FRANCHISE DISCLOSURE DOCUMENT

PAINT CORPS Franchise Group~~,~~ LLC
A New Hampshire limited liability company
~~3 Executive Park~~13 Columbia Drive, Suite ~~281 Bedford~~19
Amherst, New Hampshire ~~03110~~03031
Tel: (844) 464-3672
info@VeteranServiceBrands.com
www.PaintCorps.com

The franchise that we offer is exclusively available to honorably discharged U.S. military veterans, active duty, active guard, or reserve U.S. military service members and is for PAINT CORPS, a business that provides residential and commercial painting, cabinet refinishing, and other services and products using our system under the PAINT CORPS marks (each, a "PAINT CORPS Business").

The initial investment necessary to begin operation of a PAINT CORPS Business under a franchise agreement ranges from $~~51,550~~68,050 to $~~126,200~~154,000. This includes $~~25~~35,000 to $60,000 that must be paid to the franchisor or its affiliate.

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

You may wish to receive your disclosure document in another form that is more convenient for you. To discuss the availability of disclosures in different forms, contact John S. Child, PAINT CORPS Franchise Group LLC, ~~3 Executive Park~~13 Columbia Drive, Suite ~~281, Bedford~~19, Amherst, New Hampshire ~~03110~~03031.

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

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

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

Issuance: March ~~3, 2023~~19, 2024

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 Exhibits F and G.
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 D 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 PAINT CORPS 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 PAINT CORPS franchisee?	Item 20 or Exhibits F and G list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. 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, or litigation only in New Hampshire. 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 New Hampshire than in your own state.

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

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

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

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

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.

NOTICE 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.

The Michigan Franchise Law states in Sec. 445.1527, Sec.27 that each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

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

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

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five 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 months advance notice of franchisor's intent not to renew the franchise.

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

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

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

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

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

(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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Antitrust and Franchise
G. Mennen Williams Building, First Floor
525 West Ottawa Street
Lansing, Michigan 48909

PAINT CORPS Franchise Group, LLC
Franchise Disclosure Document

TABLE OF CONTENTS

Item		Page
1.	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	1
2.	BUSINESS EXPERIENCE	3
3.	LITIGATION	4
4.	BANKRUPTCY	4
5.	INITIAL FEES	4
6.	OTHER FEES	5
7.	ESTIMATED INITIAL INVESTMENT	11
8.	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	14
9.	FRANCHISEE'S OBLIGATIONS	17
10.	FINANCING	18
11.	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	18
12.	TERRITORY	24
13.	TRADEMARKS	26
14.	PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	28
15.	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	28
16.	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	29
17.	RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION	29
18.	PUBLIC FIGURES	34
19.	FINANCIAL PERFORMANCE REPRESENTATIONS	34
20.	OUTLETS AND FRANCHISEE INFORMATION	34
21.	FINANCIAL STATEMENTS	37
22.	CONTRACTS	37
23.	RECEIPTS	37

	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	1
2.	BUSINESS EXPERIENCE	3
3.	LITIGATION	4
4.	BANKRUPTCY	4
5.	INITIAL FEES	4
6.	OTHER FEES	5
7.	ESTIMATED INITIAL INVESTMENT	12
8.	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	16
9.	FRANCHISEE'S OBLIGATIONS	19
10.	FINANCING	20
11.	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	20
12.	TERRITORY	26
13.	TRADEMARKS	29
14.	PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	30
15.	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	31
16.	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	31
17.	RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION	31
18.	PUBLIC FIGURES	36
19.	FINANCIAL PERFORMANCE REPRESENTATIONS	37
20.	OUTLETS AND FRANCHISEE INFORMATION	37
21.	FINANCIAL STATEMENTS	41
22.	CONTRACTS	41
23.	RECEIPTS	41

EXHIBITS

A. LIST OF STATE ADMINISTRATORS
B. LIST OF AGENTS FOR SERVICE OF PROCESS
C. OPERATIONS MANUAL TABLE OF CONTENTS
D. FINANCIAL STATEMENTS
E. FRANCHISE AGREEMENT
F. LIST OF FRANCHISEES
G. LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM
H. STATE SPECIFIC ADDENDA
I. STATE EFFECTIVE DATES
J. RECEIPTS

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

PAINT CORPS Franchise Group LLC, the franchisor of the PAINT CORPS franchise, is referred to in this franchise disclosure document (the "Disclosure Document") as "we", "us," or "our" as the context requires. A franchisee is referred to in this Disclosure Document as "you" and "your" as the context requires. If you are a corporation, partnership, or other legal entity (a "Corporate Entity"), our franchise agreement will also apply to your individual owners, shareholders, members, officers, directors, and other principals.

The Franchisor

We are a New Hampshire limited liability company established on November 1, 2021. Our principal place of business is ~~3 Executive Park~~13 Columbia Drive, Suite ~~281, Bedford~~19, Amherst, New Hampshire ~~03110~~03031. We conduct business under our corporate name PAINT CORPS Franchise Group LLC and under the PAINT CORPS trade name. Our business is operating the PAINT CORPS franchise system and granting franchises to third parties like you to develop and operate a PAINT CORPS Business. We began offering franchises as of February 7, 2022. Other than as discussed above, we are not in any other business, we have not conducted business in any other line of business, we do not conduct or operate a PAINT CORPS business of the type to be operated by a franchisee, and we have not offered or sold franchises in any other line of business. We do not have any predecessors. Our registered agents for service of process are disclosed in Exhibit B of this Disclosure Document.

The Franchised Business

We license a system (the "System") for the operation of a PAINT CORPS Business that provides residential and commercial painting, cabinet refinishing, and other services and products (the "Approved Products and Services~~ and Products~~") using our designated spray machines, spray booths, and such other programs, materials, equipment, products, and supplies that we designate (the "System Supplies"). Your PAINT CORPS Business may be managed as a home-based business that, if permitted by law, may be administratively managed from a home office (an "Administrative Office") provided that you only provide the Approved Products and Services~~ and Products~~ onsite at customer locations, which may include industrial, commercial, or residential locations.

The System is presently identified by the PAINT CORPS trademark and, such other trade names, trademarks, service marks, logos, and trade dress (collectively, the "Licensed Marks") that we may designate, modify, or adopt from time to time and, as same may or may not be registered with the United States Patent and Trademark Office (the "USPTO"). We refer to businesses in our System as "PAINT CORPS Businesses" and we refer to the PAINT CORPS Business that you will develop and operate as either "your PAINT CORPS Business" or the "Franchised Business". You may enter into a franchise agreement in the form attached to this Disclosure Document as Exhibit E (the "Franchise Agreement") to develop and operate the Franchised Business within an operating territory and in conformity with the requirements of our System. The System features the prominent display of the Licensed Marks, the Approved Products and Services~~ and Products~~, and the System Supplies as same may presently exist and, as we may modify, add to or discontinue from time to time. You are required to purchase the System Supplies through us, our affiliates, or our designated approved suppliers. The System also requires that you operate your PAINT CORPS Business in conformity with the specifications, procedures, criteria, and requirements that we designate in our confidential operations manual and other proprietary manuals that we designate and, as we may, from time to time, supplement and modify (collectively, the "Manuals").

Franchise Agreement

You may enter into a Franchise Agreement in the form attached to this Disclosure Document as Exhibit E to develop and operate your PAINT CORPS Business within a designated area (an "Operating Territory") in conformity with the requirements of our System. At the time of signing the Franchise Agreement, we will designate a geographic area comprising your Operating Territory (See, Item 12 of this Disclosure

Document for additional information on the Operating Territory) where you will offer and provide our approved System Services and Products using only our designated System Supplies.

Our Parent Companies

Veteran Franchise Group LLC, dba Veteran Service Brands
Our parent company Veteran Franchise Group LLC, dba Veteran Service Brands, is a New Hampshire limited liability company established on September 20, 2021, with a principal business address of ~~3 Executive Park~~13 Columbia Drive, Suite ~~281, Bedford~~19, Amherst, New Hampshire ~~03110~~03031. This parent company assists with recruitment of new franchisees along with business development for us. This parent company licenses the PAINT CORPS logos and trademarks to us and has been in business since October of 2021.

AVP Franchise Group LLC
Our parent company AVP Franchise Group LLC is a Florida limited liability company established on August 30, 2021, with a principal business address of 1420 Hobbs Street, Tampa, Florida 33619. This parent company provides training and products or services to franchisees. This ~~affiliate~~parent company has operated the AVP franchise system since the February 2022.

Our Affiliates

G-FORCE Franchise Group LLC
Our affiliate, G-FORCE Franchise Group LLC, is a New Hampshire limited liability company organized on June 16, 2017. This affiliate maintains a principal business address at ~~3 Executive Park~~13 Columbia Drive, Suite ~~281, Bedford~~19, Amherst, New Hampshire ~~03110~~03031. This affiliate does not provide products or services to franchisees. This affiliate has operated the G-FORCE franchise system since February 2018 and has operated the FIELD OPS franchise system since December 2021.

MACH ONE Franchise Group LLC
Our affiliate, MACH ONE Franchise Group LLC, is a New Hampshire limited liability company organized on May 24, 2021. This affiliate maintains a principal business address at ~~3 Executive Park~~13 Columbia Drive, Suite ~~281, Bedford~~19, Amherst, New Hampshire ~~03110~~03031. This affiliate does not provide products or services to franchisees. This affiliate has operated the MACH ONE franchise system since October 2021.

American Veteran Painting LLC
Our affiliate, American Veteran Painting LLC, is a Florida limited liability company organized on March 23, 2017. This affiliate maintains a principal business address at 10436 River Bream Drive, Riverview, Florida 33569. This affiliate has operated a painting business known as American Veteran Painting and as of February 7, 2022 operates a business similar to the Franchised Business and has changed its name from American Veteran Painting to PAINT CORPS. This affiliate has not offered franchises in other lines of business.

Market and Competition
The general market for the services and products offered by a PAINT CORPS Business typically includes residential, commercial, and industrial customers. The market for residential and commercial painting, and cabinet refinishing is highly competitive. The business may be seasonal in nature regarding exterior work depending on the location of your PAINT CORPS Business, but the business may be operated year-round. You will be competing with general contractors, home improvement service providers, and businesses that provide residential, commercial, and industrial customers with residential and commercial painting, cabinet refinishing, and related services and products. You will be competing with many franchised, local, and independently owned service providers.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Industry Specific Laws

Many states and local jurisdictions have laws, rules, and regulations that may apply to your PAINT CORPS Business, including rules and regulations related to health and safety requirements concerning residential, commercial, and industrial painting, cabinet refinishing, and other services and products. You must evaluate and you must obtain the necessary licenses, certification, permits and approval necessary to establish and operate your PAINT CORPS Business. You may be required to attend training courses, at your expense, regarding the servicing of properties with lead paint and other hazardous materials. You must investigate all of these laws. You must check your state, county, and local jurisdiction about these rules and regulations and you should consult with your own legal advisor.

You will also be subject to federal and state laws and regulations that apply to businesses generally, including rules and regulations involving employment practices, wage and hour laws, and immigration. You must review federal and state minimum wage and overtime laws to ensure compliance with labor and wage laws currently in existence and those that may later be adopted. You should consult with your attorney concerning these and other local laws, rules, and regulations that may affect the operation of your PAINT CORPS Business.

ITEM 2
BUSINESS EXPERIENCE

Burgess Perry, Chief Executive Officer and Co-Founder

Burgess Perry is our co-founder and our Chief Executive Officer and has served in this role since our formation in October 2021. Mr. Perry is also the founder and CEO of AVP Franchise Group LLC since its formation in September 2021 and founder and CEO of American Veteran Painting LLC since its formation January 23, 2017. Mr. Perry re-branded his American Veteran Painting company to PAINT CORPS in October 2021 and operates this business as an affiliate.

John S. Child, President and Co-Founder

John S. Child is our co-founder and President and has served in this role since our formation in October 2021. Mr. Child is also the founder and President of our affiliates G-FORCE Franchise Group LLC and MACH ONE Franchise Group LLC, and our parent company Veteran Franchise Group LLC, and has served in these roles since their formation on June 16, 2017, May 24, 2021, and September 20, 2021, respectively. From June 2017 to December 2019, Mr. Child was the President of Captain Jack Consulting LLC where he managed the operations of this company's G-FORCE business. That business was sold and converted to a franchise in 2019. From 1989 through April 2021, Mr. Child served as a Pilot for Delta Air Lines. All of these positions are or were located in Bedford, New Hampshire. Mr. Child is a 10-year veteran of the U.S. military.

Craig Laquerre, Vice President and Co-Founder

Craig Laquerre is our co-founder and Vice President and has served in this role since our formation in October 2021. Mr. Laquerre is Vice President of our parent company Veteran Franchise Group LLC since its formation September 20, 2021, President of our affiliate MACH ONE Franchise Group since its formation May 24, 2021, and Consultant to our affiliate G-FORCE Franchise Group LLC since July 2020. From May 2011 through June 2020, Mr. Laquerre owned and operated Yellow Dawg Striping of West Central Florida. From January ~~20152~~2011 through June 2020, Mr. Laquerre owned and operated Jet-Black Sealcoating of Tampa Bay.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

When you sign a Franchise Agreement, you will pay to us a non-refundable initial franchise fee (the "Initial Franchise Fee~~"). The Initial Franchise Fee is $25,000.~~") of $35,000 for a geographic operating territory that includes a population of approximately 500,000 individuals. If at the time of signing your Franchise Agreement, subject to market type, availability, and our discretion, you wish to increase the size of your operating territory by adding up to 500,000 additional individuals, the Initial Franchise Fee will be increased by $0.05 for each additional individual located within your operating territory at the time you sign the Franchise Agreement. The Initial Franchise Fee is fully earned by us upon payment. The method we use to calculate the Initial Franchise Fee is uniform for all franchises, except that we offer the discounts described below:

~~Initial Promotional Discount~~
~~For the first five franchisees to enter into a Franchise Agreement, we will offer a discounted Initial Franchise Fee of $15,000. This discount cannot be combined with any other discounts of the Initial Franchise Fee.~~

Veteran Service Brands Franchisees
If you are an existing franchisee of ~~any of~~ our affiliate brands ~~(~~G-FORCE~~,~~ Franchise Group LLC or MACH ONE~~, or FIELD OPS)~~ Franchise Group LLC and are in good standing, we will offer the option to purchase a single territory for a discounted Initial Franchise Fee ~~for $2,500. This discount cannot be combined with any other discounts of the Initial Franchise Fee.~~of $15,000.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ITEM 6
OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Royalty (Notes 2 and 3)	~~7% of Gross Sales~~ 7% of Gross Sales of $0 to $249,999, 6% of Gross Sales of $250,000 to $499,999, 5% of Gross Sales of $500,000 and greater, per calendar year. Subject to minimum requirements	Monthly by the 10th of each month	Will be debited automatically from your bank account by ACH or other means designated by us.
Supplemental Royalty (Notes 2 and 3)	Varies, depending on satisfaction of Minimum Monthly Royalty Requirements	On January 30 of each calendar year for the preceding year	Will be debited automatically from your bank account by ACH or other means designated by us.
Brand Development Fund (Note 4)	1% of Gross Sales	Monthly by the 10th of each month	Will be debited automatically from your bank account by ACH or other means designated by us. Waived during first 12 months of your Franchise Agreement.
Franchisee Directed Local Marketing (Note 5)	46% of Gross Sales, subject to minimum requirement of $424,000 per ~~quarter~~year	As incurred	You must spend not less than 46% of your Gross Sales each ~~calendar quarter~~year on preapproved marketing within your Operating Territory. Subject to minimum requirements.
Online Ordering, Customer Rewards, and Gift Cards (Note 6)	Currently not implemented, but may be implemented in the future	As invoiced or as incurred	Fees for access to ordering and other systems we designate for online ordering, customer rewards, or gift card system management and redemption.
Technology Fee (Note 7)	$360 per month during the first 12 months with the first two months waived, $460 per month during months 13 to 24, and $560 per	Monthly by the 10th of each month	Will be debited automatically from your bank account by ACH or other means designated by us.

Type of Fee (Note 1)	Amount	Due Date	Remarks
	month during month 25 and ~~after~~thereafter Subject to increase if our direct costs increase but shall not exceed $750 per month		
Customer Service and Refunds (Note 8)	Varies	On demand	Will be debited automatically from your bank account by ACH or other means designated by us.
National Account Administration (Note 9)	Up to 10% of Gross Sales, but not less than $100 per invoice	When invoiced	If a National Account requires Franchisor to serve as a point of contact and/or billing source, Franchisee shall pay a fee in an amount of up to 10% of the Gross Sales that Franchisee receives or is entitled to receive from the National Account, and not less than $100 per invoice furnished to the National Account. The National Account Administration Fee shall be in addition to all other fees that Franchisee is required to pay.
Local and Regional Advertising Cooperatives (Note ~~9~~10)	As established by cooperative members, but not exceeding the local marketing requirement.	As established by cooperative members	Established by cooperative members, but not exceeding the local marketing requirement.
Annual System Conference Attendance Fee (Note ~~10~~11)	~~Our then-current annual conference attendance fee~~$500 per Annual System Conference, beginning with second Annual System Conference	~~After~~ On demand, prior to conference ~~if you fail to attend~~	Will be debited automatically from your bank account by ACH or other means designated by us. This fee will not be ~~greater than $1,000.~~charged for the first Annual System Conference, so long as you attend. If you do not attend an Annual System Conference, we will charge you an Annual System Conference Attendance Fee in the amount of $750 for your first missed Annual System Conference and $1,000 for any additional missed Annual System Conferences. See Note 10.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Additional Employee Initial Training	Our then- current training fee	Before training when invoiced	Under our pre-opening initial training, we will train you or your ~~managing owner~~Managing Owner and one designated manager at no additional charge. If you would like more than two individuals to attend the initial Training Program, you must pay our then current Additional Initial Training fee. This fee is for initial training, either before or after you open. Initial training is conducted at facilities we designate and you must pay for all other expenses of your trainees, including salary, travel, and accommodations. Currently $600 per person per day.
Supplemental Training	Our then- current daily rate per trainer, plus expenses we incur	Before training when invoiced	If you request or we require additional training, you must pay our then current trainer fee plus, if applicable, our expenses related to travel and accommodations. Current rate is $600 per day.
Interest	18% per annum from due date	On demand	Payable on all overdue amounts, fees, charges, and payments due to us under the Franchise Agreement. Interest rate cannot exceed legal rate allowed by law and may be adjusted to reflect same.
Reporting Non-Compliance	~~$50 per occurrence~~$50 for the first and second occurrences within any calendar year; (b) $100 for the third and fourth occurrences within any calendar year; and (c) $150 for the fifth and sixth occurrences within any calendar year; and (d) $200 for each occurrence over and above the sixth failure within any calendar year.	Within 14 days of invoice	Payable for failure to timely submit reports and financial statements as required under Franchise Agreement.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Operations Non-Compliance	Up to $500 per occurrence	Within 14 days of invoice	Payable for failure to comply with operational standards as required and specified under Franchise Agreement, plus inspection and re-inspection costs incurred by us.
Payment Non-Compliance	$~~50~~150 per occurrence	On demand	Payable for failure to timely pay, when due, a fee or payment due to us under the Franchise Agreement, plus interest, costs, and legal fees.
Audit	Cost of audit	On demand	For costs incurred by us for each financial audit, provided the audit determines underreporting of 2% or greater during any designated audit period. Includes fees incurred by us including audit, legal, travel and reasonable accommodations.
Quality Assurance Audit	Actual costs incurred by us	As invoiced	Payable if we engage a third party to perform periodic quality assurance audits, including mystery shopper programs.
Management Service	Actual costs incurred by us	As invoiced	Payable if we elect to manage the PAINT CORPS Business due to a failure by you to have the PAINT CORPS Business managed by an authorized Managing Owner or Manager.
Collections	Actual fees, costs, and expenses	On demand	For costs and expenses incurred by us in collecting fees due to us, or to enforce the terms of the franchise agreement or a termination of the franchise agreement. Includes costs and expenses of re-inspections required by quality assurance audit.
NSF Check Fee of Failed Electronic Fund Transfer	$50 subject to the maximum amount allowed by law	On demand	Payable if your bank account possesses insufficient funds or fails to process a payment or transfer related to a fee due from you to us.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Non-Compliance	Actual fees, costs, and expenses	On demand	Fees, costs, and expenses incurred by us as a result of your breach or noncompliance with the terms of your Franchise Agreement.
Supplier Review	Actual fees, costs, and expenses	Within 14 days of invoice	You must pay us the costs incurred by us to review and evaluate a potential supplier, product, or service that you submit to us for approval.
Transfer	$~~10~~15,000	On demand	Payable if we approve your transfer request, but prior to execution of final transfer agreements and authorization. Subject to state law.
Renewal	$~~2,500~~5,000	On signing renewal Franchise Agreement	Payable if we approve your renewal request and upon signing our then-current Franchise Agreement.
Toll Free Number Support (Note ~~11~~12)	Currently $~~50~~25 per month	On the 10th day of each month	This payment will be debited automatically from your business bank through ACH or other means designated by us. Subject to increase.
Answering Service (Note ~~12~~13)	Currently, $100 per month, plus $1.~~32~~/49 to $1.69 per minute	As established by vendor	You will be required to engage the services of an answering service. Payable to third party vendor that we designate.
Paint Industry Coaching Fee	Currently $120 per month, waived during the first 12 months. Subject to increase up to $200 per month.	On demand	This fee is for weekly or bi-monthly industry coaching in connection with your Franchised Business. We may increase this fee up to $200 per month if our costs increase.
~~Attorney Fee's~~Attorney's Fees	Actual fees, costs, and expenses	On demand	Payable if we are the prevailing party in any action to enforce the Franchise Agreement.

