement, the business is owned and operated by an entity other than the Franchisee and the business does not use the same phone number or directory listing as the Business.

**12.2 Identification of Business**. The Franchisee will operate the Franchise Business so that it is clearly identified and advertised as a Business. The style and form of the words "NextGen Great Sealcoating" and the Marks used in any advertising, marketing, public relations, telemarketing or promotional program or campaign must have the prior written approval of the Franchisor. The Franchisee will use the name "NextGen Great Sealcoating," the approved logo and all graphics commonly associated with the Franchise Operation System and the Marks which now or hereafter may form a part of the Franchisor's Franchise Operation System, on all trucks, vehicles, equipment, uniforms, advertising, public relations and promotional materials, signs, video tapes, stationery, paper supplies, business cards and other materials used in the Franchisee's Business in the identical combination and manner prescribed by the Franchisor in writing. The Franchisee will not use or advertise any name or mark other than the Marks and the Franchisee's individual or corporate name on any vehicle or materials used in connection with the Franchisee's Business without the Franchisor's prior written consent. The Franchisee will, at its expense, comply with all legal notices of registration and all trademark, trade name, service mark, copyright, patent and other notice markings that are required by the Franchisor or by applicable law.

**12.3 Compliance with Standards**. The Franchisee will operate its Business and use the Marks and the Franchise Operation System in strict compliance with the standards, quality standards, operating procedures, policies, specifications, requirements and instructions required by the Franchisor, as set forth in the Manuals or otherwise, and as amended and supplemented by the Franchisor from time to time.

**12.4 Franchisee Name**. The Franchisee will not use the words "NextGen Great Sealcoating" or any of the Marks in its corporate, partnership or sole proprietorship name or in any email address or Internet domain name. The Franchisee will hold itself out to the public as an independent contractor operating its Business pursuant to a franchise from the Franchisor. Whenever practical, the Franchisee will clearly indicate on its business checks, stationery, business cards, invoices, receipts, video tapes, advertising, public relations and promotional materials, and other written materials that the Franchisee is a franchisee of the Franchisor. The Franchisee will display signs on the Franchisee's trucks which are clearly visible to the general public indicating that the Franchisee's Business is independently owned and operated as a business. The Franchisee will file for a certificate of assumed name in the manner required by applicable state law so as to notify the public that the Franchisee is operating its Business as an independent business pursuant to this Agreement.

**12.5** **Trucks, Supplies and Equipment**. The Franchisee will obtain and pay for the trucks, supplies and equipment required by the Franchisor and used by the Franchisee for the operation of its Business. The trucks, supplies and equipment used in the Business must conform to the quality standards and uniformity requirements established by the Franchisor from time to time. All trucks and system equipment must display all required logos and Marks, the Franchisor toll free business phone number, and the web address, www.greatsealcoating.com, in the form the Franchisor requires. All replacement trucks, supplies, equipment and other items used in the Business by the Franchisee must comply with the Franchisor's then-current standards and specifications and Franchisee may be required to obtain trucks, or other supplies from Franchisor.

**12.6** **Approved Advertising and Promotion**. The Franchisee will not conduct any media advertising, promotion, marketing, public relations or telemarketing programs or campaigns for its Business unless or until the Franchisor has given the Franchisee prior written approval for all concepts, materials or media proposed for any media advertising, promotion, marketing, public relations or telemarketing program or campaign. The Franchisee will not, and will not permit any third party to, advertise any business, services or products other than the Business through or in connection with the Franchisee's Business without obtaining the prior written approval of the Franchisor.

**12.7** **Signs**. The Franchisee will only display signs that have been approved by the Franchisor in writing, and will not use or display any signs of any kind or nature on the Franchisee's trucks or in connection with the Franchisee's Business without obtaining the written approval of the Franchisor prior to their installation or use.

**12.8** **Maintenance of Trucks and Equipment**. The Franchisee will, at its expense, obtain at least one truck for each Territory which meet the Franchisor's requirements for appearance (including required decals) and equipment for use in connection with the Franchisee's Business. The Franchisee will at all times repair and keep in good working order and appearance all trucks and equipment used in the Franchisee's Business in accordance with the Franchisor's quality standards. The Franchisee will replace all equipment, supplies, trucks and trailers as such items become worn-out or in disrepair with replacements which comply with the Franchisor's then-current standards and specifications.

**12.9** **Limitations on Products and Services and Service Standards**. The Franchisee will promote and sell only those products and services approved by the Franchisor in writing and will offer for sale all Products and Services prescribed by the Franchisor. The Franchisee will conform to all customer service standards and policies prescribed by the Franchisor, including that Franchisee agrees to observe the highest standards of honesty, integrity, and fair dealing, as well as engage in prompt, courteous, respectful, and professional services and communication, in all dealings with customers, clients, vendors, suppliers and other third parties, and the Franchisor. The Franchisee must respond to client inquiries in a responsive manner. The Franchisee will have the absolute right to sell all products and services to its customers and clients at whatever prices and on whatever terms it deems appropriate.

**12.10** **Approved Suppliers**. The Franchisee will purchase from suppliers approved in writing by the Franchisor (which may be the Franchisor or its affiliates) those products, goods, machinery, signs, trucks, trailers, supplies, advertising materials and campaigns, equipment and services (sometimes referred to in this Agreement as "goods and services") which are to be used or sold by the Franchisee and which the Franchisor determines must meet the standards of quality and uniformity required to protect the valuable goodwill and uniformity symbolized by and associated with the Marks and the Franchise Operation System. Subject to Section 12.11 below, the Franchisee will have the right and option to purchase these goods and services from other suppliers provided that such goods and services conform in quality to the Franchisor's standards and specifications. If the Franchisee desires to purchase any goods or services from such other suppliers, then the Franchisee must, at its expense, submit samples and specifications to the Franchisor for review and/or testing to determine whether the goods and services comply with the Franchisor's standards and specifications. The written approval of the Franchisor must be obtained by the Franchisee prior to the time that any previously unapproved goods and services are sold by or used by the Franchisee.

**12.11 Designated Source**. The Franchisee must purchase only from the Franchisor, our affiliate, or such other source as may be designated in writing by the Franchisor, certain sealcoating related products and printed advertising materials including, but not limited to, work cards, estimate cards, direct mail cards, pre-pay letters, commercial flyers, door-to-door cards, yellow cards, yard signs, banner tape, decals, business cards, newspaper inserts, letterhead, and more. The Franchisee will, at the request of the Franchisor, pay for all printed advertising materials or other products purchased from the Franchisor, on the date the Franchisor ships the products to the Franchisee, by pre-authorized direct bank transfer from the Franchisee's account to the Franchisor's account. Further, all prepaid and direct mail campaigns must go through the Franchisor. In addition, the Franchisor has the right to require the Franchisee to purchase from designated suppliers (including a single source which may be the Franchisor or its affiliate) certain products and services designated in writing by the Franchisor which are to be used or sold by the Franchisee and which the Franchisor determines must meet the standards of quality and uniformity required to protect the valuable goodwill and uniformity symbolized by and associated with the Marks and the Franchise Operation System. If the Franchisor elects to designate one or more suppliers of certain products and/or services pursuant to this Section 12.11, the Franchisor will not approve other suppliers of such items. Notwithstanding Sections 12.10 and 12.11, the Franchisor reserves the right to establish different designated suppliers and/or approved suppliers for different NextGen Great Sealcoating franchisees including, but not limited to, the Franchisee, based on the location of their respective Territory.

**12.12 Compliance with Applicable Laws and Memberships**. The Franchisee will, at its expense, comply with all applicable federal, state, city, local and municipal laws, ordinances, rules and regulations pertaining to the operation of the Franchise Business including, but not limited to, health and safety regulations, all environmental laws, all laws relating to labor and employment, all discrimination laws, all sexual harassment laws and all laws relating to the disabled. Without limiting the preceding sentence, the Franchisee will, at its expense, consult an attorney to obtain advice with regard to the Franchisee's compliance with all federal and state environmental laws, OSHA laws, licensing laws, and all other laws relating to the application, storage and disposal of products used by the Franchisee in its Business. The Franchisee will, at its expense, become a member of its local Better Business Bureau ("BBB") and maintain good standing with the BBB during the entire terms of this Agreement. The Franchisee will, at its expense, be absolutely and exclusively responsible for determining the licenses and permits required by law for the Franchisee's Business, for filing, obtaining and qualifying for all such licenses and permits, and for maintaining all necessary licenses and permits throughout the term of this Agreement. Further, without limiting the preceding sentences, the Franchisee agrees that it has had an opportunity to obtain legal advice regarding, and currently complies with, all applicable legal requirements that prohibit unfair, fraudulent or corrupt business practices, including U.S. and other legal requirements that are designed to combat terrorism and terrorist activities. In addition, neither the Franchisee nor any holder of an ownership interest in the Franchisee is named as a "specially designated national" or "blocked person" (or other similar classification) as designated by the United States Department of the Treasury's Office of Foreign Assets Control (or other applicable government agency).

**12.13 Payment of Obligations**. The Franchisee will timely pay all of its uncontested and liquidated obligations and liabilities due and payable to the Franchisor, and to the suppliers, lessors and creditors of the Franchisee.

**12.14 Payment of Taxes**. The Franchisee will be absolutely and exclusively responsible and liable for the prompt filing and payment of all federal, state, city and local taxes including, but not limited to, individual and corporate income taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, unemployment taxes, inventory taxes, personal property taxes, real estate taxes and other taxes payable in connection with the Franchisee's Business (hereinafter referred to as "Taxes"). The Franchisor will have no liability for the Taxes which arise or result from the Franchisee's Business and the Franchisee will indemnify the Franchisor for any such Taxes that may be assessed or levied against the Franchisor which arise or result from the Franchisee's Business. It is expressly understood and agreed by the Owners that their personal guaranty applies to the prompt filing and payment of all Taxes which arise or result from the Franchisee's Business.

**12.15 Reimbursement of Franchisor for Taxes**. In the event any "franchise" or other tax which is based upon the Gross Revenues, receipts, sales, business activities or operation of the Franchisee's Business is imposed upon the Franchisor by any taxing authority, then the Franchisee will reimburse the Franchisor in an amount equal to the amount of such taxes and related costs imposed upon and paid by the Franchisor. The Franchisee will be notified in writing if the Franchisor is entitled to reimbursement for the payment of such taxes and, in that event, the Franchisee will pay the Franchisor the amount specified in the written notice within ten days of the date of the written notice.

**12.16 Standard Attire**. The Franchisee will require its employees to wear the standard attire or uniforms which have been established and approved by the Franchisor and will wear the safety or protective clothing or equipment designated by the OSHA.

**12.17 Personnel**. The Franchisee will at all times have a General Manager on duty who is responsible for supervising the employees and the business operations of the Franchisee's Business. The initial General Manager must have successfully completed the Franchisor's training program in accordance with Section 9.1. Any replacement General Manager must successfully complete any replacement General Manager training required by the Franchisor within sixty (60) days of the date of hire. The Franchisee will have a sufficient number of adequately trained and competent personnel on duty to guarantee efficient service to the Franchisee's customers and clients in conformity with the Franchisor's standards.

**12.18 Franchisor's Inspection Rights**. The Franchisor will have the absolute right to interview the Franchisee's employees and customers, to take photographs and videotapes of the Franchisee's trucks and of the work being performed by the Franchisee's employees on the Franchisee's customers' premises at all times during normal business hours, to examine representative samples of the goods and products sold or used in the Franchisee's Business and to evaluate the quality of the services provided by the Franchisee to its customers and clients. The Franchisor will have the right to use all interviews, photographs and videotapes of the Business for such purposes as the Franchisor deems appropriate including, but not limited to, use in training, advertising, marketing and promotional materials, and as evidence in any court or arbitration proceeding. The Franchisee will not be entitled to, and hereby expressly waives, any right that it may have to be compensated by the Franchisor, its advertising agencies, or other NextGen Great Sealcoating franchisees for any use of such interviews, photographs or videotapes.

**12.19 Security Interest**. This Agreement and the franchise granted to the Franchisee hereunder may not be the subject of a security interest, lien, levy, attachment or execution by the Franchisee's creditors, any financial institution or any other party, except with the prior written approval of the Franchisor.

**12.20 Notices of Default; Lawsuits or Other Claims**. The Franchisee will immediately deliver to the Franchisor a copy of any notice of default received from any mortgagee, trustee under any deed of trust, contract for deed holder, lessor or any other party with respect to the Business and copies of all written notifications of any lawsuits, consumer claims, employee claims, federal or state administrative or agency proceedings or investigations or other claims, actions or proceedings relating to the Franchisee's Business. Upon request from the Franchisor, the Franchisee will provide such additional information as may be required by the Franchisor regarding the alleged default, lawsuit, claim, action, investigation or proceeding, and any subsequent action or proceeding in connection with the alleged default, lawsuit, claim, action, investigation or proceeding.

**12.21 Telephone Equipment**. The Franchisee will, at its expense, maintain a voice mail system and mobile telephone devices which must at all times meet the Franchisor's then-current standards and specifications.

**12.22 Technology**. The Franchisee will use in the Business the NextGen System, or another software program the Franchisor designates, including all existing or future communication or data storage systems, components thereof and associated hardware and services, which the Franchisor has developed and/or selected for the System (the "Software"). The Software used in the Franchisee's business includes proprietary modifications to third-party software developed by or for the Franchisor, and the Software is the confidential property of the Franchisor. The Franchisor will host the Software and the Franchisee will access the Software over the Internet. The Franchisor will strive to provide continuous access to the Software, but the Franchisor will have no liability related to Software downtime, whether scheduled or unscheduled. The Franchisor also may access financial information and customer data produced by or otherwise located on the Software (collectively the "Customer Data"). The Customer Data includes customers' and potential customers' addresses, phone numbers, emails and any measurements acquired. All Customer Data must be entered into the NextGen System within seven days after the Franchisee acquires such Data. The Franchisor owns the Customer Data that is stored on the Software. The Franchisee will have in its Business the computer hardware and form of Internet connection as specified by the Franchisor. The Franchisee will use an email address designated by the Franchisor for communication with the Franchisor and existing and potential customers. The Franchisor has the right to designate a single source from whom the Franchisee must purchase any software or hardware components or associated services, and Franchisor or its affiliates may be that single source. The Franchisor has the right to update and/or replace the Software. In such event, the Franchisee may be required to enter into a separate computer software license agreement. The Franchisee will be required to use and, at the Franchisor's discretion, pay for all future updates, licensee fees, supplements and modifications to the Software or any replacement program. The Franchisee must comply with all laws and regulations relating to privacy and data protection and must comply with any privacy policies or data protection and breach response policies the Franchisor periodically may establish. The Franchisee must notify the Franchisor immediately of any suspected breach at or in connection with the Business. The Franchisor has the right to charge the Franchisee the then-current fee for use of the Software ("Software Fee") for licensing the Software. The Franchisor has the right to charge the Franchisee the then-current monthly or annual fee ("Marketing and Technology Fee" or "Technology Fee") for access and for support, hosting, database and other services related to the Software. Currently, the Franchisor charges one percent (1%) of Gross Sales per year for the Technology Fee, but the Franchisor has the right to increase this annual support fee up to 2.5% per year upon 60 days' written notice to the Franchisee. Franchisee must pay any additional then- current annual or monthly fee associated with the use of the Software or the NextGen System, in addition to the monthly support fee paid to the Franchisor. The Franchisor also has a right to charge additional monthly or annual fees for the use of any Software required for the Business and for any access to the NextGen System. It is the Franchisee's responsibility to protect itself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and the Franchisee waives any and all claims the Franchisee may have against the Franchisor as the direct or indirect result of such disruptions, failures and attacks.