Explanatory Notes to Item 6
"Other Fees"

Note 1: Type of Fee – The above table describes fees and payments that you must pay to us, our affiliates, or that our affiliates may impose or collect on behalf of a third party. All fees are uniformly imposed for all franchises offered under this Disclosure Document, are recurring, are not refundable, and are payable to us

unless otherwise specified. Payment is subject to our specification and instruction, including our election to have all fees automatically drafted from your business bank account or automatically debited or charged to your business bank account. You will be required to sign an ACH ~~authorization form~~Authorization Form (Franchise Agreement, Exhibit 4) permitting us to electronically debit your designated bank account for payment of all fees payable to us or our affiliates. You must deposit the Gross Sales (defined below) of your PAINT CORPS Business into the designated bank accounts that are subject to our ACH authorization. You must install and use, at your expense, the preauthorized payment, point of sale, credit card processing, automatic payment, automated banking, electronic debit, or electronic funds transfer systems that we designate and require in the operation of your PAINT CORPS Business. You must pay all service charges and fees charged to you by your bank so that we may electronically debit your bank account.

Note 2: Royalty Fees – You must pay to us a continuing ~~7% royalty fee (the "Royalty Fee"). The continuing Royalty Fee is a monthly fee determined based on 7% (the "Royalty Rate") of the monthly Gross Sales of the PAINT CORPS Business and~~monthly royalty fee (the "Royalty Fee") equal to 7% of your Gross Sales from $0 to $249,999, 6% of your Gross Sales from $250,000 to $499,999, and 5% of your Gross Sales greater than $500,000 in any calendar year. Gross Sales for each respective calendar year do not and shall not carry-over into any subsequent calendar year. At the beginning of each calendar year throughout the Term of this Agreement, the Royalty Rate will reset to 7%. At the beginning of each calendar year throughout the Term of this Agreement, the Royalty Rate will reset to 7%. The continuing Royalty Fee is subject to a monthly minimum Royalty Fee requirement (the "Monthly Minimum Royalty Fee Requirement"). ~~On an annual calendar year basis, if the aggregate amount of the monthly Royalty Fees paid by you during the calendar year does not equal or exceed the aggregate of your Monthly Minimum Royalty Fee Requirements during the calendar year, then you must pay to us the difference as a supplemental royalty fee (the "Supplemental Royalty Fee").~~ If any federal, state or local tax other than an income tax is imposed on the Royalty Fee or Supplemental Royalty Fee which we cannot directly dollar-for-dollar offset against taxes required to be paid under any applicable federal or state laws, you must compensate us in the manner prescribed by us so that the net amount or net effective rate received by us is not less than that which has been established by the Franchise Agreement and which was due to us on the effective date of the Franchise Agreement.

Gross Sales cannot be combined between multiple PAINT CORPS Businesses. Franchisee's Royalty Fee obligations are unconditional and are not subject to any contingencies.

On ~~a~~an annual calendar year ~~annual~~ basis, ~~for each respective calendar year throughout the term of your Franchise Agreement,~~ if the aggregate amount of the monthly Royalty Fees ~~that you~~ paid ~~to us~~by you during the calendar year does not equal or exceed the aggregate ~~amount~~ of ~~the~~your Monthly Minimum Royalty Fee Requirements ~~for~~during the ~~months occurring within that~~ calendar year, then you must pay to us the difference as a supplemental royalty fee (the "Supplemental Royalty Fee~~.~~"). The Supplemental Royalty Fee is calculated as the difference between the aggregate amount of the Monthly Minimum Royalty Fee Requirements applicable to the particular calendar year, less the aggregate amount of the monthly Royalty Fees that you paid to us during the calendar year. The Monthly Minimum Royalty Fee Requirements are set forth below:

Monthly Minimum Royalty Fee Requirements	
Months 1 through 12 *	$0 per month
Months 13 through 24	$1,500 per month
Months 25 through 36	$2,000 per month
Months 37 through 48	$2,500 per month
Months 48 and after	$3,000 per month
Each month is counted commencing on the first day of the month following the effective date of your Franchise Agreement such that "Month 1" is the first full month following the date of signing the Franchise Agreement.	

*The Minimum Monthly Royalty Fee Requirements are not imposed during the first 12 months after the Effective Date of your Franchise Agreement. However, you are still responsible for all Royalty Fees incurred by you during the first 12 months after the Effective Date of your Franchise Agreement.

Note 3: Gross Sales – "Gross Sales" means the total dollar sales from all business and customers of your PAINT CORPS Business and includes the total gross amount of revenues and sales from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by you in exchange for any form of non-monetary consideration (whether or not payment is received at the time of the sale), from or derived by you or any other person or Corporate Entity from business conducted or which started in, on, from or through your PAINT CORPS Business or your Operating Territory, whether such business is conducted in compliance with or in violation of the terms of the Franchise Agreement. Gross Sales include the total gross amount of revenues and sales from whatever source derived from or derived by you including any person or Corporate Entity acting on your behalf from business conducted within or outside your Operating Territory that is related to your PAINT CORPS Business or a competitive business located or operated within your Operating Territory, outside your Operating Territory, or otherwise. Gross Sales do not include (a) sales taxes that you collect and remit to the proper taxing authority, and (b) authorized promotional discounts that you provide to customers.

Note 4: Brand Development Fund – The brand development fund fee is a continuing monthly fee equal to 1% of your monthly Gross Sales (the "Brand Development Fund Fee"). The Brand Development Fee is waived during the first 12 months of the term of your Franchise Agreement.

Note 5: Franchisee Directed Local Marketing – On an ongoing ~~calendar year quarterly~~yearly basis, you must spend not less than the greater of (a) ~~4~~6% of your ~~quarterly~~ Gross Sales; or (b) $~~4~~24,000 per ~~calendar~~ year ~~quarter~~ on the local marketing of your PAINT CORPS Business within your Operating Territory and in accordance with our standards and specifications.

Note 6: Online Ordering, Customer Rewards, and Gift Cards – As designated by us from time to time you must pay to us, our affiliate, or our designated vendors, monthly, weekly, or per transaction fees related to online, point of sale integrated, web based, or app based, ordering, customer rewards, or gift card systems. Currently we have not implemented a fee for these systems but require that you access and purchase these services as point of sale integrations from our currently designated point of sale vendor. See Item 11 for additional details.

Note 7: Technology Fee – The continuing monthly technology fee is an administrative fee used to pay for technology support including our customized quoting software, bookkeeping software, website support (to include SEO and PPC management), company intranet and other services we may engage on your behalf (the "Technology Fee"). Currently we charge a Technology Fee beginning in the second month after you execute your Franchise Agreement that will be equal to $360 per month during your first 12 months of operation, $460 per month during months 13 to 24 of operation, and $560 per month during month 25 and each month thereafter. We reserve the right to increase this fee at any time in the future provided that the monthly Technology Fee will not exceed $750 per month.

Note 8: Customer Service and Refunds – This fee will be charged to you based on the costs incurred by us, including refunds and credits that we may undertake on behalf of a customer that was not satisfied with the services or products of your PAINT CORPS Business. If we determine that your customer is entitled to reimbursement of fees paid to you, we may reimburse your customer directly. You must reimburse us for the amounts that we reimburse your customer.

~~Note 9~~Note 9: National Accounts Administration Fee – If a National Account requires Franchisor to serve as a point of contact and/or billing source, Franchisee shall pay to Franchisor a fee for Franchisor's

administration and/or services provided in connection with the National Account ("National Account Administration Fee"). The National Account Administration Fee shall not exceed 10% of the Gross Sales that Franchisee receives or is entitled to receive from the National Account, and in no event shall be less than $100 per invoice furnished to the National Account. The National Account Administration Fee shall be in addition to all other fees that Franchisee is required to pay.

Note 10: Local and Regional Advertising Cooperatives – If two or more PAINT CORPS Businesses are operating within a geographic area, region, or market designated by us (a "designated market"), we reserve the right to establish and require your participation in a local or regional advertising cooperative within the designated market. If a local or regional advertising cooperative is established within a designated market that includes your PAINT CORPS Business, you will be required to participate in the cooperative and make ongoing payments to the cooperative in such amounts and subject to such caps as established by the cooperative members. We anticipate that each PAINT CORPS Business franchisee will have one vote for each PAINT CORPS Business located within the cooperative market and that cooperative decisions will be made based on approval of a simple majority vote with a quorum of not less than 25% of the designated cooperative members. Contributions to a local or regional cooperative that we designate will count toward satisfaction of and will not exceed your minimum local marketing requirements. You will not be required to make contributions to a Local or Regional Advertising Cooperative in amounts exceeding 6% of your Gross Sales or $24,000 annually.

Note ~~10~~11: Annual System Conference Attendance Fee – If we offer a franchisee annual conference ("Annual System Conference" in a given year, you will be required to attend the conference on the dates and at the location that we designate. You will be responsible for all travel and lodging expenses. ~~We may charge you the annual conference fee in an amount not exceeding $1,000 if you fail to attend the conference for any reason. We will not require your attendance at an annual conference for more than five days during any calendar year~~We will not charge you an Annual System Conference Attendance Fee for your first Annual System Conference, so long as you attend. Thereafter, you will be required to pay us $500 for each Annual System Conference that you attend. If you do not attend an Annual System Conference, we will charge you an Annual System Conference Attendance Fee in the amount of $750 for your first missed Annual System Conference and $1,000 for any additional missed Annual System Conferences.

Note ~~11~~12: Toll Free Number Support and Call Forwarding – The continuing monthly fee covers the cost of services associated with call forwarding and messaging of our toll-free number. We reserve the right to adjust this fee related to any direct increases in the fees charged to us by service providers. This fee is not charged during the initial two months following the opening of your PAINT CORPS Business.

Note ~~12~~13: Answering Service - You are required to utilize the answering service of our choice. ~~We have negotiated a flat rate of~~Currently, the charges for the answering services are $100 per month, plus $1.~~32~~/49 to $1.69 per minute. ~~This price is~~These costs are subject to change from our vendor(s). If you can demonstrate the staffing capabilities to answer all calls consistently, we may allow you to opt out of using our designated answering service.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee (Note 1)	$~~25~~35,000 - $60,000	Lump sum	When Franchise Agreement is signed	Us
~~Construction and Leasehold Improvements (Note 2)~~	~~$0 - $1,000~~	~~As arranged~~	~~As incurred~~	~~Contractors, suppliers, or landlord~~
~~Lease Deposits – Three Months (Note 3)~~	~~$500 - $6,000~~	~~As arranged~~	~~As incurred~~	~~Landlord~~
~~Utility Deposits~~	~~$0 - $300~~	~~As arranged~~	~~As incurred~~	~~Utility suppliers~~
~~Equipment (Note 4)~~	~~$6,000 - $8,000~~	~~As arranged~~	~~As incurred~~	~~Suppliers~~
Initial Inventory (Note ~~5~~2)	$~~1,000~~ 0- $2,000	As arranged	As incurred	Suppliers
Computer, Software and Point of Sale System (Note ~~6~~3)	$50 - $2,500	As arranged	As incurred	Suppliers
Grand Opening Marketing (Note ~~7~~4)	$2,000 - $3,000	As arranged	As incurred	Suppliers
Insurance Deposits – Three Months (Note ~~8~~5)	$1,500 - $3,500	As arranged	As incurred	Insurers
Travel for Initial Training (Note ~~9~~6)	$800 - $1,600	As arranged	As incurred	Airlines, hotels, or restaurants
Professional Fees (Note ~~10~~7)	$0 - $2,~~500~~600	As arranged	As incurred	Attorneys, accountants, or advisors
Vehicle (Note ~~11~~8)	$3,600 - $~~40~~28,000	As arranged	As incurred	Vehicle sellers
Vehicle Wrap (Note ~~12~~9)	$3,000 - $5,000	As arranged	As incurred	Approved vendors

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Licenses and Permits (Note ~~13~~10)	$100 - $800	As arranged	As incurred	Governmental authorities
Additional Funds – ~~Three~~Six Months (Note ~~14~~11)	$~~8~~22,000 - $~~25~~45,000	As arranged	As incurred	Employees, suppliers, landlord, or utility suppliers
Total Estimate (Note ~~15~~12)	~~$51,550 – $126,200~~$68,050 – $154,000			

Explanatory Notes to Item 7
"Your Estimated Initial Investment"

Note 1: Initial Franchise Fee – The Initial Franchise Fee is $~~25~~35,000 for a single franchise to operate a PAINT CORPS Business within a designated Operating Territory~~. Our first five franchisees will receive that includes a founder's discount~~population of ~~$15,000 and pay a $10,000 Initial~~approximately 500,000 individuals. If at the time of signing your Franchise ~~Fee.~~Agreement, subject to market type, availability, and our discretion, you wish to increase the size of your operating territory by adding up to $500,000 additional individuals, the Initial Franchise Fee will be increased by $0.05 for each additional individual located within your operating territory at the time you sign the Franchise Agreement. Current Veteran Service Brands affiliate franchisees ~~(~~of G-FORCE~~,~~ Franchise Group LLC and MACH ONE~~, or FIELD OPS)~~ Franchise Group LLC in good standing will receive an affiliate discount of $~~22,500~~20,000 and pay a $~~2,500~~15,000 Initial Franchise Fee. ~~No other discounts will be applied as described in Item 5 of this Disclosure Document~~All fees are non-refundable. We do not finance any portion of your initial fees.

~~Note 2: Construction and Leasehold Improvements – The Approved Services and Products may only be offered and provided onsite at customer homes. If permitted by law, your Administrative Office may be located within your home. We do not have any specific requirements regarding leasehold interests or improvements related to your Administrative Office. Your Administrative Office must not be accessible to the public or your customers.~~

~~Note 3: Lease Deposits – Three Months – This estimate assumes that your Administrative Office will be operated from your home or from a commercial office facility within a lower rent shared office suite. You will quickly need storage space or warehouse space. Your costs will rise in relation to your rate of expansion. You should expect to pay up to $2,000 per month or more, depending upon a variety of factors, for suitable office and warehouse space within your first year of operation.~~

~~Note 4: Equipment – You will be required to purchase certain types of equipment including, without limitation, paint spray machines, ladders, vacuums, pressure washers, and miscellaneous specialized tools from our approved manufacturers or suppliers, or as may otherwise be subject to our specifications. These figures are an estimate of the purchase costs of the necessary equipment from suppliers to provide the services of your PAINT CORPS Business. The costs listed here do not include any transportation or set up costs.~~

~~Note 5~~Note 2: Initial Inventory – You must purchase an initial opening inventory of System Supplies, paint supplies, other supplies, and equipment to operate your PAINT CORPS Business.

Note ~~6~~3: Computer, Software and Point of Sales System – You are required to purchase, license and, use the point of sale systems, tablets, ordering systems, and applications that we designate. Information about the point of sale and computer systems is disclosed in Item 11 of this Disclosure Document.

Note ~~7~~4: Grand Opening Marketing Expense – You must spend a minimum of $2,000 to promote your grand opening. You must submit your grand opening marketing plan to us for our pre-approval.

Note ~~8~~5: Insurance Deposits – Three Months – You are required to maintain certain insurance coverage. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance company and agent. This estimate is for the cost of an initial deposit to obtain the minimum required insurance, and we estimate this deposit to be equal to the amount of three months of monthly insurance premium payments. We recommend that you consult with your insurance agent before signing a Franchise Agreement.

Note ~~9~~6: Travel for Initial Training – You must complete our pre-opening training program before opening your PAINT CORPS Business. We do not charge a fee for our pre-opening initial training. This estimate is for estimated travel and lodging expenses that you will incur to attend our pre-opening initial training program.

Note ~~10~~7: Professional Fees – This estimate is for costs associated with the engagement of professionals such as attorneys, and accountants for advisories consistent with the start-up of a PAINT CORPS Business. We recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this Disclosure Document, and the Franchise Agreement. It is also advisable to consult these professionals to review any lease and other contracts that you will enter into as part of the development and operation of your PAINT CORPS Business. The high end of this estimate also includes the cost of a bookkeeper for three months at the rate of $100 per month. We do not require a bookkeeper within your first three months of operation. However, a bookkeeper is recommended. We require you to use a bookkeeper after your sixth month of operations unless we determine, in our sole discretion, that you can perform bookkeeping tasks adequately and without the need of a bookkeeper. If you utilize the service of a bookkeeper, the amounts paid to the bookkeeper will likely increase as the Franchised Business grows.

Note ~~11~~8: Vehicle – You must use a branded and wrapped service vehicle for all customer visits. The service vehicle must meet our standards and specifications, be registered and insured as a commercial vehicle, and be in a relatively new and clean condition. Approved vehicles consist of a half-ton or ¾ ton cargo van, either a Chevrolet Express or other brand as directed. Vans will require up-fitting to include storage and shelving. Lower estimate is three months of estimated lease or purchase financing. Vehicles used for estimating and site visits must be late model, in very good condition and similarly wrapped to our specifications and are not included in these estimates.

Note ~~12~~9: Vehicle Wrap – You must wrap your company vehicles in accordance with our specifications. The cost of the wrap might be able to be included within your vehicle lease.

Note ~~13~~10: Licenses and Permits – You must apply for, obtain, and maintain all required permits and licenses necessary to operate a PAINT CORPS Business. The licenses will vary depending on local, municipal, county and state regulations.

Note ~~14~~11: Additional Funds – Six Months – This is an estimate of the minimum recommended levels of additional funds that may be required to cover operating expenses such as employee salaries, inventory, rent, and utilities only for the initial ~~three~~six month period following the opening of your PAINT CORPS Business. This estimate does not include compensation to you or your owners and does not include interest, finance charges, or payments that may be incurred by you if you financed the development of your PAINT

CORPS Business. In making this estimate, we have relied on the experiences of our affiliate in developing and operating a PAINT CORPS Business. This is only an estimate for your initial ~~three~~six months of operations and more working capital and additional funds may be required depending on the sales and performance of your PAINT CORPS Business. ~~Before signing a Franchise Agreement, you should consult with your accountant and advisor to budget and determine the amount of additional funds that should be reserved and set aside by you to support and capitalize the long-term operations of your PAINT CORPS Business.~~

Note ~~1~~513: About Your Estimated Initial Investment – This is an estimate of the initial start-up expenses for a PAINT CORPS Business. We have based these estimates on the experiences of our affiliate in developing a PAINT CORPS Business. These are only estimates and your costs and, the range of those costs, may vary. ~~Factors that may influence your costs include the size of your PAINT CORPS Business, local geographic market and economic conditions including rent, labor, and construction rates, local licensing costs, competition, the capabilities of your management team, and the level of sales achieved by your PAINT CORPS Business.~~ These estimates do not include interest and financing charges that you may incur and they do not include management level compensation payable to you or your owners. You should carefully review these estimates with your business, accounting, and legal advisors before making any decision to sign a Franchise Agreement. These estimates are for one PAINT CORPS Business only.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You may only offer and sell the Approved Products and Services ~~and Products~~ that we designate and you may only use those products, supplies, equipment, technology systems, and services that we authorize and designate in writing. To ensure that our standards and specifications of quality, service and System development are maintained, you must operate your PAINT CORPS Business in strict conformity with the Franchise Agreement and the methods, standards, specifications, and sources of supply that we designate and prescribe in the Manuals.

Source-Restricted Purchases and Leases – Generally

We require that you purchase or lease certain source-restricted goods and services for the development and operation of your PAINT CORPS Business. Source-restricted goods and services are goods and services that must meet our specifications or must be purchased from an approved or designated supplier. We may designate a supplier (which may include us or our affiliates) as the exclusive supplier for the System. Our specifications and list of approved and designated suppliers is contained in our Manuals. We will notify you of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, amendments and updates to our Manuals, verbal, and other forms of communication. We formulate and modify our standards and specifications for products and services based on our industry experience and our management decisions regarding the overall operation and expansion of the System. If we have previously approved a supplier, and their standards fall below our designated standards, we will revoke our approval. We will notify you in writing of us revoking our approval.