**12.23 Nextgen Great Sealcoating Website**. The Franchisor will establish and maintain an Internet website or detailed home page (the "NextGen Great Sealcoating Home Page") to advertise and promote the Businesses, including the Franchisee's Business. The Franchisor has the right to determine all features of the NextGen Great Sealcoating Home Page, including the domain name, content, format, and links to other websites. The Franchisor also has the right to modify, suspend or temporarily or permanently discontinue the NextGen Great Sealcoating Home Page at any time. The Franchisor and its affiliates will have the sole right to advertise Businesses on the Internet, to sell merchandise directly to retail and/or wholesale customers via the Internet under the "NextGen Great Sealcoating" name and the Marks, to create a website or home page containing the "NextGen Great Sealcoating" name and the Marks, and to use "www.great sealcoating.com," or any derivative or related domain names. The Franchisee will not establish or maintain a website or home page on the Internet for its Business and will not use any of the Marks in any Internet website or home page, without the Franchisor's prior written consent. Franchisee's general conduct (if authorized by the Franchisor) on any website, home page or other on-line communication systems (including any use of the Marks) is subject to any rules or restrictions imposed by Franchisor. Further, the Franchisee may not market, advertise or promote its Business or conduct any business on the Internet (or any other existing or future form of electronic communication) without the Franchisor's prior written approval, including without limitation using social and professional networking sites, email marketing or other digital marketing to promote the Franchisee's Business.

**12.24 Operation of Business**. Any required standards exist to protect the Franchisor's interest in the Franchise Operation System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to the Franchisee. The Franchisee will be totally and solely responsible for the operation of its Business, and will control, supervise and manage all the employees, agents and independent contractors who work for or with the Franchisee. The Franchisee will be responsible for the acts of its employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all federal, state and local laws, rules and regulations. The Franchisor will have no right, obligation or responsibility to recommend, interview, hire, discipline, control, supervise or manage or terminate the Franchisee's employees, agents or independent contractors.

**12.25 National/regional accounts**. The Franchisee agrees to follow the policies and procedures with respect to National/Regional Accounts as set forth in the Manuals from time to time. The Franchisor has the right to charge the Franchisee a fee or to require the Franchisee to pay commissions for the generation of National/Regional Account leads. For purposes of this Agreement, a "National/Regional Account" means any customer who has locations in the Territory of more than one NextGen Great Sealcoating franchisee.

**12.26 Credit Card Payment**. The Franchisee must allow all of its customers to pay by credit card. In addition, the Franchisee must allow all of its customers to pay online through a credit card processor that the Franchisee elects or through the Franchisor for a processing fee. Franchisee must comply with all Payment Card Industry Data Security Standards and all other industry standards for the accepting and processing of credit card payments. The franchisee must otherwise comply with rules of participation as may be established by the Franchisor through the Manuals or other forms of communication.

## SECTION 13
## INSURANCE

**13.1 General Liability Insurance**. The Franchisee will procure and maintain in full force and effect, at its sole cost and expense, general liability insurance with coverage of at least five hundred thousand dollars ($500,000) insuring the Franchisee, the Franchisor and their respective officers, directors, agents and employees from and against any and all loss, liability, claim or expense of any kind whatsoever, including errors and omissions, bodily injury, personal injury, death, property damage, products liability and all other damages resulting from the condition, operation, use, business or occupancy of the Business and the Franchisee's office.

**13.2 Vehicle Insurance**. The Franchisee will procure and maintain in full force and effect, at its sole cost and expense, automobile liability insurance with coverage of at least five hundred thousand dollars

($500,000) insuring the Franchisee, the Franchisor and their respective officers, directors, agents and employees from any and all loss, liability, claim or expense of any kind whatsoever resulting from the use, operation or maintenance of all automobiles, trucks, trailers or vehicles owned by the Franchisee or used by the Franchisee or any of the Franchisee's employees (including vehicles or trailers owned or leased by any employee of the Franchisee) in connection with the Franchisee's Business.

**13.3** **Property Insurance; Fire and Extended Coverage**. The Franchisee will procure and maintain in full force and effect, at its sole cost and expense, "all risks" property insurance coverage, which must include fire and extended coverage, for the inventory, machinery, equipment and fixtures and furnishings owned or leased by the Franchisee and used by the Business. The Franchisee's property insurance policy (including fire and extended coverage) must have coverage limits of at least "replacement" cost.

**13.4** **Umbrella Liability Insurance**. The Franchisee will procure and maintain in full force and effect, at its sole cost and expense, "umbrella" liability insurance with coverage of at least $1,000,000 insuring the Franchisee, the Franchisor and their respective officers, directors, agents and employees from and against any and all loss, liability, claim or expense of any kind whatsoever in excess of the coverages obtained pursuant to Section 13.1 and 13.2 above.

**13.5** **Other Insurance**. The Franchisee will, at its sole cost and expense, procure and maintain all other insurance required by state or federal law, including workers' compensation insurance for its employees, as well as all insurance required under any lease, mortgage, deed of trust, contract for deed or any other legal contract in connection with the Business.

**13.6** **Insurance Companies; Evidence of Coverage**. All insurance companies providing coverage to the Franchisee and the Franchisee's Business must be acceptable to and approved by the Franchisor and must be licensed in the state where coverage is provided. The Franchisee will provide the Franchisor with certificates of insurance or other proof of insurance required by Franchisor, evidencing the insurance coverage required pursuant to this Section no later than the date the Franchisee opens for business, and the Franchisee will immediately provide Franchisor such proof of insurance in the form required by Franchisor upon expiration, change or cancellation of any insurance policy.

**13.7** **Defense of Claims**. All liability insurance policies procured and maintained by the Franchisee will require the insurance company to provide and pay for attorneys to defend any legal actions, lawsuits or claims brought against the Franchisee, the Franchisor, and their respective officers, directors, employees and agents.

**13.8** **Franchisor's Rights**. All insurance policies procured and maintained by the Franchisee pursuant to this Section will name the Franchisor and its affiliates and their respective officers, directors, and employees as additional named insured, will contain endorsements by the insurance companies waiving all rights of subrogation against the Franchisor, and will stipulate that the Franchisor will receive copies of all notices of cancellation, nonrenewal, or coverage reduction or elimination at least 30 days prior to the effective date of such cancellation, nonrenewal or coverage change. The Franchisor may periodically increase the amounts of coverage required under such insurance policies and/or required different or additional kinds of insurance with 90 days' notice to the Franchisee. The Franchisee's obligation to obtain and maintain the insurance policies described above in the amounts specified will not be limited in any way by reason of any insurance that the Franchisor may maintain, nor does the Franchisee's procurement of required insurance relieve the Franchisee of liability under the indemnity obligations described in Section 22. The Franchisee's insurance procurement obligations under this Section are separate and independent of the Franchisee's indemnity obligations. The Franchisor does not represent or warrant that any insurance that the Franchisee is required to purchase will provide adequate coverage for the Franchisee. The requirements of insurance specified in this Agreement are for the Franchisor's protection. The Franchisee should consult with its own insurance agents, brokers, attorneys and other insurance advisors to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required by the Franchisor.

**13.9** **Material Breach**. The Franchisee's failure to comply with the provisions of this Section will be deemed to be a material breach of this Agreement and the Franchisor will have the right, but not the obligation, to procure on behalf of the Franchisee and the Franchisee's Business, any and all insurance required under this Agreement with the agent and insurance company of the Franchisor's choice. Should the Franchisor decide to provide the required insurance on behalf of the Franchisee, the Franchisor will invoice the Franchisee for all costs and expenses incurred by the Franchisor to procure the required insurance coverage on behalf of the Franchisee and the Franchisee's Business. Within ten days of receipt of an invoice from the Franchisor, the Franchisee must pay all amounts owed to the Franchisor for costs and expenses to procure insurance coverage on behalf of the Franchisee and the Business.

## SECTION 14
## FINANCIAL STATEMENTS, REPORTS OF GROSS REVENUES, FORMS AND ACCOUNTING

**14.1** **Monthly, Year-To-Date and Annual Financial Statements**. The Franchisee will, at its expense, provide the Franchisor with annual financial statements for the Franchisee's Business. The annual financial statements will be due by April 15th of each year for the preceding year. The Franchisee must provide the Franchisor with a current year-to-date financial statement and all bank statements for the Franchise Business within 15 days after the Franchisor's request for such statement. The financial statements for Franchisee's Business must be separate from any personal finances and any other business entity.

**14.2** **Verification of Financial Statements**. If the Franchisee's annual Financial Statements are not certified by an independent certified public accountant, then the Franchisee's annual Financial Statements must be verified by an officer of the Franchisee.

**14.3** **Tax Returns**. On or before March 31 of each year, the Franchisee will provide the Franchisor with signed copies of the Franchisee's annual federal and state income tax returns, sales tax returns, and copies of any other federal, state and local tax returns filed by the Franchisee including, but not limited to, any amended tax returns filed by the Franchisee for preceding years together with written proof that the Franchisee has paid all taxes due.

**14.4** **Reports of Gross Revenues**. The Franchisee will enter all Gross Revenues into the NextGen System by Sunday of each week for the Gross Revenues received for the preceding week.

**14.5** **Franchisor's Audit Rights**. The Franchisee and the Franchisee's accountants will make all of their records, ledgers, work papers, books, accounts, and financial information, including without limitation, all tax returns, books and records of the legal entity holding Franchisee, bank statements, credit card statements, cash receipts and cash disbursements journals, general ledgers, payroll tax returns, W-2 forms for all employees, purchase records, and all personal tax returns for each of the owners of Franchisee, ("financial records") available to the Franchisor at all reasonable times for review and audit by the Franchisor or its designee, and will provide the Franchisor with adequate facilities to conduct the review and audit. If the financial records are computerized, then the Franchisor will have the absolute right to access the Franchisee's computer and software programs containing the financial records. The Franchisor or its designee will have the right to make copies of the Franchisee's financial records in hard copy or electronic form. Further, in addition to or in lieu of an on-site audit, Franchisor has the right to require Franchisee to provide to Franchisor, at Franchisee's sole expense, copies of all such financials records as Franchisor requests. The Franchisee's financial records for each fiscal year will be kept in a secure place by the Franchisee and will be available for audit by the Franchisor for at least five years. If an audit by the Franchisor results in a determination that the Franchisee's Gross Revenues were understated and such an understatement is intentional, is greater than 2%, or reveals that the Franchisee has underpaid the Royalty

Fees by more than $500 during any 12-month period, then the Franchisee will pay the Franchisor for all costs and expenses (including salaries of the Franchisor's employees, travel costs, room and board, copying, postage and audit fees) that the Franchisor incurred as a result of the audit of the Franchisee's financial records (any of any follow-up audit or inspection over the ensuing 24- month period). If the Franchisee has underpaid the Franchisor, then the Franchisee will, within ten days of receipt of an invoice from the Franchisor indicating the amounts owed, pay to the Franchisor any deficiency in Royalty Fees or other amounts owed to the Franchisor, together with interest as provided for herein. The Franchisee's failure or refusal to produce the books and financial records for audit by the Franchisor in accordance with this Section 14.5 will constitute a material breach of this Agreement and will be grounds for the immediate termination of this Agreement by the Franchisor. Franchisor's right to audit will continue for 24 months following the termination or expiration of this Agreement. In order to verify any information Franchisee provides, Franchisor has the right to reconstruct Franchisee's sales through the inventory construction method or any other reasonable method of analyzing and reconstructing sales. Franchisee agrees to accept any such reconstruction of sales unless Franchisee provides evidence (in a form satisfactory to Franchisor) of Franchisee's sales within 14 days from the date of any notice of understatement.

**14.6 Pre-Authorized Bank Transfers**. The Franchisee will, from time to time during the term of this Agreement, execute such documents as the Franchisor may request to provide the Franchisee's unconditional and irrevocable authority and direction to its bank or financial institution authorizing and directing the Franchisee's bank or financial institution to transfer directly to the bank account of the Franchisor, and to charge to the account of the Franchisee, the amount of Royalty Fees, product purchases and other sums due and payable by the Franchisee to the Franchisor pursuant to this Agreement. The transfer authorizations will be in the form prescribed by the Franchisor's bank. Transfers will be made on the fifteenth (15th) each Month for Royalty Fees payable on the Franchisee's Gross Revenues for the preceding Month, on the date the Franchisor ships products to the Franchisee for product purchases, and upon issuance of an invoice by the Franchisor for other amounts payable by the Franchisee. The Franchisee's authorizations will permit the Franchisor to designate the amount to be transferred from the Franchisee's account, and to adjust such amount from time to time, for the Royalty Fees and other sums then payable to the Franchisor from the Franchisee. If the Franchisee fails at any time to provide the Monthly reports of Gross Revenues required under Section 14 of this Agreement, then the Franchisor will have the right, in its sole judgment, to estimate the amount of Royalty Fees and other sums due and payable to the Franchisor, and to transfer such estimated amount from the Franchisee's bank account to the Franchisor's bank account. The Franchisee will at all times maintain a balance in its account at its bank or financial institution sufficient to allow the appropriate amount to be transferred from the Franchisee's account for payment of the Royalty Fees, product purchases and other sums payable by the Franchisee directly to the Franchisor's bank account.

## SECTION 15
## FRANCHISOR'S RIGHT OF FIRST REFUSAL

**15.1 Right to Purchase Business Assets**. The Franchisee will not pledge, sell, assign, trade, transfer, lease, sublease, or otherwise dispose of any interest in or any part of ("Transfer"), the Business or the Business Assets, as defined in this provision, to any party without first offering the same to the Franchisor in a written offer that contains all material terms and conditions of the proposed Transfer (hereinafter referred to as the "Price and Terms"). This provision will be applicable to the proposed sale or transfer of: (a) the Franchisee's Business; (b) any Ownership Interests in the Franchisee (subject to Section 15.3); (c) the lease for the Franchisee's office (if applicable); (d) the land and building for the Franchisee's office (if applicable); (e) this Agreement; and (f) the trucks, trailers, supplies, equipment, customer lists or other assets used in the Business, except for transactions involving the sale of such items in the normal course of business (hereinafter either collectively or individually referred to as the "Business Assets"). This provision does not apply to the assignment or pledge of the Business Assets (with the exception of this Agreement) by the Franchisee to a bank, financial institution or other lender made in connection with the financing of the trucks, trailers, supplies and equipment, and/or the real estate and building used in the Franchisee's Business.

**15.2 <u>Notice of Proposed Sale</u>**. Within 15 business days after receipt by the Franchisor of the Franchisee's written offer specifying the Price and Terms for the proposed Transfer of the Business Assets, the Franchisor will give the Franchisee written notice in which the Franchisor will either waive its right of first refusal to purchase, or will state an interest in negotiating to purchase the Business Assets. If the Franchisor commences negotiations to purchase the Franchisee's Business Assets as set forth herein, then the Franchisee will not Transfer the Business Assets to a third party until the Franchisor and the Franchisee agree in writing that the negotiations have terminated. If the Franchisor waives its right to purchase, then the Franchisee will have the right to complete the Transfer of the Business Assets according to the Price and Terms set forth in the written notice to the Franchisor; however, any such Transfer to a third party is expressly subject to the terms and conditions set forth in Section 16 of this Agreement. If the Franchisee does not consummate the Transfer of the Business Assets to a third party upon the Price and Terms previously presented to the Franchisor in writing, but negotiates a sale price with a third party that is lower or on different terms and conditions than the stated Price and Terms for the Business Assets presented to the Franchisor, then the offer must be recommunicated or made to the Franchisor by the Franchisee. The Franchisor will give the Franchisee written notice within 15 business days thereafter which will state whether or not the Franchisor is interested in purchasing the Business Assets according to the proposed new terms. The Franchisee's obligations under this Agreement including, but not limited to, its obligations to pay the Royalty Fees and to operate the business as a Business in accordance with this Agreement will in no way be affected or changed because of the Franchisor's nonacceptance of the Franchisee's written offer to purchase the Business Assets, and as a consequence, the terms and conditions of this Agreement will remain in full force and effect. Moreover, if the Franchisor does not exercise the rights granted to it pursuant to this provision and if the Franchisee complies with Section 16 and Transfers the Business Assets to a third party, then both the Franchisee and the third-party purchaser will be required to comply in all respects with the terms and conditions of this Agreement and the Transfer of the Business Assets will not relieve the Franchisee of its obligations under this Agreement. The Franchisor's decision not to exercise the rights granted to it pursuant to this provision will not, in any way, be deemed to grant the Franchisee the right to terminate this Agreement and will not affect the term of this Agreement.

**15.3 <u>Sale of Ownership Interests by Franchisee's Owners</u>**. The Ownership Interests of the Franchisee owned by the Franchisee's Owners may not be Transferred by the Franchisee's Owners until the Ownership Interests offered for Transfer have first been offered to the Franchisor in writing under the same terms and conditions offered to any third party. In the event the Franchisee's Owners desire to Transfer any Ownership Interests, then the Franchisee's Owners will first offer them to the Franchisor in writing under the same terms and conditions being offered to any third party. The Franchisor will have 20 business days within which to accept any Owner's offer to Transfer the Ownership Interests. Notwithstanding the terms of this Section, the Franchisee's Owners may bequeath or Transfer their Ownership Interests to their spouse or children or to the other registered Owners of the Franchisee without first offering it to the Franchisor, provided that each proposed transferee Owner who will be involved in the operations or management of the Business is, in the Franchisor's reasonable judgment, qualified from a managerial and financial standpoint to operate the Business in an economic and businesslike manner. The Franchisee and the Franchisee's Owners must give the Franchisor prior written notice of all proposed Transfers, and the proposed transferee Owners must agree to be personally liable under this Agreement and enter into a written agreement where they agree to perform all the terms and conditions of this Agreement. All certificates evidencing Ownership Interests issued by the Franchisee to its Owners must bear the following legend:

> The Ownership Interest represented by this certificate is subject to a written Franchise Agreement which grants NextGen Great Sealcoating Franchise Group LLC the right of first refusal to purchase this Ownership Interest from the Owner. Any person acquiring the Ownership Interest represented by this certificate will be subject to the terms and conditions of the Franchise Agreement between the company named on this certificate and NextGen Great Sealcoating Franchise Group LLC, which includes covenants not to compete that apply to all Owners.

**15.4 Acknowledgment of Restrictions**. The Franchisee acknowledges and agrees that the restrictions imposed by the Franchisor on the transfer of the Business Assets are reasonable and necessary to protect the goodwill associated with the Franchise Operation System and the Marks, as well as the Franchisor's reputation and image, and are for the protection of the Franchisor, the Franchisee and all other franchisees that own and operate NextGen Great Sealcoating businesses. Any Transfer of the Business Assets permitted by this Section will not be effective until the Franchisor receives fully executed copies of all documents relating to the Transfer, and the Franchisor has consented in writing to the Transfer.

**15.5 Selling Owners Subject To Covenant Not To Compete**. Any Owner of the Franchisee that Transfers any of his or her Ownership Interests in the Franchisee will be subject to the provisions of Section 20.3 of this Agreement after the Transfer, which provision specifically survives the transfer.

**15.6 Right of the Franchisor to Purchase Franchise Assets**. If this Agreement expires or is terminated by either the Franchisor or the Franchisee for any reason whatsoever, or if the Franchisee at any time ceases to do business within the Territory as a Business, then the Franchisor will have the right, but not the obligation, to purchase all or part of the Franchisee's Business, including the then-usable trucks, trailers, supplies, inventory and equipment, and all other assets that are required by the Franchisor for a standard Business and owned by the Franchisee in its Business and to acquire any lease or other contract rights of the Franchisee (hereinafter referred to in this provision as the "Franchise Assets"). The Franchisor will not purchase any assets from the Franchisee that are not part of the standard Business. Within two business days after this Agreement expires or is terminated by either party, wrongfully terminated by the Franchisee or the Franchisee ceases to do business as a Business, the Franchisee must give the Franchisor written notice listing the original cost, depreciated value and asking price for each of the Franchise Assets. If the Franchisee fails to give the Franchisor this notice and/or if the Franchisor and the Franchisee cannot agree on the price of the Franchise Assets, then either party will have the right to demand that the price of the Franchise Assets be determined by Arbitration as provided for in Section 26. The Arbitrator will not consider any value for goodwill associated with the name "NextGen Great Sealcoating" in determining the fair market value of the Franchise Assets. If the Arbitrator is unable to determine the fair market value of any of the Franchise Assets, then they will be valued at book value (cost less depreciation). The Franchisor will have the right, but not the obligation, to purchase any or all of the Franchise Assets from the Franchisee for cash within 20 days after the fair market value of the Franchise Assets has been established by the Arbitrator in writing. Nothing in this provision may be construed to prohibit the Franchisor from enforcing the terms and conditions of this Agreement, including the covenants not to compete contained in Section 20.

## SECTION 16
## TRANSFER

**16.1 Transfer by Franchisor**. This Agreement may be unilaterally transferred and assigned by the Franchisor without the approval or consent of the Franchisee and will inure to the benefit of the Franchisor's successors and assigns. The Franchisor will give the Franchisee written notice of any such Transfer, and the assignee will be required to fully perform the Franchisor's obligations under this Agreement.

**16.2 Transfer by Franchisee to Owned or Controlled Entity**. In the event the Franchisee is an individual or partnership, this Agreement may be Transferred by the Franchisee, without first offering it to the Franchisor pursuant to Section 15, to a corporation or other entity which is owned or controlled by the Franchisee without paying any transfer fee, provided that: (a) the Franchisee and the Owners who own a majority (51% or greater) of the voting Ownership Interests of the transferee entity sign or have signed a personal guaranty in the form contained in this Agreement; (b) the Franchisee furnishes prior written proof to the Franchisor substantiating that the transferee entity will be financially able to perform all of the terms and conditions of this Agreement; and (c) none of the Owners owns, operates, franchises, develops, manages or controls any Competing Business. The Franchisee will give the Franchisor 30 days' written notice prior to the proposed date of Transfer of this Agreement to an entity owned or controlled by the Franchisee; however, the Transfer of this Agreement will not be valid or effective until the Franchisor has received the documents its attorneys deem reasonably necessary to properly and legally document the Transfer of this Agreement to the entity as provided for herein.

**16.3 <u>Transfer by Individual Franchisee in Event of Death or Permanent Disability</u>**. If the Franchisee is an individual, then in the event of the death or permanent disability of the Franchisee, this Agreement may be Transferred or bequeathed by the Franchisee to any designated person or beneficiary without first offering the Franchisor the right to acquire this Agreement pursuant to Section 15 of this Agreement and without the payment of any transfer fee. However, the Transfer of this Agreement to the transferee or beneficiary of the Franchisee will be subject to the applicable provisions of Section 16.4, and will not be valid or effective until the Franchisor has received the properly executed legal documents which its attorneys deem necessary to properly and legally document the Transfer or bequest of this Agreement. Furthermore, the transferee or beneficiary must agree to be unconditionally bound by the terms and conditions of this Agreement and to personally guarantee the performance of the Franchisee's obligations under this Agreement.

**16.4 <u>Approval of Transfer</u>**. Subject to the provisions of Section 16.2 and 16.3, this Agreement or the Business Assets, as defined in Section 15.1, may be Transferred by the Franchisee only with the prior written approval of the Franchisor, which shall approval shall be granted or withheld in the sole discretion of Franchisor except that the Franchisor will not unreasonably withhold its consent to any Transfer of this Agreement, provided the Franchisee and/or the transferee fully comply with the following conditions:

(a) The franchisee has complied in all respects with the applicable provisions of section 15 of this agreement; and

(b) All of the franchisee's monetary obligations due to the franchisor have been paid in full, and the franchisee is not otherwise in default under this agreement; and

(c) The franchisee has executed a written agreement, in a form satisfactory to the franchisor, in which the franchisee agrees to observe all applicable provisions of this agreement, including the provisions with obligations and covenants that continue beyond the expiration or termination of this agreement which includes the covenants not to compete contained in section 20 of this agreement;

(d) The franchisee and each of the owners have executed a general release of all claims relating to or arising out of this agreement, the business or the parties business relationship in the form designated by the franchisor attached hereto as **<u>Attachment 7</u>** provided that no release language shall relieve the franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the state of Pennsylvania, provided, that this part will not bar the voluntary settlement of disputes.; and

(e) The transferee is not and does not intend to own, operate or be involved in a competing business; and

(f) The transferee has demonstrated to the franchisor's satisfaction that the transferee meets the franchisor's managerial, financial and business standards for new franchisees, possesses a good business reputation and credit rating, and possesses the aptitude and ability to operate the business in an economic and businesslike manner (as may be evidenced by prior related business experience or otherwise); and

(g) The transferee and all parties having a legal or beneficial interest in the transferee, including, if applicable, the transferee's owners as required by the franchisor, execute the franchisor's then-current standard franchise agreement for a new ten year term and such other ancillary agreements as the franchisor may require for the transfer of the franchisee's business. The transferee will not be required to pay any initial fee and will pay the Monthly Royalty Fees to the franchisor at the rate specified in this agreement. However, the transferee will be required to pay the initial inventory of marketing materials and business supplies, the initial inventory of products, and the minimum annual Royalty Fees at the then-current rates charged by the franchisor. In addition: (i) the transferee will be required to pay all additional fees and to comply with all other provisions not specified or provided for in this agreement but which are required pursuant to the terms of the then-current standard franchise agreement, (ii) demographic changes may have occurred in the geographic area defined as the territory(ies) in section 2.1 of this agreement during the term of this agreement, with a resulting change in the number of territory in that area determined in accordance with the franchisor's then-current standards for determining the size or composition of a territory, and as a result, the number of territory covered by the franchisor's then- current franchise agreement to be signed by the transferee for acquisition of the franchise may be increased or decreased with resulting modifications in the fees payable by the transferee; and (iii) the transferee will make such repairs, replacements or updates to the trucks, trailers, supplies, and equipment used in the business as are reasonably required to comply with the franchisor's then-current standards; and

(h) prior to the date of transfer, the transferee and its general manager must successfully complete the training program prescribed by the franchisor and the transferee must pay the training expenses for the transferee and all other persons sent to the franchisor's training program.

The Franchisor may expand upon, and provide more details related to, the conditions for transfer and the Franchisor's consent as described in this Section 16.4 and may do so in the Manuals or otherwise in writing.

**16.5 Transfer to Competitor Prohibited**. The Franchisee will not Transfer the Franchise Business, this Agreement or any of the Business Assets to any person, partnership, corporation or entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any Competing Business.

**16.6 Acknowledgment of Restrictions**. The Franchisee acknowledges and agrees that the restrictions imposed by the Franchisor on the transfer of the Business Assets are reasonable and necessary to protect the goodwill associated with the Franchise Operation System and the Marks, as well as the Franchisor's reputation and image, and are for the protection of the Franchisor, the Franchisee and all other franchisees that own and operate Businesses. Any Transfer of the Business Assets permitted by this Section 16 will not be effective until the Franchisor receives fully executed copies of all documents relating to the Transfer, and the Franchisor has consented in writing to the Transfer.

**16.7 Transfer Fee**. If, pursuant to the terms of this Section 16, this Agreement is Transferred to another person or entity, or if the Franchisee's Owners transfer (in the aggregate) controlling interest in the Franchisee to a third party, then the Franchisee will pay the Franchisor a transfer fee of five thousand dollars ($5,000) for the costs incurred by the Franchisor for training the transferee and its General Manager, attorneys' fees, accountants' fees, out-of-pocket expenses, communication costs, administrative costs and the time of its employees and officers. The transfer fee must be paid by the Franchisee to the Franchisor on or before the date of closing on the Transfer.

**16.8 Franchise Resale Fee**. If, pursuant to the terms of this Section 16, this Agreement is Transferred to a person or entity identified as a potential purchaser of a new franchise by the Franchisor, then in addition to the transfer fee payable pursuant to Section 16.7 the Franchisee will pay the Franchisor a franchise resale fee equal to 8% of the selling price for the Franchisee's Business. The franchise resale fee must be paid by the Franchisee to the Franchisor on or before the date of closing on the Transfer.