Suppliers and Supplier Criteria

We may designate ourselves and our affiliates as exclusive suppliers of source-restricted goods and services. We may designate ourselves or a third party as exclusive supplier irrespective of the existence of competing suppliers. If, in the Manuals, we do not designate a supplier for a particular item, you will purchase all such products, supplies and services from suppliers who meet our specifications and standards. Currently, we are not and our affiliates are not approved suppliers of the source-restricted goods and services identified below. Currently no officer of ours owns an interest in any of our designated suppliers.

If you want to purchase or lease a source-restricted item from a supplier that has not been previously

approved or designated by us in writing, you must send us a written request for approval and submit additional information that we may request. We may charge you a supplier review and testing fee and we may request that you send us samples from the supplier for testing and documentation from the supplier for evaluation. We may also require, subject to our discretion, that we be allowed to inspect the supplier's facilities. We will notify you of our approval or disapproval within a reasonable time, not to exceed 60 days, after we receive your written request for approval and all additional information and samples that we may request. We may, in our discretion, withhold our approval. When evaluating the approval of a particular supplier, among other things, we consider whether the supplier can demonstrate to our reasonable satisfaction the ability to meet our standards, specifications and production requirements, the supplier's quality control, whether or not we are the exclusive supplier of the particular item, whether or not our affiliate or affiliates are the exclusive supplier of the particular item, and whether or not the supplier's approval, in our sole determination, will allow us to advance the overall interests of the System.

We estimate that your purchase of goods and services from suppliers according to our specifications, including your purchase of goods or services from our designated exclusive suppliers, to represent approximately 60% of your total purchases and leases in establishing your PAINT CORPS Business and approximately 60% of the ongoing operating expenses of your PAINT CORPS Business. Currently, neither us nor our affiliates are approved suppliers of the source-restricted goods and services identified below. Currently no officer of ours owns an interest in any of our designated suppliers.

We currently require that you purchase or lease the following source-restricted goods and services from either us or our designated supplier:

1. System Supplies – You must maintain an initial and ongoing inventory of System Supplies. You must purchase the System Supplies from us, our affiliates, or our designated suppliers.

2. Branded Items and Marketing Materials – All materials bearing the Licensed Marks including, without limitation, stationery, business cards, brochures, apparel, signs and displays, must meet our standards and specifications and must be purchased from either us directly or our designated suppliers. All of your marketing materials must comply with our standards and specifications and must be approved by us before you use them. You may market your PAINT CORPS Business through approved digital media and social media platforms provided that you do so in accordance with our digital media and social media policies. You must purchase all branded marketing materials from either us or our designated exclusive supplier. We may require that you exclusively use, at your cost, our designated supplier for social and digital media marketing services and exclusively use, at your cost, our social media platforms, vendors, and marketing channels.

3. Point of Sale System, Business Management System, and Computer Equipment – Currently you are required to utilize proprietary or designated software with one configured hardware terminal, which proprietary or designated software may change in our discretion. You must purchase and maintain a computer system at your Administrative Office, a modern mobile cellular device, and one tablet or iPad. In general, you will be required to obtain a computer system that will consist of certain hardware, software, and peripheral devices such as printers. You will be required to meet our requirements involving back office and point of sale systems, security systems, printers, back-up systems, and high-speed Internet access.

4. Credit Card Processing – You must use our designated supplier and vendor for credit card processing which may be integrated with the point of sale system that we designate. Credit card processing fees will generally be based on a percentage of all credit card processed Gross Sales.

5. Online Ordering, Customer Rewards, and Gift Cards – You must use our designated supplier and vendor for the ability to access and use online, point of sale integrated, web-based, or app-based ordering,

customer rewards, or gift card systems. As you access and utilize these systems, you will pay usage fees based on a percentage of your processed Gross Sales.

6. Service Vehicles – Your service vehicles must meet our standards and specifications, be designated and insured for commercial purposes, and be wrapped with our approved branding and vehicle wrap. You may only operate your PAINT CORPS Business from service vehicles that meet our specifications and approved wrap.

7. Insurance – You must obtain the insurance coverage that we require from time to time as presently disclosed in the Manuals and as we may modify. All insurance policies required under your Franchise Agreement and as set forth in the Franchise Agreement must be written by a responsible carrier, reasonably acceptable to us and all insurance (excluding workers' compensation) must name us, our officers, directors, shareholders, partners, agents, representatives, and independent contractors as additional insureds. The insurance policies must include a provision that the insurance carrier must provide us with no less than 30 days' prior written in the event of a material alteration to, or cancellation of, any insurance policy. A certificate of insurance must be furnished by you to use at the earlier of 90 days after the Effective Date of the Franchise Agreement or prior to the commencement of our initial training program. Insurance coverage must be at least as comprehensive as the minimum requirements set forth in the chart below and in the Franchise Agreement (Franchise Agreement, Article 8). You must consult your carrier representative to determine the level of coverage necessary for your PAINT CORPS Business. Higher exposures may require higher limits.

Insurance Requirements

(a) Coverage against direct physical loss or damage to real and personal property, including improvements and betterments, written on a special form peril basis, including flood and earthquake, if the relevant property is situated in a flood or earthquake zone, in an amount equal to 100% of the PAINT CORPS ~~Business's~~Business' property value;

(b) Comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of at least $1,000,000 per occurrence, $2,000,000 in aggregate;

(c) Statutory workers' compensation insurance and employers' liability insurance as required by the law of the state in which your PAINT CORPS Business is located, including statutory workers' compensation limits and employers' liability limits of at least $1,000,000;

(d) Business automobile insurance, including liability insurance coverage for hired and non-owned automobiles, with a combined single bodily injury and property damage limit of at least $1,000,000 per occurrence;

(e) Business interruption insurance equal to 12 months of your net income and continuing expenses including ~~royalty fees~~Royalty Fees;

(f) Commercial umbrella liability insurance with total liability limit of at least $1,000,000;

(g) Cyber insurance in the amount of at least $1,000,000 protecting against first party and third party claims;

(h) ~~Employer~~Employment practices liability insurance with a limit of at least $2,000,000 including actions of a third party and a minimum limit of $100,000 for wage and hour disputes; and

(i) All other insurance that we require in the Manuals or that is required by law or by the lease or sublease for your PAINT CORPS Business.

Purchase Agreements and Cooperatives

We may, in our discretion, negotiate purchase agreements, including price terms, with designated suppliers for source-restricted goods and services on behalf of the System. We may establish preferred vendor programs with suppliers on behalf of some or all of the PAINT CORPS Businesses under the System and, in doing so, we may limit the number of approved vendors or suppliers that you may purchase from and we may designate one vendor as your sole supplier. Presently we have purchase and supply agreements in effect for source-restricted products and services, but there are no purchasing or distribution cooperatives that you must join at this time. You will not receive any material benefits for using our designated or approved suppliers.

Our Right to Receive Compensation and Our Revenue from Source-Restricted Purchases

We or our affiliates may receive rebates, payments and other material benefits from suppliers based on franchisee purchases and we reserve the right to institute and expand rebate programs in the future. As of the Issuance Date of this Disclosure Document we have not received revenue from suppliers of franchisee purchases of source-restricted products or services. During the fiscal year ending December 31, 20232022, we ~~did not earn any revenue~~ received $$16,452.50 in rebates from ~~approved suppliers based on our franchisees'~~franchisee purchases. This represents 9.3% of our total revenue of $176,804.68.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Articles in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	2.A.	7, 11
b. Pre-opening purchases and leases	3, 8	7, 8
c. Site development and other pre-opening requirements	3, 4, 7, 8, 9.B.	6, 7, 11
d. Initial and ongoing training	4, 7.I.	11
e. Opening	2, 3, 4, 9.B.	11
f. Fees	3, 4.A., 5, 9, 12, 13, 14, 15, 16, 18.N.	5, 6, 7
g. Compliance with standards and policies/manual	3, 4, 7, 8, 9, 12	8, 11
h. Trademarks and proprietary information	6, 7, 11	13, 14
i. Restrictions on products and services offered	3, 4.C., 7.A., 7.E., 7.F., 7.I., 8	8, 11, 16
j. Warranty and customer service requirements	7	16
k. Territorial development and sales quotas	2	12

Obligation		Articles in Agreement	Disclosure Document Item
l.	Ongoing product and service purchases	3, 4.C., 5, 7	8
m.	Maintenance, appearance, and remodeling requirements	7	7, 17
n.	Insurance	8	7, 8
o.	Advertising	3.F., 4.C., 7.E., 7.F., 9, 11	6, 11
p.	Indemnification	10	6
q.	Owner's participation, management, and staffing	4, 6, 7	11, 15
r.	Records and reports	5, 12	6
s.	Inspections and audits	13	6, 11
t.	Transfer	14	17
u.	Renewal	15	17
v.	Post-termination obligations	6, 17, 18	17
w.	Non-competition covenants	6, 17, 18	17
x.	Dispute resolution	18.F., 18.G.	17
y.	Individual guarantee of franchisee obligations	2.C., 6, 14.C., 14.E.	9

ITEM 10
FINANCING

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

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

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

Pre-Opening Obligations

1. Grant of Franchise – We will grant to you the right to operate your PAINT CORPS Business within a designated Operating Territory. (Franchise Agreement, Article 2);

2. Site Review and Approval of Operating Territory – At the time of signing your Franchise Agreement, you will have selected and we will have approved of the Operating Territory within which you will operate your PAINT CORPS Business.

3. Manuals – We will provide you with access to our confidential and proprietary Manuals. You must operate your PAINT CORPS Business in accordance with the Manuals and all applicable laws, rules, and regulations. At all times, we reserve the right to supplement, modify, and update the Manuals. (Franchise Agreement, Articles 1 and 4.C). The operations manual as of the Issuance Date of this Disclosure Document

currently consists of 27 pages and the table of contents to the operations manual is attached as Exhibit C to this Disclosure Document (Franchise Agreement, Article 4). Major subjects of the Manuals include establishing, developing, marketing, and operating a PAINT CORPS Business;

4. Approved Suppliers and Distributors – We will provide you with a list of our approved suppliers and distributors, to the extent that we have designated them, either as part of the Manuals or otherwise in writing. (Franchise Agreement, Articles 3, 4 and 7.F.);

5. Signs, Equipment, Furniture, and Fixtures – We will provide you with a list of our approved signage and equipment to the extent that we have designated them, either as part of the Manuals or otherwise in writing and we will review and approve, in our discretion, your proposed signage and equipment. We do not provide assistance in delivering or installing signs and equipment. (Franchise Agreement, Articles 3 and 4);

6. Website and Digital Media – We will identify and locate your PAINT CORPS Business on our website. We strictly control how you may or may not use websites and digital media and you must assign all website media and digital media accounts to us. (Franchise Agreement, Articles 3.H. and 9); and

7. Initial Training – Not less than 45 days prior to the opening of your PAINT CORPS Business you or your Managing Owner and one management level employee or Owner must attend and complete our initial training program. We will provide you (and up to one of your designated managers) with training in accordance with our initial training program. (Franchise Agreement, Article 4). Our current training program is to be attended by you, or if you are a Corporate Entity, your ~~managing owner~~Managing Owner and one operating manager at a training facility located in Tampa, Florida or such other location we designate. The training program takes place over ~~a~~an approximate six day period and is described below in this Item 11 in more detail.

Site Selection

If permitted by local law, you may locate your Administrative Office within your home residence. Otherwise, you are responsible for selecting a site for your Administrative Office and must obtain our approval of your selected location. We do not typically own or lease the real property that will serve as your Administrative Office and you are responsible for all costs and expenses in locating and evaluating proposed sites for your Administrative Office.

Within 30 days of our written receipt and submission of all information and documentation that we may request, we will respond to your proposed request for our approval or disapproval of the proposed location of your administrative office. Factors that we take into consideration in determining whether or not to approve the proposed site for your Administrative Office include suitability of the proposed site for non-retail back-office operations, and the location of your proposed site relative to your overall Operating Territory and proximity to other System franchisees. Subject to our approval, unless you otherwise designate your home as the location of your Administrative Office, you must secure and designate the location of your Administrative Office within 60 days of signing your Franchise Agreement. If you do not meet our requirements for site selection, we may terminate your Franchise Agreement without refunding any fees to you.

Time to Open

You may not open your PAINT CORPS Business until you have completed our initial training requirements, obtained the necessary licensing and authorization from state and regulatory agencies within your Operating Territory, and obtained and provided us with written proof of the required insurance coverage. Within 120 days from the signing of your Franchise Agreement, you must open and offer services and products of your PAINT CORPS Business to the customers within your Operating Territory. We estimate that the length of time between the signing of your Franchise Agreement and opening your PAINT

CORPS Business to be one to three months. Factors that may affect this estimated time period include the length of time undertaken by you to satisfactorily complete our initial training program, time spent obtaining third party lender financing, if necessary, time spent obtaining the necessary licenses, time spent training staff, and time spent leasing and wrapping a service vehicle that meets our standards and specifications.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Post-Opening Obligations

1. Communication of Operating Standards – We may establish, update, and provide you with consultations and communications regarding the standards, procedures, and System requirements for the operation of your PAINT CORPS Business including, without limitation, Approved Products and Services ~~and Products~~, System Supplies, marketing and promotion standards as we may, in our discretion, designate or from time to time as set forth in the Manuals. (Franchise Agreement, Articles 4.B. and 4.C.);

2. Marketing Standards and Approval – We will establish, update, and communicate to you our standards for the marketing and promotion of your PAINT CORPS Business including, without limitation, ~~those~~the marketing media that you may use. We will respond to your request respecting the communication of our approval or disapproval of marketing media that may be requested by you for use in the marketing and promotion of your PAINT CORPS Business. We maintain full discretion regarding the marketing standards and the marketing media may be used in the marketing and promotion of your PAINT CORPS Business (Franchise Agreement, Article 4.B.);

3. Approved Vendors – We will provide the names and addresses of approved vendors and suppliers for the Approved Products and Services ~~and Products~~ and the System Supplies. (Franchise Agreement, Articles 4.B. and 4.C.);

4. Annual System Conference – We may, in our discretion, coordinate an ~~annual conference to be attended by franchisees of the System that are in good standing.~~Annual System Conference to be attended by franchisees of the System that are in good standing. We will not charge you an Annual System Conference Fee for your first Annual System Conference, so long as you attend. Thereafter, you will be required to pay us a $500 Annual System Conference Attendance Fee for each Annual System Conference that you attend. If you do not attend an Annual System Conference, we will charge you an Annual System Conference Attendance Fee in the amount of $750 for your first missed Annual System Conference and $1,000 for any additional missed Annual System Conferences. You will be responsible for all travel and accommodation expenses associated with your attendance at the Annual System Conference. (Franchise Agreement, Article 4.B.);

5. Supplemental Training – We may require that you and your Operating Manager participate in supplemental onsite training that we may designate and require in our discretion. If you are not meeting what we believe to be System performance standards, we may provide, in our discretion, supplemental training onsite within your Operating Territory. You will be required to pay our then- current supplemental training fee, which is currently $600, per onsite trainer, per day, plus travel expenses, meals and accommodation expenses incurred by us. (Franchise Agreement, Article 4.A.);

6. Initial Training for Replacement Operating Managers – Your Operating Manager must complete, to our satisfaction, our initial training program. We will offer and make available to your replacement Operating Manager our initial training program which must be completed to our satisfaction. The initial training program will be provided by us at facilities that we designate. You will be required to pay our then-current supplemental training fee for replacement Operating Manager, which is currently $600, per

manager, per day for each replacement manager attending our initial training. (Franchise Agreement, Article 4.A. and 4.C.);

7. Administration of Marketing Funds – We may administer and manage System-wide marketing funds comprised of a Brand Development Fund or Advertising Cooperative. (Franchise Agreement, Articles 9.A. and 9.G.);

8. Hiring and Training of Employees – We do not provide assistance with the hiring and training of your employees. You will be directly responsible for the management and supervision of your employees. For the protection of the System, you must ensure that all employees wear and maintain the proper uniforms with our approved System branded apparel and uniforms including, without limitation, the apparel and uniforms comprising System Supplies. You must monitor and ensure that all System Supplies and Approved Products and Services ~~and Products~~ are prepared, maintained, and served in accordance with the System standards and Manuals; and

9. Pricing – You will exclusively determine the prices that you charge for the Approved Products and Services ~~and Products~~ served and sold by your PAINT CORPS Business. However, we may suggest pricing levels that we recommend.

Advertising

1. Generally – All advertising, marketing, marketing materials and all marketing media used by you in the marketing and promotion of your PAINT CORPS Business must be pre-approved by us in writing and conform to our standards and specifications. You may only utilize those advertising and marketing materials and mediums that we designate and approve in writing. In our discretion, we may make available to you approved marketing templates comprised of pre-approved ads, ad copy and digital media that you may utilize at your own expense. If you wish to utilize marketing materials or marketing media that are not currently approved by us in writing, you may submit a written request requesting permission and we will approve or disapprove of your request within 15 days of your submission of the written request and sample marketing materials. We are not required to spend any amount on your behalf on advertising in your Operating Territory. (Franchise Agreement, Article 9);

2. Local Marketing – You are not authorized to engage in any marketing unless it is pre-approved by us (Franchise Agreement, Article 9.B.), in our discretion. On an ongoing ~~calendar year quarterly~~yearly basis, you must spend not less than the greater of (a) 46% of your ~~quarterly~~ Gross Sales; or (b) $424,000 per calendar year ~~quarter~~ on the local marketing of your PAINT CORPS Business to customers located within your Operating Territory and in accordance with our standards and specifications. We will review your local marketing programs and notify you if we approve same. We will make available to you and provide you with access, in the form of a source document, to our approved marketing campaigns, media, and messaging that may be used by you. In those instances where we provide you with access to our marketing campaigns, we provide you with the source designs, copy, and design specifications. However, you will incur the direct costs associated with customizing, duplicating, and using such marketing campaigns and in having them printed, distributed or placed with media sources. (Franchise Agreement, Article 9);

3. Digital Media and Website – All digital media and marketing must be approved by us. We will designate for your Operating Territory information about your PAINT CORPS Business on the www.paintcorps.com webpage or such other websites as we may designate for the System. (Franchise Agreement, Article 9);

4. Brand Development Fund – We may control and administer a brand development fund (the "Brand Development Fund") (Franchise Agreement, Article 9.A.). As disclosed in Item 6 of this Disclosure

Document, you must contribute a monthly sum equal to 1% of monthly Gross Sales to the Brand Development Fund beginning one year after you sign the Franchise Agreement. We may use the Brand Development Fund for market studies, research, service development, product development, testing, research studies, technology development, trade shows, national account outreach, advertising and public relations studies or services, creative production and printing of advertising and marketing materials, advertising copy and commercials, tracking costs, agency fees, administrative costs, which may include reimbursement for direct administrative and personnel costs associated with advertising and public relations, and any other costs associated with the development, marketing and testing of advertising, marketing and public relations materials, and the purchase of media placement, advertising time and public relations materials in national, regional or other advertising and public relations media in a manner determined by us, in our discretion, to be in the best interest of the franchisees and the System. Our company or affiliate owned PAINT CORPS Businesses may, but are not required to, contribute to the Brand Development Fund. The Brand Development Fund will be required to maintain unaudited financial records detailing its expenditures and will make available to you (no more frequently than one time in any 12-month period) an unaudited accounting of how the monies contributed to the Brand Development Fund were spent each year. You may obtain an accounting of the Brand Development Fund by submitting a written request. We are not required to segregate the Brand Development Fund from our general operating funds and we are not a fiduciary or trustee of the Brand Development Fund. The Brand Development Fund may or may not be used to directly promote your PAINT CORPS Business or the marketing area in which your PAINT CORPS Business will be located. (Franchise Agreement, Article 9.A.). We may utilize the Brand Development Fund to develop and test various media and technologies for potential utilization or improvement of the operations of PAINT CORPS Businesses and the marketing of PAINT CORPS Businesses. These technology developments or improvements may relate, among other things, to our website and to the interaction and potential enhancement of web offerings that may or may not be implemented on behalf of PAINT CORPS Businesses. You may or may not benefit from these technology developments and improvements. (Franchise Agreement, Article 9.A.);

We may use the Brand Development Fund to compensate ourselves for administrative fees associated with managing the Brand Development Fund and for our internal employee salaries, expenses and overhead associated with or reasonably allocated to managing the activities of the Brand Development Fund and performing services on behalf of the Brand Development Fund including, without limitation, directing, developing, and managing media of the Brand Development Fund. We will not directly use the Brand Development Fund to directly market the sale of PAINT CORPS Business franchises; however, the advertising, marketing and brand development materials developed including the System website may contain basic information regarding the availability of PAINT CORPS Business franchises for sale and contact information for franchise inquiries. During 2023, we have collected $2,817 towards the Brand Development Fund and we contributed $4,788. Of this amount, we spent 100% towards brand promotion.