## SECTION 17
## FRANCHISOR'S TERMINATION RIGHTS: DAMAGES

Unless otherwise required by State law, we have the absolute right to terminate this Agreement for as follows:

**17.1 Without Opportunity to Cure**. Notwithstanding any provision in this Section 17 to the contrary, we have the right to immediately terminate this Agreement upon notice without providing you an opportunity to cure for any of the following breaches or defaults:

(a) Criminal Acts. If you or your General Managers, estimators, partners, directors, officers or one or more Owners ("Principals") are convicted of or plead guilty or no contest to a felony or take part in any criminal misconduct or violation of law relevant to the operation of your Franchise or commit any act or conduct which materially impairs the goodwill associated with the Franchisor's Marks or the Franchise Operation System.

(b) Fraud. If you or your Principals commit any fraud in the operation of your Business.

(c) Misrepresentation. If you or your Principals make any material misrepresentation or omission in connection with your franchise application, including but not limited to, any financial misrepresentation.

(d) Failure to Complete Training. If you fail to complete initial training as provided in Paragraph 9.1.

(e) Unauthorized Transfer. You purport to sell, transfer or otherwise dispose of your or any interest in the franchise business in violation of Section 15 and 16 hereof.

(f) Repeated Notices of Breaches. If we send you two (2) or more written notices to cure pursuit to Sections 17.2. or 17.3 hereof in any twelve (12) month period, or we send you three (3) or more written notices to Cure a breach of any other part of the Agreement for the same or a similar breach, within any thirty-six (36) month period.

(g) Breach of Other Agreements. If you or your Principals materially breach any other agreement with us or any of our affiliates, or threaten any material breach of any such agreement, or any lease for the Approved Location, and fails to cure such breach within any permitted period for cure.

(h) Proprietary Marks or Confidential Information Violation. If you or your Principals materially violate any provision hereof pertaining to Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information licensed hereunder.

(i) Violation of Audit Requirement. If you fail or refuse to permit the Franchisor to audit the Franchisee's financial records or fails or refuses to produce its financial records for audit by the Franchisor in accordance with Section 14.

(j) Violation of In-term Restrictive Covenant. If you violate the in-term restrictive covenant contained in Section 20.

(k) Voluntary Bankruptcy. If you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under and federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the Franchise.

(l) Involuntary Bankruptcy. If proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or the Franchise without your consent, and the appointment is not vacated within 60 days.

(m) Liens. If a levy of writ of attachment or execution or any other lien is placed against you or any of your principals or any of their assets which is not released or bonded against within 30 days.

(n) Insolvency. If you or any of your Principals become insolvent.

(o) Abandonment. If you voluntarily or otherwise abandon the Franchise. The term "abandon" includes any conduct which indicates a desire or intent to discontinue the franchisee business in accordance with the terms of this Agreement and shall apply in any event you fail to operate the Business as a System Business for a period of five (5) or more consecutive days without our prior written approval.

(p) the Franchisee fails to timely purchase and maintain the Business Assets including trucks, supplies and equipment required for its Franchise Business and such failure substantially affects the opening or operation of the Franchise Business or otherwise fails to open and commence operations of its Business within sixty (60) days from the Effective Date of this Agreement;

(q) the Franchisee fails to timely pay any of its uncontested obligations or liabilities due and owing to its employees, suppliers, banks, purveyors and other creditors, or to the Franchisor;

(r) any check issued by the Franchisee is dishonored because of insufficient funds (except where the check is dishonored because of an error in bookkeeping or accounting) or closed accounts;

(s) the Franchisee fails to timely file any required federal, state or other income or sales tax return or fails to timely pay any taxes when due;

**17.2 Upon 15 Days Advance Notice to Cure**. Unless otherwise required by State law, we have the right to terminate this Agreement if any of the following defaults remains uncured after expiration of the fifteen (15) day cure period.

(a) Nonpayment. If you fail to pay as and when due any sums owed to us, any of our affiliates, or any of your suppliers.

(b) Failure to Maintain Sufficient Inventory Level. If you fail to maintain sufficient levels of inventory to adequately meet consumer demand.

(c) Failure to Open. If you fail to commence operations of your Business within the time prescribed in Section 5 and 10 of this Agreement.

(d) Interruption of Service. If you fail to maintain the prescribed months, days or hours of operation at the Business.

(e) Failure to Personally Supervise Business Operations, Employ Adequate Personnel or Failure to adhere to Franchisor's Uniforms and Dress Code. If you or your manager fail, in our sole discretion, to personally supervise day-to-day operation of the Business or fail to employ a sufficient number of qualified, competent personnel as we require from time to time or do not adhere to Franchisors uniform and dress code for owners, managers and crew.

(f) Unapproved Purchases. You order or purchase supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier or which we have not approved.

(g) Quality Control. If you fail to maintain the strict quality controls reasonably required by this Agreement and/or the Operations Manual.

(h) Other Conduct Reflecting Adversely on System. You conduct yourself in a manner that may be criminal or not criminal, reflects adversely on the System, the Proprietary Marks, or the products offered through the System.

(i) No Reliable Internet Connection. If you fail to maintain a reliable computer and Internet connection to the NextGen System for longer than ten consecutive days; or

(j) Other Defaults. If you are in default under any other agreement between the Franchisor and the Franchisee or its affiliates

**17.3 Upon 60 Days Advance Notice to Cure**. Unless otherwise required by State law, we have the right to terminate this Agreement if you fail to perform or comply with any term or condition of this Agreement other than specified in Section 17.1 or 17.2 above if such defaults remains uncured after expiration of the sixty (60) day cure period.

**17.4 Automatic Termination**. If you fail to cure the alleged breach within the applicable periods of time set forth in this Section 17, then this Agreement shall automatically terminate upon the expiration of the cure period as stated in the written notice.

**17.5 Step in Rights**. In addition to our right to terminate this Agreement, and not in lieu of such right, or any other rights we may have against you, upon a failure to cure any default within the applicable time period (if any) we have the right, but not the obligation, to send its representatives to the Business Premises to operate the Business Franchise until such time that the default has been cured and you have satisfactorily completed any and all remedial training we reasonably require, or until we terminate this Agreement, but in no event for more than ninety (90) days, renewable as necessary for up to one (1) year. You promise to permit our representatives to enter the Franchise for this purpose, to fully comply with their directions concerning operation of the Franchise, and to take no action that would hinder their operation of the Franchise. While we temporarily supervise operations, we promise to periodically discuss the status of the Franchise's operations with you. You will be obligated to reimburse us for our costs and expenses incurred in providing one or more representatives to operate the Franchise, including, without limitation, reasonable salaries and travel and lodging expenses. You also will be responsible for all costs incurred for you or the manager of the Franchise to attend any remedial training programs that we reasonably require to cure a performance default, including travel and lodging expenses and our then- current training fee. You promise to indemnify and hold harmless us and any of our representatives who may act hereunder respecting any acts and omissions which we or our representatives may perform, or fail to perform, while temporarily supervising operation of the Franchise pursuant to this Section.

**17.6 Non-waiver**. Our delay in exercising or failing to exercise any right or remedy under this Agreement or our acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of our rights or remedies against you.

**17.7** **Notice of Breach**. The Franchisor will not have the right to terminate this Agreement unless and until written notice setting forth the alleged breach in detail has been given to the Franchisee by the Franchisor; and the Franchisee fails to correct the alleged breach within the period of time specified in this Agreement or by applicable law. If the Franchisee fails to correct the alleged breach set forth in the written notice within the applicable period of time, then this Agreement may be terminated by the Franchisor as provided for in this Section 17. For the purposes of this Agreement, an alleged breach of this Agreement by the Franchisee will be deemed to be "corrected" if both the Franchisor and the Franchisee agree in writing that the alleged breach has been corrected.

**17.8** **Notice of Termination**. If the Franchisee has not corrected the alleged breach set forth in the written notice within the time period specified in this Agreement, then the Franchisor will have the absolute right to terminate this Agreement by giving the Franchisee written notice that this Agreement is terminated. The effective date of termination of this Agreement will be the date of the written notice of termination.

**17.9** **Notice of Immediate Termination**. If this Agreement is terminated by the Franchisor pursuant to Section 17.1 above, then this Agreement will automatically terminate on the first minute of the 25th hour after the Franchisee's receipt of the written notice of immediate termination if the Franchisee fails to correct the alleged breach within 24 hours after receipt of the notice of immediate termination. For the purposes of this Agreement, an alleged breach of this Agreement by the Franchisee will be deemed to be "corrected" if both the Franchisor and the Franchisee agree in writing that the alleged breach has been corrected.

**17.10** **Damages**. In the event this Agreement is terminated by the Franchisor pursuant to this Section 17, or if the Franchisee breaches this Agreement by a wrongful termination or a termination that is not in accordance with the terms and conditions of this Agreement, then the Franchisor will be entitled to recover from the Franchisee all damages that the Franchisor has sustained and will sustain in the future as a result of the Franchisee's breach of this Agreement, taking into consideration the Royalty Fees and other amounts that would have been payable by the Franchisee for the remaining term of this Agreement.

**17.11** **Other Remedies**. Nothing in this Section 17 shall preclude the Franchisor from seeking other remedies or damages under state or federal laws, common law, or under this Agreement against the Franchisee including, but not limited to, attorneys' fees and injunctive relief.

**17.12** **Effect of Other Laws**. The provisions of any valid, applicable law or regulation regarding permissible grounds, cure rights or minimum periods of notice for termination of this Agreement will supersede any provision of this Agreement that is less favorable to Franchisee than such applicable law or regulation.

## SECTION 18
## FRANCHISEE TERMINATION RIGHTS

**18.1** **Your Right to Terminate this Agreement**. You have the right to terminate this Agreement, upon ninety (90) days prior written notice to us, if we materially breach this Agreement and fail to cure our breach as set forth in this Section 18. If you elect to terminate this Agreement based upon our breach of this Agreement, you shall give us written notice of our breach and your intent to terminate this Agreement at least ninety (90) days prior to the date of intended termination stating the reasons for such termination. The notice shall permit us to cure the default within ninety (90) days following our receipt of written notice, provided, however, that if the nature of our obligations are such that more than ninety (90) days are required for cure, then we shall not be in default if we commence to cure within the ninety (90) day period and thereafter diligently continue our efforts to cure the default.

**18.2** **Notice of Breach**. The Franchisee will not have the right to terminate this Agreement or to commence any action, lawsuit or Arbitration proceeding against the Franchisor for breach of this Agreement, injunctive relief, violation of any state, federal or local law (including alleged violations of franchise laws), violation of common law (including allegations of fraud and misrepresentation), rescission, general damages, or termination, unless written notice setting forth the alleged breach or violation in detail has been given to the Franchisor by the Franchisee and the Franchisor fails to correct the alleged breach or violation within ninety (90) days after the date of the written notice. If the Franchisor fails to correct the alleged breach or violation, as provided for herein, within ninety (90) days after written notice of the alleged breach, then this Agreement may be terminated by the Franchisee as provided for in this Agreement. For the purposes of this Agreement, an alleged breach or violation of this Agreement by the Franchisor will be deemed to be "corrected" if both the Franchisor and the Franchisee agree in writing that the alleged breach or violation has been corrected.

**18.3 Waiver**. The Franchisee must give the Franchisor immediate written notice of any alleged breach or violation of this Agreement after the Franchisee has actual or constructive knowledge of, believes, determines or is of the opinion that there has been an alleged breach or violation of this Agreement by the Franchisor. If the Franchisee fails to give written notice to the Franchisor of any alleged breach or violation of this Agreement within one year from the date that the Franchisee has knowledge of, believes, determines or is of the opinion that there has been an alleged breach or violation by the Franchisor, then the alleged breach or violation by the Franchisor will be deemed to be condoned, approved and waived by the Franchisee, the alleged breach or violation by the Franchisor will not be deemed to be a breach or violation of this Agreement by the Franchisor, and the Franchisee will be barred from terminating this Agreement or commencing any Arbitration or other action against the Franchisor for that alleged breach or violation.

**18.4 Injunctive Relief Available To Franchisor**. Notwithstanding any of the foregoing provisions, if the Franchisee gives the Franchisor any notice of an alleged breach or violation of this Agreement or of any laws that give rise to damages and/or the termination of this Agreement by the Franchisee, then the Franchisor will have the absolute right to immediately commence legal action against the Franchisee to enjoin and prevent the termination of this Agreement by the Franchisee until the matter has been heard by the court without regard to any waiting period that may be contained in this Agreement. If the Franchisor commences such legal action against the Franchisee, then the Franchisee will not have the right to terminate this Agreement unless and until the court has determined that the Franchisor has breached this Agreement in the manner alleged by the Franchisee, and then only if the Franchisor fails to correct the breach or violation within 60 days after final judgment has been entered against the Franchisor and all time for appeals by the Franchisor has expired. If the Franchisor commences any legal action against the Franchisee as contemplated by this provision, then the Franchisor will not be required to post any bond or security whatsoever in such legal action.

## SECTION 19
## FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION

**19.1 Termination of Use of Marks; Other Obligations**. In the event this Agreement is terminated for any reason or this Agreement expires without the Franchisee reacquiring the franchise for the Territory, then the Franchisee's right to use the name "NextGen Great Sealcoating," all other Marks and the Franchise Operation System will terminate immediately. Also, Franchisee shall:

(a) within five days after termination, pay all fees and other amounts due and owing to the Franchisor under this Agreement;

(b) immediately return to the Franchisor by first class prepaid United States mail all Manuals, advertising materials and all other printed materials pertaining to the Business or any Confidential Information, including all Customer Data;

(c) immediately inform its suppliers in writing of the termination of the Franchisee's right to operate a Franchise Business; and

(d) comply with all other applicable provisions of this Agreement.

**19.2 Acknowledgement of Penalty for Continued Unauthorized Use of Marks**. Upon termination or expiration of this Agreement for any reason, the Franchisee agrees and acknowledges that its continued use of the Marks after the expiration or termination of this Agreement will be without the Franchisor's consent and will constitute an "exceptional case" under federal trademark law (15 U.S.C. §1117) entitling the Franchisor to recover treble damages, costs and attorneys' fees, among other available remedies.

**19.3 Alteration Of Franchisee's Vehicles**. If this Agreement expires or is terminated for any reason or if the Franchisee ever ceases operating as a Business, then the Franchisee will immediately, at its expense, completely remove the NextGen Great Sealcoating signs and the Marks from all vehicles and other equipment used by the Franchisee in its Business.

**19.4 Transfer of Franchise Business Information Listings**. Upon termination or expiration of this Agreement, the Franchisee must immediately assign to Franchisor all telephone numbers (including cellular phone numbers), email accounts, websites and any and all social media accounts associated with the Franchise Business. The Franchisor will have the absolute right to notify all appropriate and related parties of the termination or expiration of Franchisee's right to use all such Business Information Listings under the "NextGen Great Sealcoating" name and to authorize all listing parties to transfer to the franchisor or its assignee all such accounts and listings for the Franchise Business. The Franchisee acknowledges that the Franchisor has the absolute right and interest in and to all such accounts and listings associated with the Marks, and the Franchisee hereby authorizes the Franchisor to direct the listing parties to transfer the Franchisee's listings to the Franchisor or the Franchisor's assignee if this Agreement expires or is terminated for any reason whatsoever. The listing parties and all related persons will have the right to accept this Agreement as evidence of the exclusive rights of the Franchisor to such listings and this Agreement will constitute the authority from the Franchisee for the listing parties to transfer all such Franchise Business Information Listings to the Franchisor. The Franchisee will not make any claims or commence any action against said third parties for complying with this provision. The Franchisor will not assume any liability for outstanding amounts due to said third parties at the time assignment and transfer to Franchisor.

## SECTION 20
## FRANCHISEE'S COVENANTS NOT TO COMPETE

**20.1 Consideration**. The Franchisee and the Owners acknowledge that they will receive specialized training and Confidential Information from the Franchisor pertaining to the Franchise Operation System and the operation of the Business. In consideration for the receipt of training and the use and license of the Confidential Information, the Franchisee and the Owners will comply in all respects with the provisions of this Section.

**20.2 In-Term Covenant Not To Compete**. The Franchisee acknowledges that this Section is a material provision of this Agreement, and that the Franchisor will not sell a NextGen Great Sealcoating franchise to any person or entity that does or intends to own, operate or be involved in a Competing Business. Consequently, the Franchisee and the Owners will not, during the term of this Agreement, on their own account or as an employee, agent, consultant, partner, officer, director, or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any Competing Business, except with the prior written consent of the Franchisor.

**20.3 Post-Term Covenant Not To Compete**. The Franchisee and the Owners will not, for a period of two (2) years after the termination or expiration of this Agreement, on their own account or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in any Competing Business which is located or operates within the Territory, within the territory of any other Business operated by the Franchisor or any of its franchisees, or within any exclusive area granted to any other person or entity by the Franchisor pursuant to a development agreement, sub franchise agreement or other agreement. The Franchisee and the Owners expressly agree that the time and geographical limitations set forth in this provision are reasonable and necessary to protect the Franchisor and the Franchisor's franchisees if this Agreement expires or is terminated by either party for any reason, and that this covenant not to compete is necessary to protect the Franchisor's goodwill and permit the Franchisor the opportunity to resell and/or develop a new Business at or in the area near the Territory.

**20.4** **Injunctive Relief**. The Franchisee and the Owners agree that the provisions of this Section are necessary to protect the legitimate business interests of the Franchisor and the Franchisor's franchisees including, without limitation, prevention of the unauthorized dissemination of Confidential Information to competitors of the Franchisor and the Franchisor's franchisees, protection of the Franchisor's trade secrets, goodwill, and the integrity of the Franchisor's franchise system, and prevention of the duplication of the Franchise Operation System by unauthorized third parties. The Franchisee and the Owners also agree that damages alone cannot adequately compensate the Franchisor if there is a violation of this Section by the Franchisee or the Owners, and that injunctive relief against the Franchisee and the Owners is essential for the protection of the Franchisor and the Franchisor's franchisees. The Franchisee and the Owners agree therefore, that the Franchisor will have the right to enforce this Section by injunctive relief against the Franchisee and the Owners, in addition to all other remedies that may be available to the Franchisor. The Franchisor will not be required to post a bond or other security in any injunctive proceeding to enforce this Section.

## SECTION 21
## INDEPENDENT CONTRACTORS

The Franchisor and the Franchisee are each independent contractors and, as a consequence, there is no employer-employee or principal-agent relationship between the Franchisor and the Franchisee. The Franchisee will not have the right to and will not make any agreements, representations or warranties in the name of or on behalf of the Franchisor or represent that their relationship is other than that of franchisor and franchisee. Neither the Franchisor nor the Franchisee will be obligated by or have any liability to the other under any agreements or representations made by the other to any third parties. All contracts for Jobs will be between the Franchisee and the customer. The Franchisee will take all reasonable steps necessary to inform the public, customers, suppliers, lenders and other business establishments that the Franchisee's Business is independently owned and operated by the Franchisee pursuant to a franchise from the Franchisor.

## SECTION 22
## INDEMNIFICATION

**22.1** **Indemnification**. The Franchisor will not be obligated to any person or entity for any damages arising out of, from, in connection with, or as a result of the Franchisee's or its employee's negligence, the Franchisee's wrongdoing, or the operation of the Franchisee's Business. Therefore, the Franchisee will indemnify and hold the Franchisor harmless against, and will reimburse the Franchisor for, all damages for which the Franchisor is held liable and for all costs reasonably incurred by the Franchisor in the defense of any claim or action brought against the Franchisor arising from, in connection with, arising out of, or as a result of the Franchisee's (or its employee's) negligence, wrongdoing, actions, inaction, or the operation of the Franchisee's Business including, without limitation, attorneys' fees, investigation expenses, court costs, deposition expenses, travel and living expenses, and interest. The Franchisee will indemnify the Franchisor, without limitation, for all claims arising from: (a) any personal injury, property damage, commercial loss or environmental contamination resulting from any act or omission of the Franchisee or its employees, agents or representatives; (b) any failure on the part of the Franchisee to comply with any requirement of any governmental authority; (c) any failure of the Franchisee to pay any of its obligations; or (d) any failure of the Franchisee to comply with any requirement or condition of this Agreement or any other agreement with the Franchisor or any affiliate of the Franchisor. The Franchisor will have the right to defend any claim made against it arising as a result of, in connection with or from the Franchisee's negligence or wrongdoing or the operation of the Franchisee's Business.

**22.2 Attorneys' Fees and Other Costs**. The Franchisee will pay all attorneys' fees, costs, expenses and interest incurred by the Franchisor in enforcing any term, condition or provision of this Agreement or in seeking to enjoin any violation of this Agreement by the Franchisee. In any action brought pursuant to this Agreement where the Franchisor prevails against the Franchisee, the Franchisee will indemnify the Franchisor for all costs that it incurs in any lawsuit or proceeding arising under this Agreement including, without limitation, attorneys' fees, expert witness fees, costs of investigation, court costs, litigation expenses, travel and living expenses, interest, and all other costs incurred by the Franchisor.

**22.3 Continuation of Obligations**. The indemnification and other obligations contained herein will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

## SECTION 23
## DISCLAIMERS; ACKNOWLEDGMENTS

**23.1 No Financial Projections**. The Franchisor expressly disclaims the making of any representations, estimates, projections, warranties or guaranties, expressed or implied, regarding potential sales, Gross Revenues, income, profits or earnings, expenses, value, or the financial or business success of the Franchisee's Business, and has specifically refrained from stating such in the Franchisor's Franchise Disclosure Document, a copy of which has been provided to the Franchisee.

**23.2 No Income or Refund Warranties**. The Franchisor does not warrant or guarantee to the Franchisee: (a) that the Franchisee will derive income or profit from the Business; or (b) that the Franchisor will refund all or part of the Initial Fee or the price paid for the Franchisee's Business or repurchase any of the trucks, trailers, products, supplies or equipment supplied or sold by the Franchisor or an approved supplier if the Franchisee is unsatisfied with its Business.

**23.3 Acknowledgements by Franchisee**. The Franchisee acknowledges that it has conducted an independent investigation of the Franchise Business and recognizes that the business venture contemplated by this Agreement involves business and economic risks and that the financial and business success of the Franchisee's Business will be primarily dependent upon the personal efforts of the Franchisee, its management and its employees. The Franchisee acknowledges that it has not received any express or implied representations or warranties described in Section 23.1 or Section 23.2 from the Franchisor or any of the Franchisor's officers, employees or agents that were not contained in the Franchise Disclosure Document received by the Franchisee (hereinafter referred to in this provision as "Representations"). The Franchisee further acknowledges that if it had received any such Representations, it would not have executed this Agreement, and that it would have: (a) promptly notified the President of the Franchisor in writing of the person or persons making such Representations; and (b) provided to the Franchisor a specific written statement detailing the Representations made.

**23.4 Other Franchisees**. The Franchisee acknowledges that other franchisees of the Franchisor have or will be granted franchises at different times different locations, under different economics and in different situations, and further acknowledges that the economics and terms and conditions of such franchises may vary substantially in form and in substance from those contained in this Agreement.

**23.5 Receipt of Agreement and Franchise Disclosure Document**. The Franchisee acknowledges that if Franchisor materially altered the provisions of this Agreement (except as a result of negotiations Franchisee initiated), Franchisee nevertheless received a copy of this Agreement with such modifications and with all material blanks fully completed at least fourteen (14) calendar days prior to the Effective Date that this Agreement was executed by the Franchisee. The Franchisee further acknowledges that it has received a copy of the Franchisor's Franchise Disclosure Document Circular at least fourteen (14) calendar days prior to the Effective Date on which this Agreement was executed or any payment was made to the Franchisor, by the Franchisee, with respect to the franchise.

**23.6 No Personal Liability**. The Franchisee agrees that fulfillment of any and all of Franchisor obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a Court of Law shall be the Franchisor's sole responsibility and none of our agents, representatives, nor any individuals associated with our franchise company as Franchisor shall be personally liable to you for any reason. This is an important part of this Agreement. You as Franchisee agree that nothing that you believe you have been told by us or our representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. Do no sign this Agreement if there is any question concerning its contents or any representations made.

## SECTION 24
## FRANCHISEE'S LEGAL COUNSEL

The Franchisee acknowledges that the Franchisor has strongly recommended that the Franchisee should retain an attorney or other advisor to review the Franchisor's Franchise Disclosure Document, including the Franchisor's financial statements and this Agreement; to review all leases, contracts and other legal documents relating to the Business, to review the economics, operations and other business aspects of the Business, to advise the Franchisee on tax issues, financing matters, insurance matters, employee matters, health and safety laws, motor vehicle laws, environmental laws, licensing laws, laws relating to the application or use of asphalt emulsions, additives, and crack sealants, and other applicable state and federal laws, to determine compliance with franchising and other applicable laws, to advise the Franchisee on the structure of its Business and other business matters, and to advise the Franchisee as to the terms, conditions and obligations of this Agreement and the potential economic benefits and risks of loss relating to this Agreement and the Business. The name and contact information of the Franchisee's attorney or other advisor is:

____________________________________________ Telephone Number: ___________
____________________________________________ Email: _____________________

## SECTION 25
## ENFORCEMENT

**25.1 Injunctive Relief**. Notwithstanding the provisions of Section 26 of this Agreement, the Franchisor will have the right to petition a court of competent jurisdiction for the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to: (a) the Franchisor's Marks and the Franchise Operation System; (b) the obligations of the Franchisee upon termination or expiration of this Agreement; (c) the Transfer of this Agreement, the Franchisee's Business, the Business Assets or the Ownership Interests of the Franchisee; (d) Confidential Information and covenants not to compete; and (e) any act or omission by the Franchisee or the Franchisee's employees that, (1) constitutes a violation of any applicable law, ordinance or regulation, (2) is dishonest or misleading to the clients or customers of the Franchisee's Business or other Businesses, (3) constitutes a danger to the employees, public, clients or customers of the Franchisee's Business, or (4) may impair the goodwill associated with the Franchisor's Marks and the Franchise Operation System. The Franchisor will be entitled to injunctive relief against the Franchisee without posting a bond or other security. The Franchisee will indemnify the Franchisor for all costs that it incurs in any lawsuit or proceedings under this provision in accordance with Section 22.2.

**25.2** **Waiver**. The Franchisor and the Franchisee may, by written instrument signed by the Franchisor and the Franchisee, waive any obligation of or restriction upon the other under this Agreement. Acceptance by the Franchisor of any payment by the Franchisee and the failure, refusal or neglect of the Franchisor to exercise any right under this Agreement or to insist upon full compliance by the Franchisee of its obligations hereunder including, without limitation, any mandatory specification, standard or operating procedure, will not constitute a waiver by the Franchisor of any provision of this Agreement.

**25.3** **Payments to Franchisor**. The Franchisee's payment obligations under this Agreement are absolute and unconditional. The Franchisee will not for any reason withhold payment of any Royalty Fees or any other fees or payments due the Franchisor pursuant to this Agreement or pursuant to any other contract, agreement or obligation to the Franchisor. The Franchisee will not have the right to "offset" any liquidated or unliquidated amounts, damages or other funds allegedly due to the Franchisee by the Franchisor against any Royalty Fees or any other fees or payments due to the Franchisor under this Agreement or under any other agreement or contract.

**25.4** **Cumulative Rights**. The rights of the Franchisor hereunder are cumulative and no exercise or enforcement by the Franchisor of any right or remedy hereunder will preclude the exercise or enforcement by the Franchisor of any other right or remedy hereunder or which the Franchisor is entitled by law to enforce.

**25.5** **Venue and Jurisdiction**. Unless provided by this Agreement or applicable law to the contrary, all Arbitration hearings, litigation, lawsuits, hearings, proceedings and other actions initiated by either party against the other will be venued in Monroe County, Pennsylvania, or the United States District Court for the District of Pennsylvania. The Franchisor also has the right to file any such action against the Franchisee in the federal or state court where the Franchisee's Business is located. The Franchisee acknowledges that the Franchisee and its Owners, officers, Directors and employees have had substantial business and personal contacts with the Franchisor in the State of Pennsylvania and the federal and state court where the Franchisee's Business is located, and do hereby waive personal jurisdiction and venue in such courts for the purposes of any suit, proceeding or Arbitration hearing brought to enforce or construe the terms of this Agreement or to resolve any dispute or controversy arising under, as a result of, or in connection with this Agreement, the Territory, the Franchisee's Business, or the relationship between the parties.

**25.6** **Binding Agreement**. This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest.

**25.7** **No Oral Modification**. No modification, change, addition, rescission, release, amendment or waiver of this Agreement and no approval, consent or authorization required by any provision of this Agreement may be made except by a written agreement signed by duly authorized officers or partners of the Franchisee and the President or a Vice President of the Franchisor. The Franchisee and the Franchisor will not have the right to amend or modify this Agreement orally or verbally, and any attempt to do so will be void in all respects.