~~As of December 31, 2022, we have not collected the Brand Development Fund, however we intend to do so in the future;~~

5. Local and Regional Advertising Cooperative – We possess the exclusive right to authorize, establish, designate and de-authorize a local or regional advertising cooperative within those markets that we designate. We will exclusively determine the geographic and other boundaries constituting each respective cooperative and factors that we will consider include media markets including print, television and digital. If we establish a cooperative within a market that includes your PAINT CORPS Business, you must contribute to the cooperative in such amounts and frequency as determined by the cooperative. Members of the cooperative will be responsible for administering the cooperative, including determining the amounts of contributions, marketing expenditures and allocations. We may require that cooperative decisions be made based on approval of a simple majority of franchisee members based on one vote per PAINT CORPS Business located and a quorum of not less than 25% of the designated franchisee cooperative members. If a cooperative exceeds nine franchisee members, we may require that the

cooperative establish formal governing documents. Each cooperative must prepare annual unaudited financial statements that must be provided to each cooperative member for review. We reserve the right to form, change, dissolve, or merge any advertising cooperative. If we elect to form a local or regional cooperative or if a cooperative already exists in the area of your PAINT CORPS Business, you will be required to participate in the cooperative in accordance with the provisions of our Manuals which we may supplement and modify from time to time. Contributions to a cooperative will be credited against your ~~required 4% of Gross Sales~~ local marketing expenditure and will not exceed ~~4~~6% of your Gross Sales or $~~4~~24,000 per ~~calendar quarter~~year (Franchise Agreement, Article 9). As of the Issuance Date of this Disclosure Document, we have not established any local or regional advertising cooperatives but reserve the right to do so in the future.

6. Advertising Council – We have not established an advertising council but reserve the right to do so in the future. (Franchise Agreement, Article 9.A.).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Computer System

You are required to operate and maintain at least one new laptop computer to be used from your Administrative Office that must possess broadband Internet access and a tablet computer with broadband wireless Internet access. You must use the Business Management System that we designate. At all times, we will possess direct access to the Business Management System used by you and we will have access to all information entered into these systems including, including information about your sales and customers. The cost of the computer system that you will be required to purchase varies based on what computer equipment you currently own, with your estimated costs for a computer system being $50 to $2,500. You are obligated to install the software upgrades and patches as provided by the manufacturer of the computer and the Business Management System. You are responsible for hardware repairs or replacement of systems that are no longer covered under warranty. Your estimated costs for the maintenance, repair and updates for the computer systems is $200 per year. There are no contractual obligations imposed on us to maintain, repair, update, or upgrade your computer systems. You will also be required to utilize those customer reward programs and systems that we designate. There are no contractual limitations on the frequency or cost of this obligation. We will have independent access to all of the information and data that is electronically collected and stored on your Business Management System and, as such, will have access to all data related to the sales, inventory and financial performance of your PAINT CORPS Business.

Initial Training

If this is your first PAINT CORPS Business, we will provide initial training for you or, if you are a Corporate Entity, your Managing Owner, plus one designated manager. Either you or your Managing Owner plus, your General Manager, must successfully complete the initial training program to our satisfaction no later than 45 days prior to the scheduled opening of your PAINT CORPS Business. The initial training program takes place over an approximate six day period. If more than two individuals attend initial training, you will be charged an additional fee per additional persons attending initial training (Item 6). Although we provide you, if you are a Corporate Entity, your Managing Owner, plus your General Manager with initial training at no additional fee or charge, you will be responsible for all travel expenses and employee wages related to your attendance and completion of training. (Franchise Agreement, Article 4). Currently, we provide our initial training program no less frequently than quarterly and on an as-needed basis.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introduction to PAINT CORPS	10	0	At Home Online Training
Welcome to PAINT CORPS	1	0	Tampa, Florida
Introduction to Paint Industry	1	0	Tampa, Florida
Understanding Technologies We Use	1	0	Tampa, Florida
Estimating and Sales	3	4	Tampa, Florida
Exterior Painting	2	12	Tampa, Florida
Interior Painting	2	12	Tampa, Florida
Cabinet Refinishing	2	12	Tampa, Florida
Intro to QuickBooks	2	0	At Home Online Training
Subtotal Hours	24	40	
Total Hours	64		

Instructional materials that will be used in the initial training process includes our Manuals, live instruction, and handouts. Initial training will be conducted under the direction of our co-founder and Chief Executive Officer, Burgess Perry. Mr. Perry has five years of experience in the industry. Mr. Perry is also the founder and CEO of AVP Franchise Group LLC since its formation in September 2021 and founder and CEO of American Veteran Painting LLC since its formation January 23, 2017. The level of experience of our trainers will, at a minimum, include each trainer's satisfactory completion of our initial training program. In addition to initial training, you will be required to participate in and satisfy all other training programs that we may designate. (Franchise Agreement, Articles 4 and 7.I.).

After the opening of your PAINT CORPS Business, we reserve the right to require that you (or your ~~managing owner~~Managing Owner if you are a Corporate Entity) attend a system-wide training program (the "System-Wide Training Program") that we may establish in our discretion. If we establish a System-Wide Training Program, the program will be offered at facilities we designate or virtually and you will be responsible for all travel and expenses, lodging, food, automobile rental expenses and employee wages that you incur in connection with your attendance. We will not require your attendance at a System-Wide Training Program for more than a total of five days in any calendar year.

ITEM 12
TERRITORY

Your Location

Under the Franchise Agreement, we will grant to you the right to develop and operate your PAINT CORPS Business within your Operating Territory. Your Administrative Office may be located within your home or from a location that we approve of within your Operating Territory.

Grant of Territory

At the time of signing your Franchise Agreement, we will designate your Operating Territory. The scope of your Operating Territory will vary from the scope and size of the Operating Territories of other

franchisees in our System and will be determined by us based on population density, demographics, and geographical boundaries. While there is no minimum size for an Operating Territory, your Operating Territory will, generally, be a geographic area that contains up to ~~300,000 residents.~~500,000 residents. Subject to market type, availability, and our discretion, if you wish to increase the size of your Operating Territory by adding up to an additional 500,000 individuals, the Initial Franchise Fee will be increased by $0.05 for each additional individual located within your Operating Territory at the time you sign the Franchise Agreement. Our determination of the number of residents within your Operating Territory will be made at the time of signing your Franchise Agreement and based on raw data without regard to demographics or other qualifying factors. We may identify your Operating Territory by ZIP codes, boundary streets, highways, county lines, designated market area, or other recognizable demarcations.

Relocation

Your right to relocate your PAINT CORPS Business and, thereby, your Operating Territory is not guaranteed and approval of a relocation request by you is completely at our discretion. We evaluate relocation requests on a case-by-case basis and consider factors such as operational history, the location of your Operating Territory, our expansion plans, and other factors that, at the time of a relocation request, are relevant to us.

Establishment of Additional PAINT CORPS Businesses

You do not have the right to establish additional PAINT CORPS Businesses.

Options and Rights of First Refusal to Acquire Additional Franchises

You are not granted any options, rights of first refusal, or similar rights to acquire additional franchises.

Territory Rights

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, during the term of the Franchise Agreement, provided that you are not in default of your obligations to us or our affiliates and except as to our Reserved Rights (defined below), we will not open and operate, and we will not grant another franchisee the right to open and operate, a PAINT CORPS Business within your Operating Territory.

We and our affiliates reserve to ourselves the exclusive right on any terms and conditions that we deem advisable without any compensation or consideration to you (Franchise Agreement, Article 2.D) to engage in the following activities (our "Reserved Rights"): (a) operate and grant to others the right to develop and operate PAINT CORPS Businesses using the System and Licensed Marks outside your Operating Territory as we deem appropriate and irrespective of the proximity to your Operating Territory; (b) acquire, merge with, or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as, or similar to, your PAINT CORPS Business, and after such acquisition, merger or affiliation to own and operate and to franchise, or license others to own and operate and to continue to own and operate such businesses of any kind, even if such businesses offer and sell products and services that are the same as or similar to your PAINT CORPS Business (but not utilizing the Licensed Marks) within your Operating Territory; (c) be acquired by or merge with, or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as or similar to your PAINT CORPS Business, even if such business or businesses presently or, in the future, own and operate and franchise or license others to own and operate businesses that offer and sell products and services that are the same as or similar to your PAINT CORPS Business (but not utilizing the Licensed Marks) within your Operating Territory; (d) use the Licensed Marks and System to distribute the Approved Products and Services offered and sold by your PAINT CORPS Business or products and services similar to the Approved Products and Services offered and sold by your PAINT CORPS Business in alternative channels of distribution within or outside your Operating Territory; (e) use the Licensed Marks and System to distribute the Approved Products and Services offered and sold by your PAINT CORPS Business or products and services similar to the Approved Products and Services offered

and sold by your PAINT CORPS Business in on behalf of regional or national customer accounts (such as retail chain stores, corporations, organizations and businesses that maintain outlets, locations, offices, facilities, or businesses throughout a regional or nationally ("National Accounts") within or outside your Operating Territory; and (f) use the Licensed Marks and System and to license others to use the Licensed Marks and System, to engage in all other activities not expressly prohibited by the Franchise Agreement.

National Accounts

Although part of our Reserved Rights relate to providing System Services and Products to National Accounts located within your Operating Territory, if we enter into a contract with a National Account to provide System Services and Products within your Operating Territory, provided that you are in compliance with your Franchise Agreement and provided that we believe you possess the requisite service capacity, we will give you the opportunity to perform and provide System Services and Products (at the rates negotiated and agreed to by us with the National Account) regarding that portion of the project located within your Operating Territory and relative to your performance capability as determined by us. We do not require that you provide System Services and Products on behalf of any National Accounts unless you agree to do so after we provide you with information about the relevant project scope and pricing. If you elect not to service a National Account within your Operating Territory, you are not entitled to any compensation from our sale of System Services and Products through other franchisees or our affiliates at the National Account location. In some situations, a National Account may require us to serve as a point of contact and/or billing source. In the event a National Account requires as such, you must pay us a fee for our administration of the National Account ("National Account Administration Fee"). The National Account Administration Fee shall not exceed 10% of the Gross Sales that you receive or are entitled to receive from the National Account, and in no event shall be less than $100 per invoice furnished to the National Account.

Additional Disclosures

We do not grant to you any right to share in the proceeds received by us, our affiliates or any third party from the activities outlined in the preceding paragraph as to our Reserved Rights including soliciting or conducting business under our Reserved Rights (including through franchisees or affiliates at National Accounts) within your Operating Territory. We will not unreasonably withhold our approval of your request to relocate your Administrative Office provided that it is relocated within your Operating Territory and otherwise meets our System standards.

Restrictions on Us from Soliciting or Accepting Orders in Your Operating Territory

There are no restrictions on us from soliciting or accepting orders from customers inside your Operating Territory. We reserve the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your Operating Territory using our principal trademarks or using trademarks different from the ones you will use under the Franchise Agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your Operating Territory.

Soliciting by You Outside Your Operating Territory and Territory Rules

You must operate your PAINT CORPS Business and provide the Approved Products and Services ~~and Products~~ exclusively within your Operating Territory. The marketing of your PAINT CORPS Business must be targeted to your Operating Territory and you are not permitted to directly solicit customers outside of your Operating Territory. Provided that you do not engage in any Direct Solicitation (defined below) of customers outside of your Operating Territory or within the Operating Territory of another PAINT CORPS Business, you may provide, subject to our written approval, Approved Products and Services ~~and Products~~ within an Open Area (defined below), subject to the following definitions, rules, and limited circumstances:

(a) You cannot engage in any Direct Solicitations outside of your Operating Territory. The term "Direct Solicitation" means communications or contacts occurring through in person contact, telephone, mail, e-mail, direct mail, distributed print media, digital media or other forms of

marketing directed toward customers, potential customers or referral sources of a PAINT CORPS Business;

(b) You cannot provide Approved Products and Services ~~and Products~~ in the operating territory of another PAINT CORPS Business (an "Assigned Area");

(c) An "Open Area" is a geographic area that (i) is not an Assigned Area; and (ii) is located within a 10-mile radius of your Operating Territory;

(d) You must obtain our written approval, in each instance, before providing Approved Products and Services ~~and Products~~ to a customer in an Open Area; and

(e) Once an Open Area becomes an Assigned Area, you will no longer be authorized to provide Approved Products and Services ~~and Products~~ to any customers within the Open Area and you must turn over to us, for the benefit of another PAINT CORPS Business franchisee, all information and records related to customers in the Open Area.

Competition by Us Under Different Trademarks

We do not have plans to operate or franchise a business under trademarks different from the Licensed Marks that sells or will sell goods or services similar to those that will be offered by you through your PAINT CORPS Business.

ITEM 13
TRADEMARKS

Under the terms of the Franchise Agreement, you will be granted a license to use the "PAINT CORPS" trademark and those other marks that we designate. We reserve the right to supplement and modify the marks that you may or may not use in connection with the operations of your PAINT CORPS Business. You may only use the Licensed Marks as authorized by us in writing and under the terms of your Franchise Agreement. You may not use the Licensed Marks in the name of any Corporate Entity that you establish.

Principal Trademarks Registered with the United States Patent and Trademark Office

The principal trademarks identified in the schedule below are a part of the Licensed Marks, our System, are registered with the United States Patent and Trademark Office (the "USPTO") and, unless otherwise designated by us, will be used by you in the operations of the Franchised Business. As to these marks all required affidavits have been filed with the USPTO.

Mark	USPTO Registration Number	Registration Type	Registration Date
PAINT CORPS	6891175	Principal	November 1, 2022
PAINT CORPS	6975881	Principal	February 7, 2023

As to our principal trademarks there are no currently effective material determinations by the USPTO, the Trademark Trial and Appeal Board, any court, or the trademark administrator of any state. There are no pending infringement, opposition or cancellation proceedings and no pending litigation involving our principal marks. We know of no superior rights or infringing uses that could materially affect your use of our principal marks or other related rights in any state.

You are required to provide us with written notice of all claims that you may become aware of concerning the Licensed Marks including your use of the Licensed Marks and/or a claim associated with a third party's

use of a trademark that is identical or confusingly similar to the Licensed Marks. We maintain the exclusive discretion to take any actions or, to refrain from any action, that we believe to be appropriate in response to any trademark infringement, challenge, or claim. We possess the sole right to exclusively control any litigation, legal proceedings, administrative proceedings and/or ~~settlements~~settlement(s) concerning any actual or alleged infringement, challenge, or claim relating to the Licensed Marks. You must sign all documents, instruments and agreements and undertake the actions that we, with the advice of our legal counsel, determine to be necessary or advisable respecting the protection and/or maintenance of our interests in the Licensed Marks in any legal proceeding, administrative proceeding or as may be otherwise determined by us. As to the foregoing, we will reimburse you for the reasonable out-of-pocket administrative expenses that you incur and pay in complying with our written instructions.

We will protect your right to use the Licensed Marks and to protect you against claims of infringement and unfair competition related to the Licensed Marks, provided that your use of the Licensed Marks is in accordance with the Franchise Agreement, the Manuals, and is consistent with our instructions and the license granted to you. We will indemnify you against direct damages for trademark infringement in a proceeding arising out of your use of the Licensed Marks, provided your use of the Licensed Marks comply with the terms of your Franchise Agreement, the Manuals, our written instructions to you and, you have timely notified us of the claim, have given us sole control of the defense and settlement of the claim, and you are in compliance with your Franchise. If we defend the claim, we have no obligation to indemnify or reimburse you with respect to any fees or disbursements of any attorney that you retain.

If any third party establishes, to our satisfaction and in our discretion, that its rights to the Licensed Marks are, for any legal reason, superior to any of our rights or of a nature that we believe, in our discretion, that it is advisable to discontinue or modify the Licensed Marks, then we will modify or replace the Licensed Marks and you must use the substitutions, replacements or variations of or to the Licensed Marks and use the those trademarks, service marks, logos and trade names designated by us. In such event, our sole liability and obligation will be to reimburse you for the direct out-of-pocket costs of complying with this obligation, which you must document to our satisfaction, including, by way of example, alterations in signage and replacement of marketing materials.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any rights to, or licenses in any patent or copyrights material to the System. We may copyright advertising materials and design specifications, our Manuals and other written materials and items. We have not applied to the USPTO for the issuance of any patents.

You must keep as confidential our Manuals and any supplements to the Manuals. Our Manuals may take the form of written materials or digitally distributed and stored materials and made available to you for use in connection with your PAINT CORPS Business. The Manuals contain information about our System, Approved Products and Services ~~and Products~~, System Supplies, proprietary products, marketing systems, training, and confidential methods of operation. You must use all reasonable and prudent means to maintain the Manuals and the information maintained in the Manuals as confidential and prevent any unauthorized copies, recordings, reproduction, or distribution of the Manuals or the information contained in the Manuals. You must restrict access to the Manuals to management level employees who sign a confidentiality agreement with you and are required by you to maintain the confidentiality of the Manuals and refrain from distributing or disclosing the Manuals and the information contained in the Manuals. You must provide us with immediate notice if you learn of any unauthorized use of the Manuals or of the information contained in the Manuals, or any infringement or challenge to the proprietary or confidentiality of the information contained in the Manuals. We will take any actions or refrain from taking actions that we determine, in our discretion, to be appropriate. We may control any action or legal proceeding we choose to bring. We need not participate in your defense or indemnify you for damages or expenses in a proceeding

involving a copyright or patent. If any third party establishes to our satisfaction, in our discretion, that it possesses rights superior to ours, then you must modify or discontinue your use of these materials in accordance with our written instructions.

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

The Franchise Agreement requires that you or, if you are a Corporate Entity, your managing shareholder or partner (the "Managing Owner"), be personally responsible for the daily management and supervision of your PAINT CORPS Business. We must approve your Managing Owner. Your Managing Owner must have satisfactorily completed our initial training and must have obtained all required licenses and permits necessary to operate a PAINT CORPS Business within your Operating Territory.

You may hire a manager to assume responsibility for the daily management and supervision of your PAINT CORPS Business only if (a) the manager meets all of our minimum standards and criteria for managers; (b) the manager completes our initial training program; and (c) the manager signs a confidentiality agreement approved by us. All of your employees and other agents and representatives who may have access to our confidential information must sign a confidentiality agreement approved by us. We do not require that the manager own any equity interest in the franchise.

You and, if you are Corporate Entity, each of your members, shareholders, or partners (each, an "Owner"), must personally guarantee all of your obligations to us under the Franchise Agreement. Each Owner and Owner's spouse must personally guarantee your obligations to us under the Franchise Agreement. You and each Owner and spouse will promise in writing that, among other things, during the term of the Franchise Agreement you will not participate in any business that in any way competes with your PAINT CORPS Business, and that for 24 months after the expiration of termination of the Franchise Agreement (with said period being tolled during any periods of non-compliance), you will not participate in any competitive business located within or servicing customers located within your Operating Territory and a 15-mile radius surrounding your Operating Territory. Further you will not participate in any competitive business located within or servicing customers located within the operating territory of any other PAINT CORPS Business or the operating territory of any other PAINT CORPS Business. Your managers and all other employees and agents with access to our confidential information will be required to sign a confidentiality agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only sell the Approved Products and Services ~~and Products~~ as specified in the Manuals or otherwise approved by us in writing and you may only sell the products and services required by us. We can change the products and services that you must offer. There is no limitation on our right to change the products and services offered sold by PAINT CORPS Businesses. You are not limited to whom you may sell products and services of your PAINT CORPS Business, provided you do so exclusively within your Operating Territory and as otherwise required by us and in compliance with the standards we determine for the System.

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	Article in Franchise Agreement	Summary
a. Length of the franchise term	2.B.	The term of your Franchise Agreement is seven years.
b. Renewal or extension of the term	15	If you meet our conditions for renewal, you may renew your franchise for one additional seven year term.
c. Requirements for franchisee to renew or extend	15	To renew your franchise, you must be in compliance with the terms of your Franchise Agreement, provide us with 180 days' prior written notice of your request to renew, sign our then- current form of Franchise Agreement and related agreements for the renewal term, sign a general release in our favor, pay a renewal fee, remodel and upgrade your PAINT CORPS Business to meet our standards and specifications, and meet all other renewal requirements contained in the Franchise Agreement. Your Owners must be in compliance with their agreements with us including the Franchise Owner and Spouse Agreement and Guaranty, and they must personally guarantee the terms of your renewal franchise agreement, which may contain terms materially different from your current Franchise Agreement.
d. Termination by franchisee	16.B.	You may terminate the Franchise Agreement if you are in compliance with its terms, we are in material breach of the Franchise Agreement, and we fail to cure the material breach within 30 days of receiving written notice or, if the breach cannot be cured within 30 days, such period of time that is reasonable to cure the material breach. Subject to state law.
e. Termination by franchisor without cause	Not applicable	Not applicable.
f. Termination by franchisor with "cause"	16.A.	We can terminate if you are in default of the terms of the Franchise Agreement.
g. "Cause" defined – curable defaults	16.A.(3), 16.A.(4)	You have 10 days to cure a default where you fail to pay any fees or obligations due to us or to our affiliate or if you fail to pay a supplier without, as determined by us, a legal justification provided that the foregoing defaults were not intentionally and knowingly in violation of the Franchise Agreement. You will have 30 days to cure a default if you fail to timely lease a location that we approve for your PAINT CORPS Business; timely develop and open your PAINT CORPS Business; operate your PAINT CORPS Business in accordance with the specifications, standards, and requirements set forth in our Manuals; develop or operate your PAINT CORPS Business in compliance with all federal state, and local laws, rules, and regulations, unless, such violation poses a threat to public health or safety; maintain insurance coverage

		that we require; comply with our standards, systems or specifications as we may designate or as otherwise designated in the Manuals; fail to operate your PAINT CORPS Business in conformity with our System, or otherwise violate the Franchise Agreement except as to events of default that are not curable.
h. "Cause" defined – non-curable defaults	16.A.(1), 16.A.(2)	The following are defaults that cannot be cured: three or more instances where you commit a curable default, whether or not you timely cured such default in each instance; you intentionally and knowingly refuse to comply with the terms of the Franchise Agreement, or the standards specifications, or requirements set forth in the Manuals or as communicated to you by us from time to time; you intentionally, knowingly, or negligently operate your PAINT CORPS Business in violation of applicable laws, rules, and regulations and, in doing so, create a foreseeable, imminent, or immediate threat to the health and safety of others; you abandon your PAINT CORPS Business or fail to maintain the required ownership interests in your PAINT CORPS Business; you or your Owners intentionally made a material statement or omission in questionnaires submitted to us; the data, information, or records that you record or submit to us are intentionally misleading or false; you transfer or attempt to transfer your PAINT CORPS Business or the ownership interests in your PAINT CORPS Business without our approval; you disclose or permit the disclosure of information contained in the Manuals or of confidential information; you or your Owners engage in intentionally dishonest or unethical conduct that impacts our System; you or your Owners breach and, if such breach is capable of a cure, fail to timely cure another agreement with us including the Owner and Spouse Agreement and Guaranty; you and your Owners and managers fail to complete, to our satisfaction, our initial and ongoing training programs; you fail to notify ~~of~~ us of the misuse of confidential information and you fail to protect same; you misappropriate or misuse the Licensed Marks; you are deemed insolvent, make an assignment for the benefit of creditors, admit in writing your inability to pay debts; are adjudicated bankrupt, file a voluntary bankruptcy petition or have one filed against you, or you acquiesce to the appointment of a trustee or receiver, or a court orders one; execution is levied against your PAINT CORPS Business; a final judgment is entered against your PAINT CORPS Business and is not satisfied within 30 days; you are dissolved; a lawsuit or action is commenced against your PAINT CORPS Business to foreclose on a lien on equipment of your PAINT CORPS Business and such action is not dismissed after 60 days; or real or personal property used by your PAINT CORPS Business is sold or levied by a sheriff or other law enforcement officer; and/or you abandon or fail to

		continuously own and operate your PAINT CORPS Business.
i. Franchisee's obligations on termination/non-renewal	6, 17	You must pay all sums that you owe to us under the Franchise Agreement and all other agreements with us; cease owning and operating your PAINT CORPS Business; cease representing yourself as a franchisee of ours; permanently cease using or accessing the System, the Licensed Marks, our confidential information, the Manuals, the Business Management System, the Business Management System Data, and the System Supplies; return the Manuals and all confidential information to us in the original form provided to you and document the destruction of all electronic files related to same; completely de-identify the location or facility associated with your PAINT CORPS Business; as requested by us, transfer to us all data, telephone listings, digital media, accounts, web listings and websites associated with your PAINT CORPS Business; and abide by the post-termination non-competition covenants and restrictions. ~~We will not unreasonably withhold our approval.~~
j. Assignment of the contract by franchisor	14.A.	No restriction on our right to assign.
k. "Transfer" by franchisee – definition	14.B.	A transfer means and includes, whether voluntary or involuntary, conditional or unconditional, direct or indirect (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control your operations or affairs.
l. Franchisor's approval of transfer by franchisee	14.B.	Transfers require our prior written consent, which may be granted or withheld in our discretion.
m. Conditions for franchisor's approval of transfer	14.C.	For approval of your transfer, you must provide us with 30 days prior written notice of the proposed transfer; you and your Owners must not have defaulted in your obligations under the Franchise Agreement and all other agreements with us; you and your Owners must be in compliance with your obligations under the Franchise Agreement and all other agreements with us; the transferee must agree to be bound by all of the terms and provisions of the Franchise Agreement; the transferee's owners and their spouses must personally

		guarantee all of the terms and provisions of the Franchise Agreement; you and your Owners and your respective spouses must sign a general release in favor of us; the transfer must provide for the assignment or ownership of the approved location for your PAINT CORPS Business, and the transferees continued use and occupancy of such location throughout the term of the Franchise Agreement; the assets of your PAINT CORPS Business must be transferred to the transferee; the transferee and the transferee's owners and managers, at the transferee's expense must complete our training programs; we waive our right of first refusal; and we approve of the transfer and transferee in writing and subject to our discretion; and you pay the Transfer Fee. This provision is subject to applicable state law.
n. Franchisor's right of first refusal to acquire franchisee's business	14.F.	We have the right to match any offer to purchase your PAINT CORPS Business or the Corporate Entity operating your PAINT CORPS Business.
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable.
p. Death or disability of franchisee	14.D.	If you are an individual, within 30 days of your death or permanent disability, your executor or legal representative must appoint an operating manager approved by us and within 60 days of such appointment, the operating manager must complete, to our satisfaction, our initial training program. Within 12 months of the date of death or disability, the Franchise Agreement must be transferred to a transferee approved by us and otherwise transferred in accordance with the terms of the Franchise Agreement. If you are a Corporate Entity, within 30 days of the death or permanent disability of your Managing Owner, if there are other Owners, the Owners must appoint a replacement operating manager approved by us and within 60 days of such appointment, the operating manager must complete, to our satisfaction, our initial training program.
q. Non-competition covenants during the term of the franchise	6	No involvement in any competitive business and must comply with confidentiality, non-disclosure, and non-solicitation covenants.
r. Non-competition covenants after the franchise is terminated or expires	6, 17	No involvement, ownership, or interest whatsoever for 24 months in any competing business within your Operating Territory, a 15-mile radius of your Operating Territory, or within the Operating Territory of any other PAINT CORPS Business; and you must comply with confidentiality, non-disclosure, and non-solicitation covenants.

s. Modification of the agreement	18.L.	Requires writing signed by you and us, except for unilateral changes that we may make to the Manuals or our unilateral reduction of the scope of a restriction covenant that we may make in our discretion.
t. Integration/merger clauses	18.M.	Only the terms of the Franchise Agreement and schedules to the Franchise Agreement and the respective signed exhibits to the Franchise Agreement are binding, subject to state law. Nothing in any agreement is intended to disclaim the express representations made in the Disclosure Document, its exhibits, or its amendments.
u. Dispute resolution by arbitration or mediation	18.G.	Except for certain claims for injunctive relief, all disputes must first be submitted to non-binding mediation in Hillsborough County, New Hampshire and, if mediation is unsuccessful, then to binding arbitration in Hillsborough County, New Hampshire. This provision is subject to applicable state law.
v. Choice of forum	18.G.	All mediation, arbitration and, if applicable, litigation proceedings must be conducted in, or closest to the courts of general jurisdiction that is within or closest to Hillsborough County, New Hampshire or, in our discretion, the United States District Court nearest to our corporate headquarters at the time such action is filed. This provision is subject to applicable state law.
w. Choice of law	18.F.	New Hampshire law will govern. This provision is subject to applicable state law and as otherwise disclosed in Exhibit H to this Disclosure Document.

ITEM 18
PUBLIC FIGURES

We do not currently use any public figure to promote our franchise. No public figure is currently involved in our management.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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 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) franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting John S. Child, PAINT CORPS Franchise Group LLC at ~~3 Executive Park~~13 Columbia Drive, Suite ~~281, Bedford~~19, Amherst, New Hampshire ~~0311~~03031 and (844) 464-3672, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS ~~2020 TO~~ 2021 to 2023~~2022~~

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021~~2020~~	0	0	0
	~~2021~~2022	0	~~0~~7	~~0~~+7
	~~2022~~2023	~~0~~7	~~7~~8	+~~7~~1
Company Owned	2021~~2020~~	0	~~0~~1	~~0~~+1
	2022~~2021~~	~~0~~1	~~0~~1	0
	~~2022~~2023	~~0~~1	~~0~~1	0
Total Outlets	2021~~2020~~	0	~~0~~1	~~0~~+1
	2022~~2021~~	~~0~~1	~~0~~8	~~0~~+7
	~~2022~~2023	~~0~~8	~~7~~9	+~~7~~1

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS ~~2020 TO~~ 2021 to 2023~~2022~~

State	Year	Number of Transfers
None	2021~~2020~~	0
	2022~~2021~~	0
	~~2022~~2023	0

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS ~~2020 TO 2022~~2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
Arizona	2021~~2020~~	0	0	0	0	0	0	0
	~~2021~~2022	0	~~0~~1	0	0	0	0	~~0~~1
	~~2022~~2023	~~0~~1	~~1~~0	0	0	0	0	1
Florida	2021~~2020~~	0	0	0	0	0	0	0
	~~2021~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	2022	0	2	0	0	0	0	2
	2023	2	0	0	0	0	0	3
Ohio	2021~~2020~~	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	0	0	0	0	0	1
Pennsylvania	2021	0	0	0	0	0	0	0
	2022	0	~~2~~0	0	0	0	0	~~2~~0
	2023	0	1	1	0	0	0	0
Tennessee	~~2020~~2021	0	0	0	0	0	0	0
	~~2021~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Texas	~~2020~~2021	0	0	0	0	0	0	0
	~~2021~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Totals	~~2020~~2021	0	0	0	0	0	0	0
	~~2021~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	2022	0	7	0	0	0	0	7
	2023	7	2	1	0	0	0	8

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE NO. 4
STATUS OF COMPANY OWNED OUTLETS
FOR YEARS ~~2020 TO 2022~~2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired by Franchisor	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Totals	~~2020~~2021	0	~~0~~1	0	0	0	~~0~~1
	2022~~2021~~	~~0~~1	0	0	0	0	~~0~~1
	~~2022~~2023	~~0~~1	0	0	0	0	~~0~~1

TABLE NO. 5
PROJECTED OPENINGS
AS OF DECEMBER 31, ~~2022~~2023

State	Franchise Agreement Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Arizona~~Florida~~	~~0~~1	~~3~~0	0
Florida~~Georgia~~	0	2	0
Georgia~~North Carolina~~	0	~~2~~1	0
North Carolina~~Ohio~~	0	1	0
Ohio~~South Carolina~~	0	~~2~~0	0
South Carolina~~Tennessee~~	0	~~2~~1	0
Texas	0	~~4~~3	0
Totals	0	~~16~~0	0

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses with us that restrict them from discussing with you their experiences as a franchisee in our franchise system. There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Disclosure Document.

Exhibit F to this Disclosure Document contains a list of our then- current franchisees as of the Issuance Date of this Disclosure Document.

Exhibit G to this Disclosure Document contains a list of franchisees that had an outlet terminated, cancelled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

~~[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]~~

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit D are our ~~adutied~~audited financials for 2022 and 2023. We were organized on November 1, 2021 and our fiscal year ends on December 31. Because we have not been franchising for three years or more, we do not have three years of audited financial statements.

ITEM 22
CONTRACTS

Attached to this Disclosure Document or to the Exhibits attached to and comprising the Franchise Agreement attached to this Disclosure Document are copies of the following franchise and other contracts and agreements in use or proposed for use:

Exhibits to this Disclosure Document

Exhibit E	Franchise Agreement
Exhibit H	State Specific Addenda

Schedules and Exhibits to the Franchise Agreement

Schedule 1	Operating Territory Acknowledgement
Schedule 2	Statement of Franchisee's Owners
Exhibit 1	Franchise Owner and Spouse Agreement and Guaranty
Exhibit 2	Confidentiality Agreement
Exhibit 3	Assignment of Telephone Numbers and Digital Media Accounts
Exhibit 4	ACH Authorization Form
Exhibit 5	General Release

Individual state law may supersede the provisions contained in your Franchise Agreement respecting the requirement that you execute a general release as a condition to assignment, sale, or transfer. See, the state specific addenda contained in Exhibit H of this Disclosure Document.

ITEM 23
RECEIPTS

Two copies of a detachable receipt in Exhibit J are located at the very end of this Disclosure Document. Please sign one copy of the receipt and return it to us at the following address John S. Child, PAINT CORPS Franchise Group LLC, ~~3 Executive Park~~13 Columbia Drive, Suite ~~281, Bedford~~19, Amherst, New Hampshire ~~03110~~03031. The duplicate is for your records.

[THE DISCLOSURE DOCUMENT ENDS HERE]

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT A
STATE ADMINISTRATORS

List of State Administrators

California
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013

2101 Arena Boulevard
Sacramento, CA 95834
866-275-2677

Connecticut
Connecticut Banking Commissioner
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, CT 06103

Florida
Division of Consumer Services
Attn: Business Opportunities
2005 Apalachee Parkway
Tallahassee, FL 32399

Hawaii
Commissioner of Securities
Department of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois
Office of the Attorney General
Franchise Bureau
500 South Second Street
Springfield, IL 62706

Indiana
Indiana Secretary of State
Indiana Securities Division
Franchise Section
302 W. Washington Street, Room E-111
Indianapolis, IN 46204

Kentucky
Office of the Attorney General
Consumer Protection Division
Attn: Business Opportunity
1024 Capital Center Drive
Frankfort, KY 40601

Maine
Department of Professional and Financial Regulations
Bureau of Banking
Securities Division
121 Statehouse Station
Augusta, ME 04333

Maryland
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202

Michigan
Michigan Department of the Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
P.O. Box 30213
Lansing, MI 48909

Minnesota
Minnesota Department of Commerce
Securities Division
85 7th Place East, Suite 280
St. Paul, MN 55101

Nebraska
Nebraska Department of Banking and Finance
Commerce Court
1230 O Street, Suite 400
Lincoln, NE 68509

New York
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
212-416-8222

North Carolina
Secretary of State
Securities Division
300 North Salisbury Street, Suite 100
Raleigh, NC 27603

North Dakota
~~Office of~~ Securities ~~Commissioner~~ Department
600 East Boulevard~~, 5th~~ Avenue, State Capitol Fourteenth Floor
~~Department~~Dept 414
Bismarck, ND 58505~~-~~0510
Phone 701-328-4712

List of State Administrators (continued)

Rhode Island
Department of Business Registration
Division of Securities
233 Richmond Street, Suite 232
Providence, RI 02903

South Carolina
Office of the Secretary of State
1205 Pendleton Street
Edgar Brown Building, Suite 525
Columbia, SC 29201

South Dakota
Franchise Office
Division of Securities
910 E. Sioux Avenue
Pierre, SD 57501

Texas
Office of the Secretary of State
Statutory Document Section
1019 Brazos Street
Austin, TX 78701

Utah
Utah Department of Commerce
Division of Consumer Protection
160 East Three Hundred South
P.O. Box 146704
Salt Lake City, UT 84114

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Washington
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507
360-902-8700

Wisconsin
Franchise Office
Wisconsin Securities Commission
P.O. Box 1768
Madison, WI 53701

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT B
AGENTS FOR SERVICED OF PROCESS

Agents for Service of Process

PAINT CORPS Franchise Group LLC
~~3 Executive Park~~13 Columbia Drive, Suite ~~281~~19
~~Bedford~~Amherst, New Hampshire ~~03110~~03031
Attn: John S. Child, President

California
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013

2101 Arena Boulevard
Sacramento, CA 95834
866-275-2677

Connecticut
Banking Commissioner
Department of Banking
Securities and Business Investment Division
260 Constitution Plaza
Hartford, CT 06103

Hawaii
Commissioner of Securities
Department of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois
Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Maryland
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202

Michigan
Michigan Department of Commerce
Corporation and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910

Minnesota
Commissioner of Commerce of Minnesota
Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101

New York
Secretary of the State of New York
99 Washington Avenue
Albany, NY 12231

North Dakota
North Dakota Securities Department
Securities Commissioner
600 East Boulevard Avenue, 5th Floor
Department 414
Bismarck, ND 58505
701-328-4712

Rhode Island
Director of Department of Business Regulation
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota
Director, Division of Securities
Department of Commerce and Regulation
445 East Capitol Avenue
Pierre, SD 57501

Virginia
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219

Washington
Securities Administrator
Washington Department of Financial Institutions
150 Israel Road SW
Tumwater, WA 98501
(360-) 902-8700

Wisconsin
Wisconsin Commissioner of Securities
345 W Washington Avenue
Madison, WI 53703

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT C
OPERATIONS MANUAL TABLE OF CONTENTS

PAINT CORPS Franchise Group LLC
Operations Manual Table of Contents

Section	Page
The Basics	1
KISS Method	
Top Secret!	
Copyright	
Who We Are	2
Veterans Helping Veterans	
Guiding Principles	
Honesty	
Commitment	
Respect	
Code of Conduct	
Franchisor Obligations	4
Protect the Brand	
Maintain Website	
Forward Leads	
Training	
Advertising and Marketing Assistance	
Guidance and Support	
Standards Enforcement	
Host Annual Convention	
Franchisee Obligations	9
Uniform and Appearance Standards	
Sales Uniform	
Crew Attire	
Vehicle Appearance	
Maintain Standards of Workmanship and Customer Service	
Marketing	
Advertising	
Build the Business	
Expansion	
Attend Annual Convention	
Build your LinkedIn Profile	
Testimonials	
Administrative	
Reporting, Invoicing and Payments	
Personal Conduct	
Restrictions on use of PAINT CORPS™ Vehicles and Uniforms	
Customer Service	
Handling Quotes	
Closing the Deal	
On the Job	
Pre-Flight	
Take Before Pics!	
Accomplish the Mission	
Post-Flight	
Take After Pics!	
Debrief	

Social Media 17
Pros and Cons
Recommendations
Restrictions

Handling Customer Complaints 20
Online
Offline

Legal Stuff 22
Local, State and Federal Laws
DOT Medical Card
Employees
Insurance – General
Business, Auto and Workers' Compensation Insurance Minimums
Workers' Compensation
Not a Joint Employer On the Job

Equipment, Tool and Material Requirements 24

Safety Requirements 26
Driving
On the Job

Approved Vendors 27
Coatings
Equipment
Materials
QuickBooks
Payroll

TOTAL PAGES: 27

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT D
FINANCIAL STATEMENTS

CONSENT

Penchansky & CO., PLLC, hereby consents to the use of the Franchise Disclosure Document issued by Paint Corps Franchise Group, LLC, our independent auditors report dated March 19, 2024, relating to the audited financial statements of Paint Corps Franchise Group, LLC as of and for the year ending December 31, 2023.