**25.8** **Entire Agreement**. This Agreement supersedes and terminates all prior agreements, either oral or in writing, between the parties and therefore any representations, inducements, promises or agreements alleged by either the Franchisor or the Franchisee that are not contained in this Agreement will not be enforceable. The recitals are a part of this Agreement, which constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between the Franchisor and the Franchisee relating to the subject matter of this Agreement. Nothing in the Agreement is intended to disclaim the representations Franchisor made in the franchise disclosure document that Franchisor furnished to Franchisee.

**25.9 Joint and Several Liability**. If the Franchisee consists of more than one individual, then the liability of all such individuals under this Agreement will be deemed to be joint and several.

**25.10 Headings; Terms**. The headings of the Sections are for convenience only and do not in any way define, limit or construe the contents of such Sections. The term "Franchisee" as used herein is applicable to one or more individuals, a corporation or a partnership, as the case may be, and the singular usage includes the plural, the masculine usage includes the neuter and the feminine, and the neuter usage includes the masculine and the feminine. References to "Franchisee," "assignee" and "transferee" which are applicable to an individual or individuals will mean the principal owner or owners of the equity or operating control of the Franchisee or any such assignee or transferee if the Franchisee or such assignee or transferee is a corporation or partnership. If the Franchisee consists of more than one individual, then all individuals will be bound jointly and severally by the terms and conditions of this Agreement.

**25.11 Personal Guaranty**. Each Owner must execute the Personal Guaranty attached to this Agreement as **Attachment 3** and incorporated herein by reference. Any person or entity that at any time after the Effective Date becomes an Owner must, as a condition of becoming an Owner, sign the Personal Guaranty.

**25.12 Notice of Potential Profit**. The Franchisor hereby advises the Franchisee that the Franchisor and/or the Franchisor's affiliates may from time to time make available to the Franchisee Products or Services for use in the Franchisee's Business on the sale of which the Franchisor and/or the Franchisor's affiliates may make a profit. The Franchisor further advises the Franchisee that the Franchisor and/or the Franchisor's affiliates may from time to time receive consideration from suppliers and/or manufacturers in respect to sales of Products or Services to the Franchisee or in consideration of services rendered or rights licensed to such persons. The consideration may or may not be related to services performed. The Franchisee agrees that the Franchisor and/or the Franchisor's affiliates shall be entitled to those profits and/or consideration.

**25.13 WAIVER OF PUNITIVE DAMAGES**. THE FRANCHISEE AND THE FRANCHISOR AND THEIR AFFILIATES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR A CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN THEM, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT.

**25.14 WAIVER OF JURY TRIAL**. THE FRANCHISOR AND THE FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

## SECTION 26
## ARBITRATION

**26.1 Disputes Subject To Arbitration**. Except as expressly provided to the contrary in this Agreement, any and all disputes arising under, as a result of, or in connection with this Agreement, the relationship between the parties, the Territory, the Franchisee's Business or the Personal Guaranty and Agreement to be Bound Personally by the Terms and Conditions of the Franchise Agreement, including allegations of fraud, misrepresentation or violation of any state of federal laws or regulations, will be resolved exclusively by Arbitration in Monroe County, Pennsylvania in accordance with the Code of Procedure of the American Arbitration Association.

**26.2 Notice of Dispute**. The party alleging the dispute must provide the other party with written notice setting forth the alleged dispute in detail. The party who receives written notice alleging the dispute will have 30 days to resolve the dispute, unless the written notice alleges that the Franchisee is delinquent in the payment of any fees or other payments payable to the Franchisor, in which case the Franchisee will have 15 days to make full payment (including interest as provided for herein) to the Franchisor.

**26.3 Demand for Arbitration**. If the dispute alleged by either party has not been resolved, settled or compromised within the time period provided for in this Section, then either party may demand Arbitration by giving the other party written notice demanding Arbitration. Within ten days after a written demand for Arbitration has been made, either party will have the right to request that the office of the American Arbitration Association initiate procedures necessary to appoint a three Arbitrator panel in accordance with the Code of Procedure of the American Arbitration Association. The Arbitrators will be appointed within 60 days after a written demand for Arbitration has been made in accordance with the Code of Procedure of the American Arbitration Association. All Arbitration hearings will take place exclusively in Monroe County, Pennsylvania and will be scheduled by the Arbitrators within 90 days after the Arbitrators have been selected.

**26.4 Powers of Arbitrators**. The authority of the Arbitrators will be limited to making a finding, judgment, decision and award relating to the interpretation of or adherence to the written provisions of this Agreement. The Arbitrators have no authority to add to, delete or modify the terms and provisions of this Agreement. All findings, judgments, decisions and awards of the Arbitrators will be limited to the dispute set forth in the written demand for Arbitration, and the Arbitrators have no authority to decide any other issues. The Arbitrators do not have the right or authority to award punitive damages to anyone, including the Franchisor, to the Franchisee or to the Franchisee's officers, directors or Owners. All findings, judgments, decisions and awards by the Arbitrators will be in writing, will be made within 30 days after the Arbitration hearings have been completed, and will be final and binding on the Franchisor, the Franchisee, the Franchisee's officers, directors and Owners. The written decision of the Arbitrators will be deemed to be an order, judgment and decree and may be entered as such in any Court of competent jurisdiction by either party.

**26.5 Disputes Not Subject to Arbitration**. The following disputes between the Franchisor and the Franchisee will not be subject to Arbitration: (a) any dispute involving the Marks or which arises under or as a result of Section 4 of this Agreement; (b) any dispute involving immediate termination of this Agreement by the Franchisor pursuant to Section 17 of this Agreement; (c) any dispute involving enforcement of the Confidential Information provisions set forth in Section 8 of this Agreement; (d) any dispute involving enforcement of the covenants not to compete contained in Section 20 of this Agreement; (e) any dispute involving the sale, transfer or assignment of this Agreement, the Franchisee's Business, the Business Assets or Ownership Interest; (d) any dispute involving the renewal of this Agreement; and (f) any dispute involving the Franchisor's rights under Sections 15 or 16 of this Agreement.

**26.6 No Collateral Estoppel or Class Actions**. All Arbitration findings, judgments and awards made by the Arbitrators will be final and binding on the Franchisor, the Franchisee and the Franchisee's officers, directors and Owners; however, such Arbitration findings, judgments and awards may not be used: (1) to collaterally estop any party to the arbitration from raising any like or similar issue in any other or subsequent arbitration, litigation, court hearing or other proceeding involving third parties or other franchisees, or (2) by any third party or other franchisee to establish any fact, action, finding or violation, in any arbitration, litigation, court hearing or other proceeding involving the Franchisor or the Franchisee. It is the intent of the parties that any arbitration proceeding between the Franchisor and Franchisee will be of their individual claims and that no claims subject to arbitration will be arbitrated on a class-wide basis. No party except the Franchisor, the Franchisee, and the Franchisee's officers, directors and Owners will have the right to join in any demand for Arbitration and, therefore, the Arbitrators are not authorized to permit class actions or to permit any other party to be joined or impleaded in any Arbitration. The Franchisee and the Franchisee's Officers, Directors and Owners, and the Franchisor agree that no party will be entitled to punitive damages. Thus, the Arbitrators do not have the right to award punitive damages to any party and all parties expressly waive their rights to allege or claim punitive damages.

**26.7 Confidentiality**. All evidence, testimony, records, documents, findings, decisions, judgments and awards pertaining to any Arbitration hearing between the Franchisor and the Franchisee will be secret and confidential in all respects. The Franchisor and the Franchisee will not disclose the decision or award of the Arbitrators and will not disclose any evidence, testimony, records, documents, findings, orders, or other matters from the Arbitration hearing to any person or entity except as required by law.

**26.8 De Novo Action on Merits**. If the Arbitrators award either the Franchisor or the Franchisee damages (including actual damages, costs and attorneys' fees) in excess of $100,000 in any Arbitration proceeding commenced pursuant to this Agreement, then the party who has been held liable by the Arbitrators will have the right to a de novo action on the merits by commencing an action in a court of competent jurisdiction in accordance with Section 25.6. If the party held liable by the Arbitrators commences a court action as provided for herein, then neither party will have the right to introduce the Arbitrators' decision or findings in any such court action and the Arbitrators' decision and findings will be of no force and effect and will not be final or binding on either the Franchisor or the Franchisee. If the party who has been held liable by the Arbitrators for over $100,000 in damages fails to commence a court action within 30 days after the Arbitrators issue their award in writing, then the Arbitrators' findings, judgments, decisions and awards will be final and binding on the Franchisor and the Franchisee and may be entered as a final judgment in any court of competent jurisdiction by any party to the arbitration.

**26.9 Performance During Arbitration of Disputes**. The Franchisor and the Franchisee will perform their respective obligations pursuant to this Agreement during arbitration of any dispute.

**26.10 Federal Arbitration Act**. This Agreement and any issue regarding arbitration arising under this Agreement will be governed by the Federal Arbitration Act and the federal common law of arbitration.

## SECTION 27
## GOVERNING LAW; STATE MODIFICATIONS; SEVERABILITY

**27.1 Pennsylvania Governing Law**. Subject to our rights under the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 et seq.) and the parties' rights under the Federal Arbitration Act, this Agreement and the relationship between the Franchisor and the Franchisee will be governed exclusively and unconditionally by the laws of the Commonwealth of Pennsylvania. The provisions of this Agreement which conflict with or are inconsistent with applicable governing law will be superseded and/or modified by such applicable law only to the extent such provisions are inconsistent. All other provisions of this Agreement will be enforceable as originally made and entered into upon the execution of this Agreement by the Franchisee and the Franchisor.

**27.2 Reasonable Business Judgment**. Whenever this Agreement provides that the Franchisor has a certain right, that right is absolute, and the parties intend that the Franchisor's exercise of that right will not be subject to any limitation or review. The Franchisor has the right to operate, administrate, develop, and change the Franchise Operation System in any manner that is not specifically precluded by the provisions of this Agreement. Whenever the Franchisor reserves or is deemed to have reserved discretion in a particular area or where the Franchisor agrees or is deemed to be required to exercise its rights reasonably or in good faith, the Franchisor will satisfy its obligations whenever it exercises Reasonable Business Judgment in making its decision or exercising its rights. A decision or action by the Franchisor will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if the Franchisor's decision or action is intended, in whole or significant part, to promote or benefit the NextGen Great Sealcoating franchise system generally even if the decision or action also promotes a financial or other individual interest of the Franchise. Examples of items that will promote or benefit the NextGen Great Sealcoating franchise system include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the NextGen Great Sealcoating Franchise Operation System. Neither Franchisee nor any third party (including, without limitation, a trier of fact), shall substitute its judgment for Franchisor's Reasonable Business Judgment.

**27.3 Severability**. It is the desire and intent of the parties to this Agreement, including the Owners, that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policy applied in each jurisdiction in which enforcement is sought. All provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder or the taking of some other action not required hereunder, or if under any applicable law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by the Franchisor is invalid or unenforceable, the prior notice or other action required by such law or rule will be substituted for the notice requirements hereof, or such invalid or unenforceable provision, specification, standard or operating procedure will be modified to the extent required to be valid and enforceable. If any provision of this Agreement is adjudicated to be invalid or unenforceable, then such provision will be deemed amended to modify or delete that portion thus adjudicated to be invalid or unenforceable. Such modification or deletion will apply only with respect to the operation of such provision in the particular jurisdiction in which the adjudication is made. Further, to the extent any provision of this Agreement is deemed unenforceable by virtue of its scope or limitation, the parties to this Agreement, including the Owners, agree that the scope and limitation provisions will, nevertheless, be enforceable to the fullest extent permissible under the applicable laws and public policies applied in such jurisdiction where enforcement is sought.

## SECTION 28
## NOTICES

**28.1 Franchisor**. All notices to the Franchisor will be in writing and will be made by personal service upon an officer of the Franchisor or sent by prepaid registered or certified mail addressed to the Franchisor at the following address or such other address as the Franchisor may designate in writing:

Timothy Smeltz, CEO
5538 Hamilton South
Sciota, PA 18354

**28.2 Franchisee**. All notices to the Franchisee will be made by personal service upon the Franchisee (or, if applicable, upon an officer or Director of the Franchisee) or sent by prepaid registered or certified mail addressed to the Franchisee at the Franchisee's Office, or such other address as the Franchisee may designate in writing.

**28.3 Other**. Notice may also be made through delivery by a recognized delivery service that requires a written receipt signed by the addressee. Notice by mail is effective upon depositing the same in the mail in the manner provided above, notice by personal service is effective upon obtaining service, and notice by overnight delivery service is effective upon delivery (as confirmed by written receipt) by such delivery service.

**WITNESS WHEREOF**, the Franchisor, the Franchisee and the Franchisee's Owners have respectively signed this Agreement effective as of the day and year first above written.

**FRANCHISOR:**
**NEXTGEN GREAT SEALCOATING FRANCHISE GROUP LLC**

By:______________________________________
Tim Smeltz, CEO

**FRANCHISEE:**

________________________________________

The undersigned Owners of the Franchisee hereby agree to be individually bound by the terms and conditions of this Agreement.

| **OWNERS** | **PERCENTAGE OF OWNERSHIP** |
|---|---|
| | ________________________________________% |
| | ________________________________________% |
| | ________________________________________% |

## ATTACHMENT 1 TO FRANCHISE AGREEMENT
## FRANCHISEE ACKNOWLEDGEMENT
## STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

_____
Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

_____
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

_____
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

_____
Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

______
Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

______
Initial

7. Franchisee acknowledges that it has received the NextGen Great Sealcoating Franchise Group LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

______
Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

______
Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

______
Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

______
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

______
Initial

12. BY EXECUTING THIS AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL

REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE NEXTGEN GREAT SEALCOATING FRANCHISE GROUP LLC AND AFFILIATES, THE NEXTGEN INDEMNITIEES. AND ALL OF THEIR OFFICERS, DIRECTORS, SHAREHOLDERS, AGENTS AND SUCCESSORS AND ASSIGNS FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

_____
Initial

FRANCHISEE:

___________________________

By:________________________

______________,_____________
(Print Name, Title)

Date:______________________

PRINCIPAL:

__________________________________

__________________________________
(Print Name)

Date: _____________________________

PRINCIPAL:

__________________________________

__________________________________
(Print Name)

Date: ______________________________

**ATTACHMENT 2 TO FRANCHISE AGREEMENT**

**TERRITORY ADDENDUM**

**NEXTGEN GREAT SEALCOATING FRANCHISE GROUP LLC** as Franchisor ("We") and ____________________________________________ as Franchisee ("You"), have on _____ , entered into a Franchise Agreement for the operation of a Franchise Business using our Proprietary Marks and System and desire to supplement its terms, as set forth below. The parties therefore agree as follows: Within sixty (60) days after you receive notice of approval of the Franchise Agreement, you shall select a qualified territory, at your expense, for the proposed Franchise Business under the Franchise Agreement, which territory we shall review and decide if approved as hereinafter provided:

> The Franchisor hereby grants to the Franchisee the exclusive right to operate one (1) Franchise Business relating to residential/home-based jobs and projects within the geographical boundary commonly known and delineated by State government as _________________ County/Counties with assigned zip code(s) of___________(the "Territory"), which has been determined by Franchisor and acknowledged and agreed to by Franchisee to contain at least 75,000 household residences.