Adam M. Lord, CPA, CNAP
Partner
Penchansky & Co., PLLC
Certified Public Accountants
Manchester, New Hampshire

March 19, 2024

PAINT CORPS FRANCHISE GROUP, LLC

Audited Financial Statements

For The Years Ending
December 31, 2023 and 2022

PENCHANSKY & CO. PLLC
CERTIFIED PUBLIC ACCOUNTANTS

PAINT CORPS FRANCHISE GROUP, LLC

Table of Contents

1.	Independent Auditor's Report.....	1-2
2.	Balance Sheets.....	3-4
3.	Statements of Income and Members Equity.....	5-6
4.	Statements of Cash Flows.....	7
5.	Notes to the Financial Statements.....	8-11

INDEPENDENT AUDITOR'S REPORT

To the Members of
PAINT CORPS FRANCHISE GROUP, LLC
Bedford, New Hampshire

Opinion

We have audited the accompanying financial statements of PAINT CORPS Franchise Group, LLC (a New Hampshire limited liability company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income and members equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PAINT CORPS Franchise Group, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it

1650 Elm Street Suite 302 • Manchester, NH 03101 • Tel 603.647.2400 • Fax 603.647.6495 • www.penchansky.com

exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Penchansky & Co., PLLC
Certified Public Accountants
Manchester, New Hampshire

March 9, 2024

PAINT CORPS FRANCHISE GROUP, LLC
Balance Sheets
As of December 31,

ASSETS

	2023	2022
Current Assets:		
Cash	$ 24,879	$ 15,446
Current Portion of Accounts Receivable:		
Operating	1,187	1,245
Technology Services	45,780	39,240
Franchise Fee	7,500	5,000
Royalties	28,941	4,076
Contract Asset - Franchise Fee	0	4,400
Prepaid Insurance	5,680	4,784
Total Current Assets	113,967	74,191
Intangible Assets:		
Start-up Costs	8,000	8,000
Less: Accumulated Amortization	(1,067)	(533)
Net Intangible Assets	6,933	7,467
Non-current Assets:		
Accounts Receivable (Less Current Portion):		
Technology Services	351,452	334,472
Total Non-current Assets	351,452	334,472
Total Assets	**$ 472,352**	**$ 416,130**

- Continued on next page

See Notes and Independent Auditor's Report

PAINT CORPS FRANCHISE GROUP, LLC
Balance Sheets
As of December 31,

LIABILITIES AND MEMBER'S EQUITY

	2023	2022
Current Liabilities:		
Accrued Expenses	$ 860	$ 2,041
Current Portion Contract Obligations:		
Franchisee Support	4,600	0
Technology Services	45,780	39,240
Due to related entity	10,000	10,000
Total Current Liabilities	61,240	51,281
Non-current Liabilities:		
Contract Obligation (Less Current Portion)		
Franchisee Support	53,800	36,400
Technology Services	347,552	334,472
Total Non-current Liabilities	401,352	370,872
Total Liabilities	462,592	422,153
Member's Equity:		
Member's Equity	9,760	(6,023)
Total Member's Equity	9,760	(6,023)
Total Liabilities and Member's Equity	**$ 472,352**	**$ 416,130**

See Notes and Independent Auditor's Report

PAINT CORPS FRANCHISE GROUP, LLC
Statements of Income and Member's Equity
For The Years Ending December 31,

	2023	%	2022	%
Revenues:				
Franchise Fee	$ 50,000	22.8%	$ 25,000	37.9%
Royalties	97,420	16.6%	22,270	33.8%
Support Fee	52,320	23.9%	18,688	28.3%
Brand Fee Income	882	0.4%	0	0.0%
Other Income	18,208	8.3%	0	0.0%
Total Revenues	218,830	100.0%	65,958	100.0%
Less: Discounts	(51,534)	-23.5%	(21,856)	-33.1%
Total Net Revenues	167,296	76.5%	44,102	66.9%
Operating Expenses:				
Advertising	53,388	24.4%	26,743	40.5%
Office Expense	39,523	18.1%	205	0.3%
Professional Fees	16,109	7.4%	12,293	18.6%
Website Support	12,240	5.6%	15,587	23.6%
Commissions and Fees	10,000	4.6%	38,800	58.8%
Training	0	0.0%	2,182	3.3%
Insurance	8,056	3.7%	3,548	5.4%
Brand Development	7,605	3.5%	0	0.0%
Meals and Entertainment	1,746	0.8%	162	0.2%
Dues and Subscriptions	1,543	0.7%	833	1.3%
Telephone Expense	0	0.0%	220	0.3%
Travel	1,542	0.7%	726	1.1%
Amortization	533	0.2%	533	0.8%
Bank Fee	236	0.1%	193	0.3%
Office Supplies	0	0.0%	1,200	1.8%
Total Operating Expenses	152,521	69.7%	103,225	156.5%
Net Income (Loss)	14,775	6.8%	(59,123)	-89.6%
Member's Equity, January 1,	(6,023)		0	
Member's Contributions	1,008		53,100	
Member's Equity, December 31,	**$ 9,760**		**$ (6,023)**	

See Notes and Independent Auditor's Report

PAINT CORPS FRANCHISE GROUP, LLC
Statements of Cash Flows
For The Years Ended December 31,

	2023	2022
Cash Flows from Operating Activities:		
Net Income (Loss)	$ 14,775	$ (59,123)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Amortization	533	533
(Increase) Decrease in Accounts Receivable:		
Operating	58	(1,245)
Technology Services	(23,520)	(373,712)
Franchisee Support	(2,500)	(5,000)
Royalties	(24,865)	(4,076)
(Increase) Decrease in Contract Asset:		
Franchise Fee	4,400	(4,400)
(Increase) Decrease in Prepaid Expenses	(895)	(4,784)
Increase (Decrease) in Accrued Expenses	(1,181)	2,041
Increase (Decrease) in Contract Obligations:		
Franchisee Support	22,000	36,400
Technology Services	19,620	373,712
Total Adjustments	(6,350)	19,469
Net Cash Provided (Used) by Operating Activities	8,425	(39,654)
Cash Flows from Investing Activities:		
Investment in Start-up Costs	0	(8,000)
Net Cash Provided (Used) by Investing Activities	0	(8,000)
Cash Flows from Financing Activities:		
Due to Related Entity	0	10,000
Member Contributions	1,008	53,100
Net Cash Provided (Used) by Financing Activities	1,008	63,100
Net Increase (Decrease) in Cash and Equivalents	9,433	15,446
Cash, January 1,	15,446	0
Cash, December 31,	**$ 24,879**	**$ 15,446**
Supplemental Cash Flow Disclosures:		
Cash Paid During the Period for:		
Interest	$ 0	$ 0
State Taxes	$ 0	$ 0

Nature of Business:

PAINT CORPS Franchise Group, LLC (the "Company"), is a limited liability company, formed on November 12, 2021, in the State of New Hampshire. The Company was formed as a franchisor of residential and commercial painting, cabinet refinishing services, and other related services and products to residential, commercial, and industrial customers. The franchisees are exclusively for honorably discharged U.S. military veterans, active duty, active guard, or reserve U.S. military service members.

NOTE 1 – Summary of Significant Accounting Policies:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when the obligation is incurred.

Use of Estimates in Preparation of Financial Statements

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Revenue Recognition

In accordance with FASB ASC 952-06, *Franchisors, Revenue Recognition,* non refundable initial franchise fees paid by franchise owners are recognized as revenue at the earlier of when the franchisee commences operations or upon termination of the franchise agreement. Initial franchise fees collected prior to commencing operations, are recorded as deferred initial franchise fees.

In May, 2014, the FASB issued accounting standard update ASU 2014-09, *Revenue from Contracts with Customers, (Topic 606)*, that establishes a uniform basis for recording revenue to virtually all industries' financial statements. The standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. Additionally, the new guidance requires enhanced disclosure to help financial statement users better understand the nature, amount, timing and uncertainty of the revenue recorded.

-Continued on Next Page-

NOTE 1 – Summary of Significant Accounting Policies - continued:

Cash and Cash Equivalents

The Company considers highly liquid debt instruments with maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances. In evaluating the collectability of individual receivable balances, the Company considers many factors, including the age of the balance, the customer's payment history and payments term. If needed, management provides for probable uncollectible amounts through an allowance for doubtful accounts.

Intangible Assets

The Company's intangible assets consist of costs paid to incorporate and set up the partnership.

Income Tax Matters

The Company is a Limited Liability Company (LLC), taxed as a partnership and does not incur income taxes for federal tax purposes; instead, its earnings are included in the members' personal federal income tax return and taxed depending on their personal tax situations.

The Company's state tax returns are subject to business taxes imposed by the taxing authorities.

The Company's evaluation on December 31, 2023 revealed no uncertain tax positions that would have a material effect on the financial statements. The Company's state tax returns are subject to possible examination by the taxing authorities. For state purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Contract Liability

The FASB issued Accounting Standards Update (ASU) No. 2014-19, *Revenue from Contracts with Customers,* (Topic 606). This update supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle.

-Continued on Next Page-

NOTE 1 – Summary of Significant Accounting Policies - continued:

Leases

The FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases,* (Topic 842). This update requires lessees to recognize a liability associated with obligations to make payments under the terms of the arrangement in addition to a right-of-use asset representing the lessee's right to use, or control the use of the given asset assumed under the lease. The Company has evaluated its transactions and determined there were no leases.

NOTE 2 – Franchising:

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreements require the franchisee to pay an initial, non-recurring fee of $25,000 for a standard protected territory for a initial term of 10 consecutive years. If the franchisee enters into any additional franchise agreement with the Company, then the initial franchise fee will be discounted by 50%. The franchisee will pay monthly, non-refundable royalty fees equal to 7% of the franchisee's monthly gross sales. If the monthly royalty fees do not aggregate, equal, or exceed, the amount of the minimum royalty fee requirements, defined by the franchise agreement, then the franchisee must pay to the Company the difference as a supplemental royalty fee. Direct costs of sales and servicing of franchise and license agreements are charged to general and administrative expenses as incurred.

When an individual franchise is sold, the Company agrees to provide certain services to the franchisee, including ongoing support, training, brand development and access to operating programs and other administrative items, and is paid a monthly fee based on sales. Certain fee's may be waived based on the length of time the franchisee has owned the franchise and other considerations. The Company recognizes initial fees as revenue when substantially all initial services required by the franchise agreement is performed, which is generally upon opening franchise business to the public. Continuing fees are recognized as a contract liability, and are recognized over the course of the contract as the services are earned, with an appropriate provision for estimated uncollectible amounts charged to general and administrative expense.

Franchise fees included in revenues for the periods ended December 31, 2023 and 2022 were $50,000 and $25,000, respectively.

NOTE 3 – Contract Asset:

The Company has a discount policy that is made available to the first of 20 franchise's sold, where the franchisee will receive a discount on the franchise fee. As this reduction is amortized over the first seven years of the contract, the performance obligations of the franchisor are greater than what is recognized, therefore, creating a contract asset. Total amount of the contract asset as of December 31, 2023 and 2022 is $0 and $4,400

-Continued on Next Page-

NOTE 4 – Contract Liability:

The Company has a fee agreement to provide support services to franchisors for ongoing operations and technology support that extends for ten years. In connection with this agreement, the Company has a contract liability, which is being amortized on a straight-line basis over the ten year term of the contract.

As of December 31, 2023, the balance of the liability consisted of:

Contact Obligation		Amount
Franchisee Support	$	58,400
Technology Services		393,332
Total Contract Obligation	**$**	**451,732**

As of December 31, 2022, the balance of the liability consisted of:

Contact Obligation		Amount
Franchisee Support	$	36,400
Technology Services		373,712
Total Contract Obligation	**$**	**410,112**

NOTE 5 – Concentrations:

Cash

The Company maintains cash balances that at times may exceed the Federal Deposit Insurance Corporation's (FDIC) insured limit of $250,000.

Accounts Receivable

The Company has 7 customers with accounts receivable balances representing 97% of the total accounts receivable balance as of December 31, 2023. The Company had 6 customers with accounts receivable balances representing 98% of the total accounts receivable balance as of December 31, 2022.

-Continued on Next Page-

NOTE 6 – Subsequent Events:

The Company evaluated subsequent events thru March 9, 2024, which is the date the financial statements were available to be released. Management has determined that there are no events which meet the requirement for disclosure.

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT E
FRANCHISE AGREEMENT

PAINT CORPS FRANCHISE GROUP LLC
FRANCHISE AGREEMENT

FRANCHISEE:_____

PAINT CORPS Franchise Group LLC
Franchise Agreement

Table of Contents

Article		Page
1.	DEFINITIONS	1
~~2.~~	~~GRANT OF FRANCHISE~~	~~10~~
~~2.A.~~	~~GRANT OF FRANCHISE~~	~~10~~
~~2.B.~~	~~TERM~~	~~11~~
~~2.C.~~	~~GUARANTEES, CONFIDENTIALITY, AND RESTRICTIVE COVENANTS~~	~~11~~
~~2.D.~~	~~RESERVATION OF RIGHTS~~	~~12~~
~~2.E.~~	~~MODIFICATION OF SYSTEM~~	~~12~~
~~2.F.~~	~~CORPORATE ENTITY OWNERSHIP~~	~~12~~
~~3.~~	~~DEVELOPMENT AND OPERATION OF THE PAINT CORPS BUSINESS~~	~~12~~
~~3.A.~~	~~DEVELOPMENT OF THE PAINT CORPS BUSINESS~~	~~12~~
~~3.B.~~	~~OPERATIONS OF FRANCHISEE'S PAINT CORPS BUSINESS~~	~~13~~
~~3.C.~~	~~FRANCHISEE'S ADMINISTRATIVE OFFICE~~	~~13~~
~~3.D.~~	~~FURNITURE, FIXTURES, EQUIPMENT, AND SIGNS~~	~~14~~
~~3.E.~~	~~SYSTEM SUPPLIES~~	~~14~~
~~3.F.~~	~~SERVICE VEHICLES~~	~~14~~
~~3.G.~~	~~BUSINESS MANAGEMENT SYSTEM~~	~~14~~
~~3.H.~~	~~DIGITAL MEDIA, SYSTEM WEBSITE, AND TELEPHONE NUMBERS~~	~~15~~
~~3.I.~~	~~RELOCATION~~	~~16~~
~~3.J.~~	~~OUT OF TERRITORY SERVICE~~	~~16~~
~~4.~~	~~TRAINING AND OPERATING ASSISTANCE~~	~~17~~
~~4.A.~~	~~INITIAL TRAINING, SUPPLEMENTAL TRAINING, AND SYSTEM-WIDE TRAINING~~	~~17~~
~~4.B.~~	~~OPERATING ASSISTANCE~~	~~18~~
~~4.C.~~	~~MANUALS~~	~~19~~
~~5.~~	~~FEES~~	~~19~~
~~5.A.~~	~~INITIAL FRANCHISE FEE~~	~~19~~
~~5.B.~~	~~ROYALTY FEES~~	~~19~~
~~5.C.~~	~~OTHER FEES~~	~~21~~
~~5.D.~~	~~PAYMENT NON-COMPLIANCE FEES AND CHARGES~~	~~21~~
~~5.E.~~	~~APPLICATION OF PAYMENTS~~	~~22~~
~~5.F.~~	~~WITHHOLDING PAYMENTS UNLAWFUL~~	~~22~~
~~6.~~	~~RESTRICTIVE COVENANTS AND OBLIGATIONS~~	~~22~~
~~6.A.~~	~~NECESSITY FOR RESTRICTIVE COVENANTS~~	~~22~~
~~6.B.~~	~~RESTRICTIVE COVENANTS: KNOW-HOW~~	~~22~~
~~6.C.~~	~~RESTRICTIVE COVENANTS: CONFIDENTIAL INFORMATION~~	~~22~~
~~6.D.~~	~~RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND IN-TERM NON-COMPETITION OBLIGATIONS~~	~~23~~
~~6.E.~~	~~RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND POST-TERMINATION NON-COMPETITION OBLIGATIONS~~	~~23~~
~~6.F.~~	~~IMMEDIATE FAMILY MEMBERS~~	~~23~~
~~6.G.~~	~~REASONABLENESS OF RESTRICTIVE COVENANTS AND OBLIGATIONS~~	~~24~~
~~6.H.~~	~~BREACH OF RESTRICTIVE COVENANTS AND OBLIGATIONS~~	~~24~~
~~6.I.~~	~~OWNERSHIP OF INNOVATIONS, IMPROVEMENTS, AND INFORMATION~~	~~24~~
~~7.~~	~~OPERATING STANDARDS~~	~~25~~
~~7.A.~~	~~OPERATING REQUIREMENTS~~	~~25~~
~~7.B.~~	~~MAINTENANCE, UPDATES, AND UPGRADES~~	~~25~~
~~7.C.~~	~~DAMAGE CAUSED BY CASUALTY~~	~~25~~
~~7.D.~~	~~ALTERATIONS~~	~~25~~
~~7.E.~~	~~BRAND STANDARDS AND FRANCHISOR DESIGNATED REQUIREMENTS~~	~~25~~
~~7.F.~~	~~APPROVED SERVICES, PRODUCTS, EQUIPMENT, AND SUPPLIERS~~	~~26~~
~~7.G.~~	~~MARKET RESEARCH AND TESTING~~	~~27~~

7.H. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES 27
7.I. MANAGEMENT OF FRANCHISEE'S PAINT CORPS BUSINESS 28
7.J. FEES FOR NON-COMPLIANCE WITH OPERATIONAL STANDARDS 29
8. INSURANCE 29
9. BRAND DEVELOPMENT AND MARKETING 30
9.A. BRAND DEVELOPMENT FUND 30
9.B. LOCAL MARKETING 32
9.C. REQUIRED FRANCHISOR APPROVAL OF ALL MARKETING 33
9.D. WAIVERS OR DEFERRALS 33
9.E. DIGITAL MEDIA AND WEBSITE PROHIBITIONS 33
9.F. NO MARKETING OUTSIDE FRANCHISEE'S OPERATING TERRITORY 34
9.G. ADVERTISING COOPERATIVE 34
10. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION 35
10.A. INDEPENDENT CONTRACTORS 35
10.B. INDEMNIFICATION BY FRANCHISEE 36
10.C. INDEMNIFICATION BY FRANCHISOR 36
11. LICENSED MARKS, SYSTEM, AND INNOVATIONS 37
11.A. OWNERSHIP AND GOODWILL 37
11.B. USE OF THE LICENSED MARKS 37
11.C. NOTIFICATION OF INFRINGEMENT AND CLAIMS 37
11.D. DISCONTINUANCE OF USE OF LICENSED MARKS 38
11.E. INDEMNIFICATION OF FRANCHISEE 38
11.F. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS, AND INFORMATION 38
12. RECORDS AND REPORTS 39
12.A. MAINTENANCE AND PRESERVATION OF RECORDS 39
12.B. REPORTING OBLIGATIONS 39
12.C. REMEDIES FOR NONCOMPLIANCE WITH RECORDS AND REPORTING 39
13. INSPECTION AND AUDITS 40
13.A. FRANCHISOR'S RIGHT TO INSPECT 40
13.B. FRANCHISOR'S RIGHT TO EXAMINE BOOKS AND RECORDS 40
14. TRANSFER OF INTEREST 40
14.A. TRANSFER BY FRANCHISOR 40
14.B. FRANCHISEE MAY NOT TRANSFER WITHOUT FRANCHISOR APPROVAL 40
14.C. CONDITIONS FOR APPROVAL OF TRANSFER 41
14.D. DEATH OR DISABILITY OF FRANCHISEE OR AN OWNER 43
14.E. TRANSFER TO WHOLLY-OWNED CORPORATE ENTITY 44
14.F. FRANCHISOR'S RIGHT OF FIRST REFUSAL 45
15. RENEWAL OF FRANCHISE 45
15.A. FRANCHISEE'S RIGHT TO RENEW 45
15.B. CONDITIONS FOR RENEWAL 45
15.C. RENEWAL FRANCHISE AGREEMENT 46
16. DEFAULTS AND REMEDIES 46
16.A. DEFAULTS BY FRANCHISEE AND TERMINATION BY FRANCHISOR 46
16.B. TERMINATION BY FRANCHISEE 51
16.C. FRANCHISOR'S ADDITIONAL RIGHTS, REMEDIES, AND DAMAGES 52
16.D. GUARANTY 53
16.E. NOTICE OF LEGAL PROCEEDINGS AGAINST FRANCHISOR 54
17. OBLIGATIONS UPON TERMINATION, EXPIRATION AND CONTINUING OBLIGATIONS 54
17.A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR 54
17.B. CEASE OPERATIONS AND PROTECTION OF THE SYSTEM 54
17.C. CONTINUING OBLIGATIONS 56
18. ENFORCEMENT AND CONSTRUCTION 56
18.A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS 56
18.B. WAIVER OF OBLIGATIONS 57
18.C. FORCE MAJEURE 57