Your failure to obtain a suitable territory within the time required above shall constitute a default under the Franchise Agreement and this Addendum. Time is of the essence. No proposed site for your territory shall be deemed approved unless we have expressly approved it in writing.

We shall furnish to you such territory selection guidelines, consultation and overall evaluation as we deem advisable as part of our evaluation of your request for territory approval.

You hereby acknowledge and agree that our approval of a territory does not constitute an assurance, representation or warranty or any kind, express or implied, as to the suitability of the territory for the Franchise Business or for any other purpose. Our approval indicates only that we believe the location complies with acceptable minimum criteria established by us solely for our purposes as of the time of the evaluation. Both parties to this Agreement acknowledge the application of criteria that have been effective with respect to other territories may not be predictive of potential for all territories and that, subsequent to our approval of a territory, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from our criteria could change thereby altering the potential of a territory. Such factors are unpredictable and are beyond our control. We shall not be responsible for the failure of a territory approved by us to meet your expectations as to revenue or operational criteria. You further acknowledge and agree that your acceptance of a Franchise for the operation of the Franchise Business at the site is based on your own independent investigation of the suitability of the territory.

This Territory Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and terms of this Territory Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Territory Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

**FRANCHISEE UNDERSTANDS, ACKNOWLEDGES AND AGREES THAT THE EXCLUSIVE TERRITORY RIGHTS GRANTED HEREUNDER SHALL RELATE SOLELY AND BE STRICTLY LIMITED TO RESIDENTIAL JOBS AND PROPERTIES WITHIN THE APPROVED TERRITORY. ACCORDINGLY, ALL COMMERCIAL JOBS/PROPERTIES ARE**

**NON-EXCLUSIVE AND CAN BE BID AND SERVICED BY ANY FRANCHISEE, AND YOU LIKEWISE SHALL BE PERMITTED TO BID AND SERVCIE ANY COMMERCIAL PROPERTY/JOB OUTSIDE OF YOUR TERRITORY.**

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

**FRANCHISOR:**
**NEXTGEN GREAT SEALCOATING FRANCHISE GROUP LLC**

By:______________________________________
Tim Smeltz, CEO

**FRANCHISEE:**

________________________________________

## ATTACHMENT 3 TO THE FRANCHISE AGREEMENT
## PERSONAL GUARANTY

In consideration of the execution of this Franchise Agreement by the Franchisor, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually, jointly and severally hereby become surety and guaranty for the payment of all amounts and the performance of the covenants, terms and conditions in this Franchise Agreement, to be paid, kept and performed by the Franchisee.

Further, the undersigned, individually, jointly and severally, hereby agree to be personally bound by each and every condition and term contained in this Franchise Agreement and agree that this PERSONAL GUARANTY should be construed as though the undersigned and each of them executed an Agreement containing the identical terms and conditions of this Franchise Agreement.

If any default should at any time be made therein by the Franchisee, then the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay to the Franchisor all monies due and payable to the Franchisor under the terms and conditions of this Franchise Agreement.

In addition, if the Franchisee fails to comply with any other terms and conditions of this Franchise Agreement, then the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to comply with the terms and conditions of this Franchise Agreement for and on behalf of the Franchisee.

In addition, should the Franchisee at any time be in default on any obligation to pay monies to the Franchisor or any subsidiary or affiliate of the Franchisor, whether for merchandise, products, supplies, furniture, fixtures, equipment or other goods purchased by the Franchisee from the Franchisor or any subsidiary or affiliate of the Franchisor, or for any other indebtedness of the Franchisee to the Franchisor or any subsidiary or affiliate of the Franchisor, then the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay all such monies due and payable from the Franchisee to the Franchisor or any subsidiary or affiliate of the Franchisor upon default by the Franchisee.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this PERSONAL GUARANTY will inure to the benefit of the successors and assigns of the Franchisor.

All disputes or controversies arising under, as a result of, or in connection with this PERSONAL GUARANTY will be resolved in accordance with the terms and conditions of the Franchise Agreement. Except as precluded by applicable law, all arbitration, litigation, actions or proceedings pertaining to this PERSONAL GUARANTY will be brought and venued in accordance with the Franchise Agreement.

The undersigned persons hereby represent to Franchisor that they are all of the owners, shareholders, partners or members, and all of the managers of the Franchisee, or otherwise, as the case may be.

**PERSONAL GUARANTORS**

| | |
|---|---|
| Signature | Signature |
| Print Name | Print Name |
| Address | Address |
| City | City |
| State Zip Code | State Zip Code |
| Telephone | Telephone |

**ATTACHMENT 4 TO THE FRANCHISE AGREEMENT**
COLLATERAL ASSIGNMENT OF LEASE

*(to be used in the event Franchisee uses a business location office other than within his/her residence)*

FOR VALUED RECEIVED, the undersigned ("Assignor") hereby assigns and transfers to NextGen Great Sealcoating Franchise Group LLC, a Pennsylvania limited liability company ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the "Lease") respecting premises commonly known as ________________________________________________________________________. This Assignment is for collateral purposes only and except as specified herein, and Assignee has no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the Franchise Agreement for a NextGen Great Sealcoating Franchise between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, or upon expiration or termination of the Franchise Agreement or this Agreement, Assignee has the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor will have no further right, title or interest in the Lease. Assignor hereby authorizes the Lessor to disclose to Assignee, upon its request, sales and other information furnished to the Lessor by Assignor.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it must elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

Franchisee shall not be permitted to sell its Franchise to any parties unapproved by Franchisor. In addition, Franchisee agrees it will not offer or sell its Business to any individuals or parties outside of the NextGen Great Sealcoating franchise network.

DATED:

**ASSIGNOR:**

________________________________________

By: ________________________________________

Title: ________________________________________

**CONSENT AND AGREEMENT OF LESSOR**

The undersigned Lessor under the afore described Lease hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that NextGen Great Sealcoating Franchise Group LLC as Assignee has the right, but must not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

(c) Consents to the foregoing Collateral Assignment and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor must recognize Assignee as tenant under the Lease, provided that Assignee cures within 30-day period the defaults, if any, of Assignor under the Lease;

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who must agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise.

DATED:

**LESSOR:**

______________________________

By: ______________________________

Title: ______________________________

## ATTACHMENT 5 TO THE FRANCHISE AGREEMENT

## CONDITIONAL ASSIGNMENT OF FRANCHISEE BUSINESS INFORMATION

1. I/ We,____________________________________________________doing business at____________, ("Assignor"), in exchange for valuable consideration provided by NextGen Great Sealcoating Franchise Group LLC ("Assignee"), receipt of which is hereby acknowledged assigns to Assignee all business email accounts, web domain accounts and ownership rights, social media accounts, platforms and corresponding social media pages (including without limitation passwords, user names and other profile information), all business related telephone numbers, advertising and corresponding accounts and all listings and other promotional materials and information utilized by Assignor in the operation of its NextGen Great Sealcoating Franchise (collectively the "Business Information"). Those specific items and corresponding information comprising the Business Information are as follows:

| | | | |
|---|---|---|---|
| Website: | Telephone/Cell Accounts: | Email Accounts: | Advertising Accounts |
| Facebook: | Instagram: | LinkedIn: | Twitter: |
| Other: | Other: | Other: | Other: |

2. The Confidentiality and Restrictive Covenant Agreement will remain effective upon termination of Assignor's NextGen Great Sealcoating franchise. Upon the occurrence of that condition, Assignor must do all things required by (a) the hosting company, social media platform and related parties to assure the effectiveness of the assignment of all such Business Information and related accounts and pages, and (b) the telephone/wireless companies to assure the effectiveness of the assignment of telephone/cell numbers as if the Assignee had been originally issued such telephones, telephone numbers, telephone listings and the usage thereof.

3. Assignor agrees to pay all charges and expenses on or before the effective date of assignment for all amounts owed for the use of the Business Information. Assignor further agrees to indemnify Assignee for any sums Assignee must pay to effectuate this agreement and agrees to fully cooperate with all third-party vendors and related parties and Assignee in effectuating this assignment.

**ASSIGNEE:**
**NEXTGEN GREAT SEALCOATING FRANCHISE GROUP LLC**

By:______________________________________
Tim Smeltz, CEO

**ASSIGNOR:**

________________________________________

**ATTACHMENT 6 TO THE FRANCHISE AGREEMENT**
**CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT**

*(for trained employees, shareholders, officers, directors, general partners, members and managers and designated General Manager of Franchisee)*

In consideration of my being an owner, officer or employee of ________________________________ (the "Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. In doing business as an owner, officer or employee of the "Franchisee", I have acquired the right from NextGen Great Sealcoating Franchise Group LLC (the "Company") to establish and operate a NextGen Great Sealcoating Franchise (the "Franchise") and the right to use in the operation of the Franchise the Company's trade names, trademarks and service marks (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of a Franchise (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only within the authorized and approved Territory.

2. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain trade secrets, recipes and copyrighted materials, methods and other techniques and know-how (the "Confidential Information").

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As an owner, officer or employee of the Franchisee, I will obtain the Confidential Information including but not limited to the training program, videotapes, films, drawings, diagrams, and computer programs, and subsequent ongoing training, the Company Operations Manual (the "Operations Manual") and other proprietary assistance during the term of this Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchise during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as an owner or officer of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7.	I will not Copy, duplicate, videotape, photograph, record or otherwise reproduce the Company Manuals or any other materials, in whole or in part. Neither the Company Manuals nor other materials created for or used in the Franchise business will be borrowed or removed from the Franchise office by the under-signed without the express written approval of the Company. I will not make any copyrighted or confidential materials available to any unauthorized person or entity or allow them access to the Company Manuals or other materials.

8.	I will not use any copyrighted or confidential materials, or any information, knowledge, methods or techniques contained or described herein for any purpose other than the performance of my duties hereunder. I will respect the confidentiality of the Company Manuals and all other materials as it relates to the Company and the Franchise.

9.	Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engaged in, be employed by, or have any interest in any other business which operates or licenses any other similar business operation, except a NextGen Great Sealcoating Franchise operating under the System and Proprietary Marks.

10.	I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

11.	I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

12.	The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate or justify any violation of this Agreement.

13.	Notwithstanding any other provision of this Agreement or the Operations Manuals, I may, in accordance with any applicable law which includes but is not limited to the federal Defend Trade Secrets Act, disclose certain confidential information (a) in confidence, to federal, state, or local government officials, or to its attorney of, for the sole purpose of reporting or investigating a suspected violation of law; or (b) in a document filed in a lawsuit or other legal proceeding, but only if the filing is made under seal and protected from public disclosure. If I am required by applicable law or a valid legal order to disclose any Confidential Information, I understand that, before such disclosure, I will notify the Company of such requirements so that the Company may seek a protective order or other remedy, and that I must reasonably assist the Company therewith. If I remain legally compelled to make such disclosure, I shall: (a) only disclose that portion of the Confidential Information that, in the written opinion of legal counsel, I am required to disclose; and (b) use reasonable efforts to ensure that such Confidential Information is afforded confidential treatment.

14. This Agreement shall be construed under the laws of the State of Pennsylvania. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

I HAVE READ THE ABOVE CONFIDENTIALITY AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN ON THIS AGREEMENT IF I DID NOT UNDERSTAND IT AND AGREE TO BE BOUND BY ITS TERMS.

**NAME:**

________________________ By: ________

Name: ________

Title: ________

Date: ________

______________________________

**ACKNOWLEDGED BY FRANCHISE:**

________________________ By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

**ATTACHMENT 7 TO THE FRANCHISE AGREEMENT**
**GENERAL RELEASE**

GENERAL UNCONDITIONAL RELEASE

THIS GENERAL UNCONDITIONAL RELEASE (the "Release") is made by______,________and ________, jointly and severally (collectively the "FRANCHISEE") as of___________________, 20_, in favor of the parties listed in Paragraph A under the "Preliminary Statement" below.

Preliminary Statement

A. Reference is hereby made to that certain FRANCHISE AGREEMENT (the "Agreement"), dated effective_, 20_ by the Franchisee in favor of NextGen Great Sealcoating LLC, its affiliates, and their collective principals, members, shareholders, officers, employees' agents and assigns (collectively the "FRANCHISOR"). Each of FRANCHISEE and FRANCHISOR is sometimes hereinafter referred to as a "Party" and collectively as the "Parties". Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Agreement.

B. Pursuant to the Agreement, the Parties and related parties have stipulated as to the settlement of all Claims and exchange of this Release for valuable consideration.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the undersigned hereby covenants and undertakes as follows:

1. Release. FRANCHISEE on behalf of himself and on behalf of his entities, subsidiaries, representatives, directors, officers, shareholders, affiliates, employees, agents, attorneys, accountants, heirs, executors, administrators, transferees, successors and assigns (for this purpose, the "Releasing Party"), does hereby fully and irrevocably remise, release and forever discharge the FRANCHISOR, and their entities, subsidiaries, representatives, directors, officers, shareholders, affiliates, employees, partners, members, joint venturers, agents, attorneys, accountants, heirs, executors, administrators, transferees, successors and assigns (for this purpose, the "Released Parties"), of and from any and all manner of Claims as well as any other claims, actions, causes of action, grievances, liabilities, obligations, promises, damages, agreements, rights, debts and expenses, of every kind, either in law or in equity, whether contingent, whether matured or unmatured, known or unknown or suspected or unsuspected, including, without limitation, any claims arising under any federal, state, local or municipal law, common law or statute, whether arising in contract or in tort, and any claims arising under any other laws or regulations of any nature whatsoever, that the Releasing Party ever had, now has or may have, for or by reason of any cause, matter or thing whatsoever, from the beginning of the world to the date hereof, including without limitation, relating to or in connection with_______________________________.