18.D. SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF 57
18.E. RIGHTS OF PARTIES ARE CUMULATIVE 58
18.F. GOVERNING LAW 58
18.G. CHOICE OF LAW, NON-BINDING MEDIATION, BINDING ARBITRATION, AND CONSENT TO JURISDICTION 58
18.H. VARIANCES 60
18.I. LIMITATIONS OF CLAIMS 60
18.J. WAIVER OF PUNITIVE DAMAGES 60
18.K. WAIVER OF JURY TRIAL 60
18.L. BINDING EFFECT 60
18.M. COMPLETE AGREEMENT 61
18.N. ATTORNEY FEES AND EXPENSES 61
18.O. NO CLASS ACTION OR MULTI-PARTY ACTIONS 61
18.P. ACCEPTANCE BY FRANCHISOR 61
18.Q. OPPORTUNITY FOR REVIEW BY FRANCHISEE'S ADVISORS 61
18.R. NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS OR AGENTS 61
18.S. NON-UNIFORM AGREEMENTS 61
18.T. NO RIGHT TO OFFSET 62
18.U. HEADINGS 62
18.V. AUTHORITY TO EXECUTE 62
18.W. COUNTERPARTS, ELECTRONIC SIGNATURES, AND MULTIPLE COPIES 62
18.X. JOINT AND SEVERAL LIABILITY 62
18.Y. RECITALS 62
19. NOTICES 62
2. GRANT OF FRANCHISE 10
2.A. GRANT OF FRANCHISE 10
2.B. TERM 11
2.C. GUARANTEES, CONFIDENTIALITY, AND RESTRICTIVE COVENANTS 12
2.D. RESERVATION OF RIGHTS 12
2.E. MODIFICATION OF SYSTEM 12
2.F. CORPORATE ENTITY OWNERSHIP 12
3. DEVELOPMENT AND OPERATION OF THE PAINT CORPS BUSINESS 12
3.A. DEVELOPMENT OF THE PAINT CORPS BUSINESS 12
3.B. OPERATIONS OF FRANCHISEE'S PAINT CORPS BUSINESS 13
3.C. FRANCHISEE'S ADMINISTRATIVE OFFICE 13
3.D. FURNITURE, FIXTURES, EQUIPMENT, AND SIGNS 14
3.E. SYSTEM SUPPLIES 14
3.F. SERVICE VEHICLES 14
3.G. BUSINESS MANAGEMENT SYSTEM 14
3.H. DIGITAL MEDIA, SYSTEM WEBSITE, AND TELEPHONE NUMBERS 15
3.I. RELOCATION 16
3.J. OUT OF TERRITORY SERVICE 16
3.K. NATIONAL ACCOUNTS 17
4. TRAINING AND OPERATING ASSISTANCE 18
4.A. INITIAL TRAINING, SUPPLEMENTAL TRAINING, AND SYSTEM-WIDE TRAINING 18
4.B. OPERATING ASSISTANCE 19
4.C. MANUALS 20
5. FEES 20
5.A. INITIAL FRANCHISE FEE 20
5.B. ROYALTY FEES 20
5.C. OTHER FEES 22
5.D. PAYMENT NON-COMPLIANCE FEES AND CHARGES 23
5.E. APPLICATION OF PAYMENTS 23
5.F. WITHHOLDING PAYMENTS UNLAWFUL 23
6. RESTRICTIVE COVENANTS AND OBLIGATIONS 24
6.A. NECESSITY FOR RESTRICTIVE COVENANTS 24
6.B. RESTRICTIVE COVENANTS: KNOW-HOW 24

6.C. RESTRICTIVE COVENANTS: CONFIDENTIAL INFORMATION 24
6.D. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND IN-TERM NON-COMPETITION OBLIGATIONS 24
6.E. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND POST-TERMINATION NON-COMPETITION OBLIGATIONS 25
6.F. IMMEDIATE FAMILY MEMBERS 25
6.G. REASONABLENESS OF RESTRICTIVE COVENANTS AND OBLIGATIONS 26
6.H. BREACH OF RESTRICTIVE COVENANTS AND OBLIGATIONS 26
6.I. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS, AND INFORMATION 26
7. OPERATING STANDARDS 26
7.A. OPERATING REQUIREMENTS 26
7.B. MAINTENANCE, UPDATES, AND UPGRADES 27
7.C. DAMAGE CAUSED BY CASUALTY 27
7.D. ALTERATIONS 27
7.E. BRAND STANDARDS AND FRANCHISOR DESIGNATED REQUIREMENTS 27
7.F. APPROVED SERVICES, PRODUCTS, EQUIPMENT, AND SUPPLIERS 27
7.G. MARKET RESEARCH AND TESTING 29
7.H. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES 29
7.I. MANAGEMENT OF FRANCHISEE'S PAINT CORPS BUSINESS 30
7.J. FEES FOR NON-COMPLIANCE WITH OPERATIONAL STANDARDS 31
8. INSURANCE 31
9. BRAND DEVELOPMENT AND MARKETING 32
9.A. BRAND DEVELOPMENT FUND 32
9.B. LOCAL MARKETING 34
9.C. REQUIRED FRANCHISOR APPROVAL OF ALL MARKETING 35
9.D. WAIVERS OR DEFERRALS 35
9.E. DIGITAL MEDIA AND WEBSITE PROHIBITIONS 35
9.F. NO MARKETING OUTSIDE FRANCHISEE'S OPERATING TERRITORY 35
9.G. ADVERTISING COOPERATIVE 36
10. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION 37
10.A. INDEPENDENT CONTRACTORS 37
10.B. INDEMNIFICATION BY FRANCHISEE 38
10.C. INDEMNIFICATION BY FRANCHISOR 38
11. LICENSED MARKS, SYSTEM, AND INNOVATIONS 38
11.A. OWNERSHIP AND GOODWILL 38
11.B. USE OF THE LICENSED MARKS 39
11.C. NOTIFICATION OF INFRINGEMENT AND CLAIMS 39
11.D. DISCONTINUANCE OF USE OF LICENSED MARKS 39
11.E. INDEMNIFICATION OF FRANCHISEE 40
11.F. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS, AND INFORMATION 40
12. RECORDS AND REPORTS 40
12.A. MAINTENANCE AND PRESERVATION OF RECORDS 41
12.B. REPORTING OBLIGATIONS 41
12.C. REMEDIES FOR NONCOMPLIANCE WITH RECORDS AND REPORTING 41
13. INSPECTION AND AUDITS 42
13.A. FRANCHISOR'S RIGHT TO INSPECT 42
13.B. FRANCHISOR'S RIGHT TO EXAMINE BOOKS AND RECORDS 42
14. TRANSFER OF INTEREST 42
14.A. TRANSFER BY FRANCHISOR 43
14.B. FRANCHISEE MAY NOT TRANSFER WITHOUT FRANCHISOR APPROVAL 43
14.C. CONDITIONS FOR APPROVAL OF TRANSFER 43
14.D. DEATH OR DISABILITY OF FRANCHISEE OR AN OWNER 45
14.E. TRANSFER TO WHOLLY-OWNED CORPORATE ENTITY 47
14.F. FRANCHISOR'S RIGHT OF FIRST REFUSAL 47
15. RENEWAL OF FRANCHISE 47
15.A. FRANCHISEE'S RIGHT TO RENEW 48
15.B. CONDITIONS FOR RENEWAL 48
15.C. RENEWAL FRANCHISE AGREEMENT 49

16. DEFAULTS AND REMEDIES 49
16.A. DEFAULTS BY FRANCHISEE AND TERMINATION BY FRANCHISOR 49
16.B. TERMINATION BY FRANCHISEE 54
16.C. FRANCHISOR'S ADDITIONAL RIGHTS, REMEDIES, AND DAMAGES 54
16.D. GUARANTY 56
16.E. NOTICE OF LEGAL PROCEEDINGS AGAINST FRANCHISOR 56
17. OBLIGATIONS UPON TERMINATION, EXPIRATION AND CONTINUING OBLIGATIONS 56
17.A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR 56
17.B. CEASE OPERATIONS AND PROTECTION OF THE SYSTEM 56
17.C. CONTINUING OBLIGATIONS 58
18. ENFORCEMENT AND CONSTRUCTION 58
18.A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS 59
18.B. WAIVER OF OBLIGATIONS 59
18.C. FORCE MAJEURE 60
18.D. SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF 60
18.E. RIGHTS OF PARTIES ARE CUMULATIVE 60
18.F. GOVERNING LAW 60
18.G. CHOICE OF LAW, NON-BINDING MEDIATION, BINDING ARBITRATION, AND CONSENT TO JURISDICTION 60
18.H. VARIANCES 62
18.I. LIMITATIONS OF CLAIMS 62
18.J. WAIVER OF PUNITIVE DAMAGES 63
18.K. WAIVER OF JURY TRIAL 63
18.L. BINDING EFFECT 63
18.M. COMPLETE AGREEMENT 63
18.N. ATTORNEY FEES AND EXPENSES 63
18.O. NO CLASS ACTION OR MULTI-PARTY ACTIONS 63
18.P. ACCEPTANCE BY FRANCHISOR 64
18.Q. OPPORTUNITY FOR REVIEW BY FRANCHISEE'S ADVISORS 64
18.R. NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS OR AGENTS 64
18.S. NON-UNIFORM AGREEMENTS 64
18.T. NO RIGHT TO OFFSET 64
18.U. HEADINGS 64
18.V. AUTHORITY TO EXECUTE 64
18.W. COUNTERPARTS, ELECTRONIC SIGNATURES, AND MULTIPLE COPIES 65
18.X. JOINT AND SEVERAL LIABILITY 65
18.Y. RECITALS 65
19. NOTICES 65

Schedules and Exhibits

Schedule 1 Operating Territory Acknowledgment
Schedule 2 Statement of Franchisee's Owners

Exhibit 1 Franchise Owner and Spouse Agreement and Guaranty
Exhibit 2 Confidentiality Agreement
Exhibit 3 Assignment of Telephone Numbers and Digital Media Accounts
Exhibit 4 ACH Authorization Form
Exhibit 5 General Release

PAINT CORPS FRANCHISE GROUP LLC
FRANCHISE AGREEMENT

This PAINT CORPS Franchise Group LLC Franchise Agreement (the "Agreement") is entered into on _____, 20__ (the "Effective Date"), by and between PAINT CORPS Franchise Group LLC, a New Hampshire limited liability company with a principal place of business located at ~~3 Executive Park~~13 Columbia Drive, Suite ~~281, Bedford~~19, Amherst, New Hampshire ~~03110~~03031 ("Franchisor"), and _____ ("Franchisee").

RECITALS

WHEREAS, Franchisor has developed a distinctive and proprietary system (the "System") for the establishment, development and operation of a business (each, a "PAINT CORPS Business") that offers and provides residential and commercial painting, cabinet refinishing and related services and products that the Franchisor authorizes (collectively, the "Approved Products and Services~~ and Products~~") under the Licensed Marks (defined below);

WHEREAS, the System and each PAINT CORPS Business is identified by the Licensed Marks and distinctive trade dress, service offerings, business formats, equipment, products, supplies, operating procedures, programs, methods, procedures, and marketing and advertising standards, all of which are part of the System and all of which Franchisor may modify from time to time; and

WHEREAS, Franchisee desires to obtain the non-exclusive license and right to use the System in the development and operation of a PAINT CORPS Business within a designated operating territory and pursuant to the terms of this Agreement.

NOW THEREFORE, in consideration of the foregoing recitals and other valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties agree as follows:

ARTICLE 1
DEFINITIONS

"**30-Day Cure Notice**" has the meaning set forth in Article 16.E. of this Agreement.

"**Accounting Period**" means the period of time selected and determined by Franchisor for the required measurement and reporting of financial information and payment of financial obligations by Franchisee. The applicable measurement period will be determined by Franchisor from time to time with respect to Franchisee's obligations to report financial information and data to Franchisor and Franchisee's payment of all fees, and other obligations under this Agreement. The respective Accounting Period will be those Franchisor-designated times, whether weekly, monthly, or otherwise as designated by Franchisor, with all such Accounting Periods automatically commencing on the earlier of the (a) Scheduled Business Commencement Date (defined below), or (b) the Actual Business Commencement Date (defined below) of Franchisee's PAINT CORPS Business and continuing throughout the Term (defined below). Unless otherwise designated by Franchisor at any time or otherwise specified in this Agreement, the Accounting Period will be a monthly period for each month throughout the Term.

"**Actual Business Commencement Date**" means the first day of the month immediately following Franchisee's completion of Franchisor's initial Training Program (defined below) as said Training Program is designated and determined by Franchisor.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

"**Additional Initial Training Fee**" shall have the meaning defined and set forth in Article 4.A. of this Agreement.

"**Administrative Office**" means the fixed administrative offices or facilities from which a PAINT CORPS Business is administratively managed.

"**Advertising Contributions**" means any obligations of Franchisee to contribute to or pay fees to Franchisor, Franchisor's affiliates, or their designees as set forth in this Agreement including, without limitation, the Brand Development Fund Fee (defined below) (Article 9.A) and the Advertising Cooperative (defined below) fees (Article 9.G).

"**Advertising Cooperative**" has the meaning set forth in Article 9.G of this Agreement.

"**Alternative Channels of Distribution**" means retail or wholesale-based sales or distribution outlets based on the Internet, print catalogs, and mail order outlets.

"**Ancillary Agreements**" means, individually and collectively, each agreement between (a) Franchisor and Franchisee excepting this Agreement; (b) Franchisor and each of Franchisee's Owners, whether individually or collectively; and (c) Franchisor and each Spouse of Franchisee's Owners, whether individually or collectively. Without limitation to the foregoing, the Ancillary Agreements include the Franchise Owner and Spouse Agreement and Guaranty, Lease Agreement Rider, Collateral Assignment of Lease and the Assignment of Telephone Numbers and Digital Media Accounts, as said agreements, individually or collectively, may have been entered into between the foregoing parties.

"**Annual Conference Attendance Fee**" ~~means an annual conference fee to be paid by Franchisee to Franchisor~~shall have the meaning defined and set forth in ~~an amount determined by Franchisor, but not to exceed $1,500 annually~~Article 5.C. of this Agreement.

"**Annual System Conference**" means a conference that may be established and organized by Franchisor for the purposes of facilitating networking among PAINT CORPS Business franchisees and general education. Franchisor will designate and determine whether or not an Annual System Conference will occur and, if one is established in any particular year, the dates, content and location of the Annual System Conference. The Annual System Conference will be for a duration of not more than three consecutive days per calendar year. Franchisee is responsible for all costs and expenses associated with Franchisee's travel to and attendance at the Annual System Conference.

"**Anti-Terrorism Laws**" has the meaning set forth in Article 7.H. of this Agreement.

"**Approved Products and Services ~~and Products~~**" will have the meaning defined in the "Recitals" section of this Agreement and will further refer to and mean means those products and services that Franchisor authorizes for sale by PAINT CORPS Businesses. Franchisor will exclusively designate and determine the Approved Products and Services ~~and Products~~ and Franchisor, in Franchisor's Reasonable Business Judgment, may change, modify, reduce, or supplement the Approved Products and Services ~~and Products~~ that must be offered and sold by Franchisee's PAINT CORPS Business and those products and services that may not be sold by Franchisee's PAINT CORPS Business. The Manuals (defined below), subject to changes that Franchisor may make from time to time and Franchisor's right to change and modify the Approved Products and Services ~~and Products~~, will designate the Approved Products and Services ~~and Products~~ that must be offered and sold by Franchisee's PAINT CORPS Business. Franchisee's PAINT CORPS Business may only offer and sell the Approved Products and Services ~~and Products~~.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

"**Assigned Area**" means the operating area, designated area, or territory of current and future PAINT CORPS Businesses other than the Operating Territory of Franchisee's PAINT CORPS Business. Franchisor will exclusively determine Assigned Areas.

"**Assignee Corporate Entity**" has the meaning set forth in Article 14.E. of this Agreement.

"**Assignment of Telephone Numbers and Digital Media Accounts**" means the Assignment of Telephone Numbers and Digital Media Accounts agreement attached to this Agreement as Exhibit 3.

"**Brand Development Fund**" has the meaning set forth in Article 9.A. of this Agreement.

"**Brand Development Fund Fee**" has the meaning set forth in Article 9.A. of this Agreement.

"**Business Management System**" means the software, Internet, web-based or cloud-based system or systems, point of sale system or systems and customer relationship management system or systems as same may be individually or collectively designated by Franchisor, in Franchisor's Reasonable Business Judgment (defined below), as being required for use by Franchisee's PAINT CORPS Business, including, without limitation, the day-to-day sales, ordering, operations, and management of Franchisee's PAINT CORPS Business. Franchisor reserves the right to modify and designate alternative Business Management Systems as Franchisor determines in Franchisor's Reasonable Business Judgment. At all times, Franchisor will possess direct live access and storage-based access to the Business Management System for Franchisee's PAINT CORPS Business and to Franchisee's Business Management System Data (defined below).

"**Business Management System Data**" means the forms, data, tools, customer information, inventory and sales information that are (a) pre-populated or entered into the Business Management System utilized by Franchisee; (b) entered (whether by Franchisor or Franchisee) into the Business Management System utilized by Franchisee; and/or (c) recorded, stored, or maintained by the Business Management System in connection with the management and operations of Franchisee's PAINT CORPS Business.

"**Competitive Business**" means any business that is the same as or similar to a PAINT CORPS Business including, any business that offers or provides residential and/or commercial painting and/or cabinet refinishing services and products.

"**Confidential Information**" means all of Franchisor's or Franchisor's affiliates' trade secrets, methods, standards, techniques, procedures, data, and information, as same may exist as of the Effective Date of this Agreement and as same may be developed, modified, and supplemented in the future, constituting and comprising (a) methods, specifications, standards, policies, procedures, information, concepts, programs. and systems relating to the development, establishment, marketing, promotion and operation of PAINT CORPS Businesses; (b) information concerning consumer preferences for services, products, materials, and supplies used or sold by, and specifications for and knowledge of suppliers of, certain materials, equipment, products, supplies, and procedures used or sold by PAINT CORPS Businesses; (c) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of PAINT CORPS Businesses; (d) customer lists and information related to PAINT CORPS Businesses and Franchisee's PAINT CORPS Business; (e) Business Management

System Data; (f) current and future information contained in the Manuals; and (g) Know-How (defined below).

"**Confidentiality Agreement**" means the form of Confidentiality Agreement attached to this Agreement as Exhibit 2.

"**Controlling Interest**" means an interest in Franchisee if Franchisee is a Corporate Entity (defined below) that permits an individual or entity possessing such interest to (i) exercise voting control for the determination of any issue relating to Franchisee, or (ii) prevent any other person, group, combination, or entity from determining such issue or exercising any veto power over such issue.

"**Copyrights**" means all works and materials for which Franchisor or any affiliate of Franchisor has secured common law or registered copyright protection and Franchisor utilizes or allows PAINT CORPS Business franchisees to use, sell or display in connection with the development, marketing or operation of a PAINT CORPS Business, whether as of the Effective Date of this Agreement or any time in the future.

"**Corporate Entity**" means a corporation, limited liability company, partnership, or other corporate legal entity that is not an individual person.

"**Customer Vouchers**" means any gift cards, vouchers, receipts, cards, and other evidence of a prepaid purchase transaction (for goods or services and whether in electronic form, printed form, card, or otherwise) concerning a PAINT CORPS Business.

"**Digital Media**" means any interactive or static electronic document, application or media that is connected to or in a network of computers, servers or other devices linked by communications software, part of the Internet (including, without limitation, websites), linked by the Internet, or part of a web-based application, software application, smart phone based application or social media platform including, without limitation, social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, ~~Snapchat~~SnapChat, YouTube, and Internet-based directories and local directories that refer, reference, identify, review, promote, or relate in any way to PAINT CORPS Businesses, Franchisee's PAINT CORPS Business, the Licensed Marks, the System, or Franchisor. Digital Media further includes the System Website, web pages and website subdomains (including those related to, associated with, or a part of the System Website) associated with or related to Franchisee's PAINT CORPS Business and all web pages, blog posts, videos, articles, social media accounts and pages, website directory pages, information, sub-domains, and all other media or publications relating to the System that are displayed or transmitted digitally.

"**Direct Solicitation**" means communications or contacts occurring through in person contact, telephone, mail, electronic mail, direct mail, distributed print media, Digital Media, Marketing Media, Media Distribution or marketing directed toward customers, potential customers, or referral sources of a PAINT CORPS Business.

"**Due Date**" has the meaning set forth in Article 5.B. of this Agreement.

"**Effective Date**" has the meaning set forth in the first paragraph of this Agreement.

"**Force Majeure**" has the meaning set forth in Article 18.C. of this Agreement.

"**Franchise Owner and Spouse Agreement and Guaranty**" means the form of Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1. The Franchise Owner

and Spouse Agreement and Guaranty is an agreement and guarantee individually, jointly, and severally entered into by the Owners and Spouses of Franchisee.

"**Franchisee's Administrative Office**" means the Administrative Office from which Franchisee manages Franchisee's PAINT CORPS Business.