2. Indemnification. The Releasing Party hereby agrees to indemnify and hold harmless the Released Parties from and against any and all loss, claim, damage, liability, cost or expense whatsoever (including, but not limited to, any and all reasonable legal fees and other expenses and disbursements

incurred in connection with investigating, preparing to defend or defending any claim action, suit or proceeding as incurred (an "Indemnified Claim"), including any inquiry or investigation, commenced or threatened, or in appearing or preparing for appearance as a witness in any Indemnified Claim, including any inquiry, investigation or pretrial proceeding such as a deposition) (collectively a "Loss") to which the Released Parties may become subject, arising out of an act or omission of the Releasing Party with regard to (i) this Release, (ii) any action or inaction of the Releasing Party, or (iii) the breach of any representation or warranty made by the Releasing Party.

3. Construction. The release provisions set forth in Section 1 shall be construed as broadly as may be permitted by law to protect the Released Parties against litigation and liability and, to effect this intent, each of the undersigned, on behalf of the undersigned and each of the other Releasing Parties, hereby agrees that the language of this Release is to be strictly construed against it and in favor of release of the Released Parties, individually and collectively.

4. Competency. The undersigned represents and warrants that it has the requisite power (corporate or otherwise) and authority to execute, deliver and perform its obligations under this Release. The execution and delivery of this Release and the actions contemplated hereby by each of the undersigned have been duly authorized by its board of directors or authorized person, as the case may be, and all other necessary corporate or organizational action on the part of such party, and no other corporate or organizational proceedings on the part of such party are necessary to authorize this Release or the actions contemplated hereby. The undersigned acknowledges that it fully comprehends and understands all of the terms of this Release and their legal effects and has had the opportunity to consult with an attorney of the undersigned's choice regarding this Release.

5. Parties in Interest. This Release is for the benefit of the Released Parties and shall be binding on the undersigned and his respective legal representatives.

6. Governing Law and Venue. This Release and the rights and obligations of the undersigned hereunder shall be governed by and construed and enforced in accordance with the substantive laws (but not the rules governing conflict of laws) of the State of Pennsylvania. Any lawsuit involving this Release, or the terms hereof must be brought in the State of Pennsylvania and all Parties consent to the jurisdiction of the State of Pennsylvania for all matters relating to this Release.

7. Amendment. This Release may not be clarified, modified, changed or amended except in writing and signed by each of the undersigned (or such undersigned's duly authorized representatives).

8. Severability. If any provision of this Release is held to be illegal, invalid or unenforceable under present or future laws, that provision shall be severable and this Release shall be construed and enforced as if that illegal, invalid or unenforceable provision never comprised a part hereof, and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision, and there shall be added automatically as part of this Release a provision as similar in terms of such illegal, invalid or unenforceable provisions may be possible and be legal, valid and enforceable.

ANYTHING TO THE CONTRARY NOTWITHSTANDING, NO RELEASE LANGUAGE CONTAINED HEREIN SHALL RELIEVE THE FRANCHISOR FROM LIABILITY IMPOSED BY THE LAWS CONCERNING FRANCHISING AND RELATED REGISTRATION AND DISCLOSURE REQUIREMENTS OF THE STATE OF APPLICABLE JURISDICTION, PROVIDED, THAT THIS PART WILL NOT BAR THE VOLUNTARY SETTLEMENT OF DISPUTES.

IN WITNESS WHEREOF, the undersigned has executed or caused to be executed this General Unconditional Release as of the date first written above.

The Releasing Party:

FRANCHISEE

Dated:

Dated:

Dated:

**********

STATE OF )

) ss:

COUNTY OF)

On this_____of_________2018, before me personally came-------------------to me known, who being duly sworn, did depose and say that he/she/they executed the above instrument, and that by his/her/their signature on the instrument, he/she/they executed the instrument as to be legally bound to the term sand provisions contained therein.

Notary Public

**Exhibit F**
**STATE ADDENDUM**

## ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA

The Department for Business Oversight for the State of California requires that certain provisions contained in franchise documents be amended to be consistent with California Franchise Investment Law, Cal. Corp. Code Section 31000 et seq., and of the Rules and Regulations promulgated thereunder. To the extent that this Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended.

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

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

3. Item 3 is amended to add:

   Neither Franchisor nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. 8.78(a) et seq. suspending or expelling such persons from membership in such association or exchange.

4. Item 17 is amended to state:

   (a) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 et seq.).

   (b) The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

   (c) The franchise agreement contains a liquidated damages clause. Under California Civil Code section 1671, certain liquidated damages clauses are unenforceable.

   (d) The Franchise Agreement requires application of the laws of Pennsylvania. This provision may not be enforceable under California law.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT**

Illinois law shall apply to and govern the Franchise Agreement.

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

Franchisee's right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

**AMENDMENT TO THE NEXTGEN GREAT SEALCOATING FRANCHISE GROUP LLC FRANCHISE AGREEMENT REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS §§ 705/1 et seq. (1987) (the "Act"), which govern the attached NextGen Great Sealcoating Franchise Agreement (the "Franchise Agreement"), the parties thereto agree as follows:

1. To the extent of any inconsistences, the Franchise Agreement is hereby amended to further state: "Section 4 of the Act provides that no franchisee shall be required to litigate any cause of action, with the exception of arbitration proceedings, arising under the Franchise Agreement or the Act outside of the State of Illinois."

2. To the extent of any inconsistences, the Franchise Agreement is hereby amended to further state: "Illinois law governs the terms of this Franchise Agreement."

3. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

"Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Act, or any other Illinois law is void. The foregoing requirement, however, shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Act, and shall not prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code."

4. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

"To the extent any provision regarding termination or renewal of the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act §§ 815 ILCS §§ 705/19 and 705/20, the provisions of these sections of the Act will control."

5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

The parties hereto have duly executed this Illinois Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

NEXTGEN GREAT SEALCOATING FRANCHISE GROUP LLC

By:________________________________________

Tim Smeltz, CEO
(Print Name, Title)

FRANCHISEE:

__________________________________________

By:________________________________________

________________________, __________________
(Print Name, Title)

PRINCIPAL:

__________________________________________

__________________________________________
(Print Name)

PRINCIPAL:

__________________________________________

__________________________________________
(Print Name)

## ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE INDIANA FRANCHISE DISCLOSURE LAW AND THE INDIANA DECEPTIVE FRANCHISE PRACTICES ACT

The Indiana Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with Indiana law, including the Indiana Franchises Act, Ind. Code Ann. §§ 1 - 51 (1994) and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. § 23-2-2.7 (1985) (collectively referred to as the "Acts"). To the extent that (a) the jurisdictional requirements of the Acts are met and (b) this Franchise Disclosure Document and Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

(a) To the extent the Franchise Agreement contains provisions allowing the establishment of franchisor-owned outlets that are inconsistent with the Indiana Deceptive Franchise Practices Act § 23-2-2.7(2), the requirements of this section of the Indiana Act will control.

(b) The franchisor may not make any substantial modification of the Franchise Agreement without the franchisee's written consent.

(c) To the extent any provision regarding renewal or termination of the Franchise Agreement is inconsistent with the Indiana Deceptive Franchise Practices Act §§ 23-2-2.7(7) and (8), the provisions of these sections of the Indiana Act will control.

(d) Any requirement in the Franchise Agreement that requires the franchisee to prospectively assent to a release, assignment, novation, wavier or estoppel shall not relieve any person from liability arising under the Acts.

(e) To the extent the covenants not to compete upon expiration or termination of the Franchise Agreement are inconsistent with the Indiana Deceptive Franchise Practices Act § 23-2-2.7(9), the provisions of this section of the Indiana Act will control.

(f) To the extent that any provision of the Franchise Agreement would be deemed unenforceable pursuant to the Indiana Deceptive Franchise Practices Act § 23-2-2.7(10), as this section of the Indiana Act is interpreted and applied, such provision of the Franchise Agreement shall be so deleted therefrom.

## ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MARYLAND

This addendum to the Franchise Disclosure Document required by the State of Maryland applies to residents of Maryland, franchises that would be operated in Maryland, and franchise offers and sales made in Maryland. To the extent that this Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. Item 17 is amended to state:

(a) Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.

(b) The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

(c) Our right to terminate you upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq*.).

(d) A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

(e) A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

2. Attachment 1, Franchise Representation and Acknowledgment Statement, is amended to state:

> "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

3. Item 5 is amended to state:

> "Based on 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"

## AMENDMENT TO THE NEXTGEN GREAT SEALCOATING FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated thereunder, the parties to the attached NextGen Great Sealcoating Franchise Agreement (the "Franchise Agreement") agree as follows:

1. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

> "Our right to terminate you upon your bankruptcy, however, may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq*.)."

3. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

> "You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

4. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

> "Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise."

5. To the extent of any inconsistencies, the Franchise Agreement is amended to further state:

> "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

6. This Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

7. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., are met independently without reference to this Amendment.

8. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Maryland Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

NextGen Great Sealcoating Franchise Group LLC

By:____________________________________

Tim Smeltz, CEO
(Print Name, Title)

FRANCHISEE:

________________________________________

By:____________________________________

____________________, ________________
(Print Name, Title)

## DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

**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 franchises.

(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 thirty (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 five (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 six (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) 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.**

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division
Attn: Katharyn Barron
Michigan Department of Attorney General
525 W. Ottawa Street, 1st Floor
Lansing, Michigan 48933
(517)335-7567

## ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MINNESOTA

The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. Item 17 is amended to state:

(a) Minn. Stat. § 80C.21 and Minnesota Rules § 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in this Franchise Disclosure Document or agreement(s) shall abrogate or reduce (1) any of your rights as provided for in Minn. Stat. Chapter 80C or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

(b) In accordance with Minn. Stat. § 80C.14 subd. 3-5, except in certain specified cases, we will give you 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement. Additionally, we will not unreasonably withhold our consent to a transfer of your NextGen Great Sealcoating Franchise.

(c) In accordance with Minnesota Rules 2860.4400(D), we cannot require you to assent to a general release.

(d) Minn. Stat. § 80C.17 subd. 5 requires that an action be commenced pursuant to the Franchise Act within three (3) years after the cause of action accrues.

(e) You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rules 2860.4400(J),

**AMENDMENT TO THE NEXTGEN GREAT SEALCOATING FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Statutes Chapter 80C, the parties to the attached NextGen Great Sealcoating Franchise Agreement (the "Franchise Agreement") agree as follows:

1. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee's assent to a release other than as part of a voluntary settlement of disputes. To the extent of any inconsistencies with the Minnesota Rules requirement contained in the Franchise Agreement, such inconsistent provisions are hereby deleted.

2. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to state:

"Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 4, Franchisor will give Franchisee 180 days' notice for non-renewal of the Franchise Agreement."

3. To the extent of any inconsistencies, the Franchise Agreement are hereby amended to state:

"Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 3, Franchisor will give Franchisee 90 days notice of termination (with 60 days to cure)".

4. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to state:

"Franchisor cannot require Franchisee to: (i) conduct litigation outside Minnesota, (ii) waive a jury trial, or (iii) consent to liquidated damages, termination penalties or judgment notes. Nothing in this Franchise Agreement shall abrogate or reduce (1) any of Franchisee's rights as provided for in Minn. Stat. Chapter 80C or (2) Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Franchisee cannot consent to Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief."

9. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Statutes Chapter 80C are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this Minnesota Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

NEXTGEN GREAT SEALCOATING FRANCHISE GROUP LLC

By:______________________________________

Tim Smeltz, CEO
(Print Name, Title)

FRANCHISEE:

__________________________________________

By:______________________________________

________________________, __________________
(Print Name, Title)

**ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN TTHAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor or a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.
D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Except as provided above, neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled **"Requirements for franchisee to renew or extend,"** and Item 17(m), entitled **"Conditions for franchisor approval of transfer"**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled **"Termination by franchisee"**:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled **"Assignment of contract by franchisor"**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled **"Choice of forum"**, and Item 17(w), titled **"Choice of law"**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

## ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for NextGen Great Sealcoating Franchise Group LLC for use in the Commonwealth of Virginia shall be amended as follows:

1. Additional Disclosure: The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and development agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

The parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of _______________, 20___.

FRANCHISOR:
NEXTGEN GREAT SEALCOATING FRANCHISE GROUP LLC

By:___________________________________
Name: Tim Smeltz____________________________
Title:__CEO____________________________

FRANCHISEE:
______________________________________

By:___________________________________
Name:_________________________________
Title:_________________________________

## STATE EFFECTIVE DATES

The following states require that the 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 disclosure document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

| State* | Effective Date |
|---|---|
| California | pending |
| Hawaii | n/a |
| Illinois | pending |
| Indiana | pending |
| Maryland | pending |
| Michigan | pending |
| Minnesota | pending |
| New York | pending |
| North Dakota | n/a |
| Rhode Island | n/a |
| South Dakota | pending |
| Virginia | pending |
| Washington | n/a |
| Wisconsin | pending |

In all the other states, the effective date of this Franchise Disclosure Document is the issuance date of May 5, 2020 where the franchise is offered for sale.

**Exhibit G**
**RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT OF NEXTGEN GREAT SEALCOATING LLC**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If NextGen Great Sealcoating Franchise Group 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.

If NextGen Great Sealcoating Franchise Group 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 your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

| | | |
|---|---|---|
| Tim Smeltz, CEO<br>5538 Hamilton South<br>Sciota, PA 18354<br>(888) 201-6109 | William Wright, Franchise Beacon<br>5538 Hamilton South<br>Sciota, PA 18354<br>(888) 201-6109 | Douglas Eagen, Director of Sales<br>5538 Hamilton South<br>Sciota, PA 18354<br>(888) 201-6109 |

I received a Disclosure Document dated May 5, 2020 that included the following Exhibits:

EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
EXHIBIT B: Outlets as of the date of this Disclosure Document
EXHIBIT C: Financial Statements of NextGen Great Sealcoating Franchise Group LLC
EXHIBIT D: Operations Manual Table of Contents
EXHIBIT E: Franchise Agreement with Attachments
EXHIBIT F: State Addenda
EXHIBIT G: Receipt

DATED: ______________________________

______________________________________
(Signature of recipient)

______________________________________
(Printed name of recipient)
____________________________________

____________________________________
Legal residence address

**Please return signed receipt to NextGen Great Sealcoating Franchise Group LLC**,
5538 Hamilton South
Sciota, PA 18354

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EXHIBIT G: Receipt

DATED: ______________________________

______________________________________
(Signature of recipient)

______________________________________
(Printed name of recipient)

____________________________________

____________________________________
Legal residence address

**KEEP FOR YOUR RECORDS**