"**Franchisor's Reasonable Business Judgment**" means any decisions, actions, or choices made by Franchisor concerning or relating to this Agreement, the System generally, PAINT CORPS Businesses, or Franchisee's PAINT CORPS Business where Franchisor undertakes or makes such decision with the intention of benefitting or acting in a way that could benefit the System. When making decisions or taking actions in Franchisor's Reasonable Business Judgment, Franchisor may, in addition to all other rights afforded to Franchisor under this Agreement, consider factors, in whole or in part, that include Franchisor's profits; enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining Operating Territory markets, minimizing potential customer confusion as to the location of PAINT CORPS Businesses; expanding brand awareness of the Licensed Marks; implementing marketing and accounting control systems; and, approving products, services, supplies and equipment. When a decision, determination, action, or choice is made by Franchisor in Franchisor's Reasonable Business Judgment, such decision, determination, action, or choice will take precedence and prevail, even if other alternatives, determinations, actions, or choices are arguably reasonable, available, or preferable. In connection with any decision, determination, action, or choice made by Franchisor in Franchisor's Reasonable Business Judgment, (a) Franchisor possesses a legitimate interest in seeking to maximize Franchisor's profits; (b) Franchisor will not be required to consider Franchisee's individual economic or business interests as compared to the overall System; and (c) should Franchisor economically benefit from such decision, determination, action, or choice, such economic benefit to Franchisor will not be relevant to demonstrating that Franchisor did not exercise reasonable business judgment with regard to Franchisor's obligations under this Agreement or with regard to the System. Neither Franchisee nor any third party including, without limitation, any third party acting as a trier of fact, will substitute Franchisee's or such third party's judgment for Franchisor's Reasonable Business Judgment. Should Franchisee challenge Franchisor's Reasonable Business Judgment in any legal proceeding, Franchisee possesses the burden of demonstrating by clear and convincing evidence that Franchisor failed to exercise Franchisor's Reasonable Business Judgment.

"**GAAP**" means United States Generally Accepted Accounting Principles.

"**Gross Sales**" means the total dollar sales from all business and customers of Franchisee's PAINT CORPS Business and includes the total gross amount of revenues and sales from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by Franchisee in exchange for any form of non-monetary consideration (whether or not payment is received at the time of the sale), from or derived by Franchisee or any other person or Corporate Entity from business conducted or which started in, on, from or through Franchisee's PAINT CORPS Business or Operating Territory, whether such business is conducted in compliance with or in violation of the terms of this Agreement. Supplementing the foregoing, Gross Sales further includes the total gross amount of revenues and sales from whatever source derived from or derived by Franchisee (including any person or Corporate Entity acting on behalf of Franchisee) from business conducted within or outside the Operating Territory that is related to a PAINT CORPS Business or a Competitive Business located or operated within the Operating Territory, outside the Operating Territory, or otherwise. The foregoing does not constitute approval for Franchisee's operation of a Competitive Business or the operation of a PAINT CORPS Business outside of the Operating Territory. Gross Sales do not include sales or use taxes collected by Franchisee.

"**Immediate Family Member**" means the spouse of a person and any other member of the household of such person, including, without limitation, the children and grandchildren of such person. Immediate Family Member will further refer to and mean the spouse, children, grandchildren, and other members of the household of each Franchisee if Franchisee is an individual, or each Owner of Franchisee if Franchisee is a Corporate Entity.

"**IP Claim**" has the meaning set forth in Article 11.E. of this Agreement.

"**Know-How**" means Franchisor's trade secrets and proprietary information relating to the development, establishment, marketing, promotion, or operation of a PAINT CORPS Business including, without limitation, methods, techniques, specifications, procedures, policies, marketing strategies and information reflected in, included in, comprising, or constituting a part of the System. Without limitation to the foregoing, Know-How will further include information contained in the Manuals and the Confidential Information.

"**Licensed Marks**" means the trademarks, service marks, emblems and indicia of origin, including the "PAINT CORPS" trademark, the PAINT CORPS logo, Trade Dress, and other trade names, service marks, trademarks, logos, slogans, and designs authorized by Franchisor in connection with the identification of PAINT CORPS Businesses and the Approved Products and Services ~~and Products~~, provided that such trade names, trademarks, service marks, logos, slogans, and designs are subject to modification, replacement, and discontinuance by Franchisor in Franchisor's Reasonable Business Judgment.

"**Management Service Fees**" has the meaning set forth in Articles 7.I of this Agreement.

"**Managers**" means the Managing Owner (defined below) and all assistant managers of Franchisee's PAINT CORPS Business and all other employees, independent contractors, consultants, directors, officers, and board members who may possess access to the Confidential Information.

"**Managing Owner**" means, if Franchisee is a partnership or Corporate Entity, the Owner (defined below) responsible for the day-to-day oversight, management, and operation of Franchisee's PAINT CORPS Business. The Managing Owner must possess and maintain an ownership and equity interest in the Franchisee such that said individual owns, holds and controls not less than 25% of the equity and ownership interests in Franchisee.

"**Manuals**" means, individually and collectively, the materials designated by Franchisor relating to the development or operations of PAINT CORPS Businesses including, without limitation, the policies, procedures and requirements for the development and operation of PAINT CORPS Businesses. The Manuals may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/Internet based list-servs, Intranet, Internet-based and accessed databases, computer media, email, webinars and other materials as such may be modified, added to, replaced, or supplemented by Franchisor from time to time in Franchisor's Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to Franchisor's modification from time to time and based on Franchisor's Reasonable Business Judgment, the Manuals will, among other things, designate the Approved Products and Services ~~and Products~~ that must be offered and provided by Franchisee's PAINT CORPS Business and the System Supplies that must be exclusively utilized by Franchisee's PAINT CORPS Business. Only Approved Products and Services ~~and Products~~ may be offered and sold by Franchisee's PAINT CORPS Business. Only System Supplies may be utilized by Franchisee in the operations of Franchisee's PAINT CORPS Business.

"**Marketing Media**" means all communications, whether written, oral, digital, or otherwise utilized for or designed for the purpose of marketing, advertising, or promoting Franchisee's PAINT CORPS Business including, without limitation, Direct Solicitations, Web Based Media (defined below), Digital Media, social media, print publications, print mailers, email communications, and public relations.

"**Media Distribution**" means any means for the publication, transmission, dissemination, distribution, or delivery of Marketing Media.

"**Monthly Minimum Royalty Fee Requirements**" has the meaning set forth in Article 5.B of this Agreement.

"**National Accounts**" means regional or national customer accounts such as retail chain stores, corporations, organizations, and businesses that maintain outlets, locations, offices, facilities, or businesses regionally or nationally.

"National Account Administration Fee" shall have the meaning defined and set forth in Article 5.G. of this Agreement.

"Notice Period" has the meaning set forth in Article 16.A of this Agreement.

"**Offer**" has the meaning set forth in Article 14.F of this Agreement.

"**Open Area**" means a geographic area that (a) is not an Assigned Area; and (b) is located within a 10-mile radius of Franchisee's Operating Territory.

"**Operating Manager**" means the Manager designated by Franchisee or Franchisee's Managing Owner who is charged with the obligation and responsibility to supervise and manage onsite at Franchisee's Administrative Office the day-to-day operations of Franchisee's PAINT CORPS Business. At all times, the Operating Manager must (a) meet all of Franchisor's minimum training and brand quality control standards and criteria for managers as may be set forth in the Manuals; (b) successfully complete Franchisor's initial training program; (c) sign the Confidentiality Agreement; and (d) agree, in writing, to assume responsibility for the onsite management and supervision of Franchisee's PAINT CORPS Business.

"**Operating Territory**" has the meaning set forth in Article 2.A of this Agreement.

"**Operations Non-Compliance Fee**" has the meaning set forth in Article 7.J of this Agreement.

"**Operations Violation**" has the meaning set forth in Article 7.J of this Agreement.

"**Out of Territory Service**" means the provision of Approved Products and Services ~~and Products~~ within an Open Area in accordance with the Territory Rules (defined below).

"**Out of Territory Service Request**" means a written documentation that is prepared and submitted in accordance with Franchisor's standards and specifications wherein Franchisee (a) identifies the name and contact information of a prospective customer located in an Open Area that has requested the services of Franchisee's PAINT CORPS Business; (b) identifies the date for the proposed services or products to be provided by Franchisee's PAINT CORPS Business; and (c) requests Franchisor's written notification either approving or disapproving Franchisee's request to provide Approved Products and Services ~~and Products~~ on behalf of the prospective Open Area customer.

"**Owner**" means collectively, individually, and jointly (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee; (b) the managing member or manager of Franchisee, if franchisee is a limited liability company; and (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee or of any entity directly or indirectly controlling Franchisee. Franchisee's Owners are identified in Schedule 2 to this Agreement.

"**PAINT CORPS Business**" means a PAINT CORPS business and all businesses owned or operated by Franchisor, Franchisor's affiliates or franchisees that utilize or is/are required to utilize the System or Licensed Marks.

"**Payment Non-Compliance Fee**" has the meaning set forth in Article 5.D of this Agreement.

"**Post-Term Restricted Period**" means the 24-month period after the earliest to occur of the following: (a) the expiration or termination of this Agreement for any reason; or (b) the date on which Franchisee Transfers this Agreement to another person or Corporate Entity. Provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Post-Term Restricted Period" means the 18-month period after the earliest to occur of the following (a) the expiration or termination of this Agreement for any reason; or (b) the date on which Franchisee Transfers this Agreement to another person or Corporate Entity.

"**Prohibited Activities**" has the meaning set forth in Article 6.D of this Agreement.

"**Published Content**" means any information, data, articles, blog posts, press releases, frequently asked questions, special offers, product information, service information, web posts, videos and other information relating to or concerning PAINT CORPS Businesses, Franchisee's PAINT CORPS Business, the System, or the Licensed Marks that is or was made available by Franchisee or Franchisee's agents to the public in print or electronic media that is published, listed, made available, uploaded on, downloaded to or posted to Digital Media.

"**Renewal Ancillary Agreements**" has the meaning set forth in Article 15.B. of this Agreement.

"**Renewal Fee**" means a fixed sum of $~~2,500~~5,000.

"**Renewal Franchise Agreement**" has the meaning set forth in Article 15.B. of this Agreement.

"**Renewal Notice**" has the meaning set forth in Article 15.B. of this Agreement.

"**Renewal Term**" has the meaning set forth in Article 15.A. of this Agreement.

"**Reserved Rights**" has the meaning set forth in Article 2.D. of this Agreement.

"**Restricted Territory**" means the geographic area comprising (a) Franchisee's Operating Territory; (b) a 15-mile radius surrounding Franchisee's Operating Territory or, if Franchisee is not granted or designated an operating territory, then a 15-mile radius surrounding Franchisee's Administrative Office; (c) each of the Operating Territories of other PAINT CORPS Businesses that are in operation or under development during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the Restricted Territory is the geographic area within Franchisee's Operating Territory plus a 15-mile radius surrounding Franchisee's Operating Territory or, if Franchisee is not granted or designated an Operating Territory, then a 15-mile radius surrounding Franchisee's Administrative Office.

"**Royalty and Activity Report**" has the meaning set forth in Article 5.B. of this Agreement.

"**Royalty Fee**" has the meaning set forth in Article 5.B. of this Agreement.

"**Royalty Rate**" has the meaning set forth in Article 5.B. of this Agreement.

"**Scheduled Business Commencement Date**" means the date that occurs on the 120th day following the Effective Date of this Agreement.

"**Service Vehicles**" means the Franchisor-approved commercial vehicles to be acquired, maintained, and operated by PAINT CORPS Business franchisees in connection with the day-to-day operations of a PAINT CORPS Business. Franchisee's Service Vehicles must be dedicated to the day-to-day operations of Franchisee's PAINT CORPS Business, must be approved by Franchisor, and must meet Franchisor's specifications as to vehicle models, vehicle age, vehicle type, interior configuration and capability, signs, and exterior vehicle wrap.

"**Spouse**" means the legal spouse of an Owner as of the Effective Date.

"**Supplemental Royalty Fee**" shall have the meaning defined and set forth in Article 5.B. of this Agreement.

"**Supplemental Royalty Fee Due Date**" shall have the meaning defined and set forth in Article 5.B. of this Agreement.

"**Supplemental Training**" shall have the meaning defined and set forth in Article 4.A. of this Agreement.

"**Supplemental Training Fee**" shall have the meaning defined and set forth in Article 4.A. of this Agreement.

"**Supplier Evaluation Fee**" means the fee determined by Franchisor, in Franchisor's Reasonable Business Judgment, and based upon the fees or expenses incurred by Franchisor in connection with the evaluation of a request by Franchisee for Franchisor's consideration or review of a potential supplier. Under no circumstance is Franchisor required to approve of suppliers requested by Franchisee.

"**System**" has the meaning defined in the "Recitals" section of this Agreement and is further supplemented to include and mean (a) the Approved Products and Services ~~and Products~~, System Supplies and the services, procedures and systems that are designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a PAINT CORPS Business; (b) the Licensed Marks; (c) the Trade Dress; (d) Copyrights; (e) other trade names, service marks, signs, and logos, copyrights, and trade dress that is designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a PAINT CORPS Business; (f) the Manuals; (g) Business Management System Data; (h) Know-How; (i) Confidential Information; and (j) Digital Media. All determinations as to the System including components of the System and modifications and replacements thereto will be determined by Franchisor in Franchisor's Reasonable Business Judgment.

"**System Supplies**" means the equipment and supplies designated by Franchisor as required for use in connection with Franchisee's PAINT CORPS Business and the Approved Products and Services ~~and Products~~. Without limitation to the foregoing, the System Supplies will include PAINT CORPS

branded, non-branded and third party-branded equipment and supplies designated by Franchisor for use in the day-to-day operations of Franchisees PAINT CORPS Business including, without limitation, vacuums, grinding machines, polishing machines, materials, point of sale displays, uniforms, stationery, sales slips, receipts, customer notices and other forms and materials designated by Franchisor in the Manuals or otherwise in writing and as may be modified and supplemented by Franchisor from time to time in Franchisor's Reasonable Business Judgment. System Supplies will further include those products that Franchisor authorizes for sale to customers of Franchisee's PAINT CORPS Business.

"**System Website**" means the web page and pages located on the Internet at the www.paintcorps.com domain and will further include all webpages and subdomains, including those that are franchisee- or geography-specific, that are a part of www.paintcorps.com or as designated by Franchisor being associated with the www.paintcorps.com URL or PAINT CORPS Businesses.

"**Technology Fee**" has the meaning set forth in Article 5.C of this Agreement.

"**Term**" means the period of time set forth and defined in Article 2.B. of this Agreement and any Renewal Term if Franchisee invokes Franchisee's renewal rights in accordance with the terms of this Agreement.

"**Territory Rules**" has the meaning set forth in Article 3.J. of this Agreement.

"**Trade Dress**" means the PAINT CORPS designs, images, marketing materials, packaging, branding, or branding images which Franchisor authorizes and requires Franchisee to use in connection with the operation of Franchisee's PAINT CORPS Business and as may be revised and further developed by Franchisor from time to time.

"**Training Program**" has the meaning defined and set forth in Article 4.A. of this Agreement.

"**Transfer**" means, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, or direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien, or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee; or (e) the legal or equitable transfer or sale of an Owner's interests or voting rights in Franchisee.

"**Transfer Fee**" means a fixed sum of $~~10~~15,000.

ARTICLE 2
GRANT OF FRANCHISE

2.A. GRANT OF FRANCHISE

Franchisee has requested that Franchisor grant to Franchisee the non-exclusive license and right to develop, own, and operate a PAINT CORPS Business within a specified Operating Territory. In reliance on the representations made by Franchisee or Franchisee's Owners in any submitted application and during the application process, and subject to the terms and conditions of this Agreement, Franchisee's request has been approved by Franchisor subject to the following terms and conditions:

(1) During the Term of this Agreement and subject to the rights of Franchisor including, without limitation, the Reserved Rights, Franchisor grants to Franchisee and Franchisee accepts the non-exclusive license, right and obligation to develop and operate a PAINT CORPS Business within the Operating Territory set forth in Schedule 1 of this Agreement. If Schedule 1 does not specifically identify and designate an Operating Territory, or if Schedule 1 is not signed by Franchisor, there will be no Operating Territory;

(2) If, as of the Effective Date, Franchisee has selected a proposed Administrative Office that Franchisor approves as Franchisee's Administrative Office, then the location of Franchisee's Administrative Office will be identified in Schedule 1 of this Agreement;

(3) If, as of the Effective Date, Franchisee has not selected a proposed Administrative Office location that is approved by Franchisor in Schedule 1 to this Agreement, or if Schedule 1 is left incomplete as to the specific location of Franchisee's Administrative Office, Franchisee must locate, identify and secure an Administrative Office for Franchisee's PAINT CORPS Business in accordance with the terms of this Agreement, including the requirement that Franchisee must obtain Franchisor's written approval of Franchisee's Administrative Office;

(4) Franchisee must manage Franchisee's PAINT CORPS Business from Franchisee's Administrative Office located within Franchisee's Operating Territory;

(5) Franchisee may only operate Franchisee's PAINT CORPS Business within Franchisee's Operating Territory and, without limitation to the foregoing, Franchisee's PAINT CORPS Business may only offer and sell the Approved Products and Services ~~and Products~~ within Franchisee's Operating Territory and in accordance with the requirements set forth in the Manuals;

(6) Except as otherwise provided in this Agreement including, without limitation, the Reserved Rights, provided that, at all times, Franchisee is and remains in compliance with the terms of this Agreement, during the Term of this Agreement, and, except as to Closed Markets, Franchisor will not and Franchisor's affiliates will not operate, or grant a franchisee the right to operate a PAINT CORPS Business using the Licensed Marks and System within Franchisee's Operating Territory, provided that an Operating Territory has been designated and approved by Franchisor in accordance with the terms of this Agreement. Franchisee may face competition from other PAINT CORPS Businesses and other System franchisees that are located within Closed Markets or with Operating Territories located adjacent to or within a close proximity to Franchisee's Operating Territory. Although Franchisor may disapprove of any marketing medium that is distributed or reaches outside of Franchisee's Operating Territory, Franchisor is not obligated to do so and Franchisee may face competition from other PAINT CORPS Businesses and System franchisees that market and promote their PAINT CORPS Business through Internet, mail, public relations, or other marketing activities and mediums that are distributed to or within Franchisee's Operating Territory. Franchisee will not receive any compensation whatsoever if Franchisor or another System franchisee solicits customers from within Franchisee's Operating Territory; and

(7) The foregoing rights granted in this Article 2.A are subject to and contingent upon each term and condition of this Agreement and the rights of any prior user, and are non-exclusive and subordinate to the Reserved Rights.

2.B. TERM

Unless previously terminated pursuant to the terms of this Agreement, the term of this Agreement will be for a period of seven consecutive years, commencing from the Effective Date (the "Term").

2.C. GUARANTEES, CONFIDENTIALITY, AND RESTRICTIVE COVENANTS

If Franchisee is at any time a Corporate Entity, each Owner and their respective Spouse will execute, sign, and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1 and, in doing so, among other things, will individually, jointly, and severally, guarantee Franchisee's obligations under this Agreement and personally bind themselves to confidentiality and non-competition covenants and restrictions.

2.D. RESERVATION OF RIGHTS

Franchisor on behalf of itself, its affiliates and its assigns retains all rights, on any terms and conditions that Franchisor deems advisable and without any compensation or consideration to Franchisee to engage in the following activities (the "Reserved Rights"): (a) operate and grant to others the right to operate a PAINT CORPS Business or other businesses using the System and Licensed Marks at locations outside of Franchisee's Operating Territory; (b) acquire or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that are Competitive Businesses, and after such acquisition, merger or affiliation to own and operate and to franchise or license others to own and operate and to continue to own and operate such businesses, including Competitive Businesses, but not using the Licensed Marks, within Franchisee's Operating Territory; (c) be acquired by or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that are Competitive Businesses, even if such business or businesses presently or, in the future, own and operate and franchise or license others to own and operate such businesses, including Competitive Businesses, but not using the Licensed Marks, within Franchisee's Operating Territory; (d) operate and grant to others the right to operate a PAINT CORPS Business or other businesses using the System and Licensed Marks within Closed Markets; (e) use the Licensed Marks and System to distribute the ~~approved products~~Approved Products and ~~services~~Services offered and sold by Franchisee's PAINT CORPS Business or products and services similar to the ~~approved products~~Approved Products and ~~services~~Services offered and sold by Franchisee's PAINT CORPS Business on behalf of within or outside Franchisee's Operating Territory to National Accounts; and (f) use the Licensed Marks and System and to license others to use the Licensed Marks and System to engage in all other activities not expressly prohibited by this Agreement.

2.E. MODIFICATION OF SYSTEM

Franchisor, in Franchisor's Reasonable Business Judgment, reserves the right at all times to supplement, modify, alter or amend the System including any or all components of the System. Franchisee will promptly comply with all such modifications to the System whether such modification results in the addition, subtraction, modification, or enhancement to any or all components of the System. Franchisor will provide Franchisee with a reasonable time period to comply with any change or modification to the System, which will be communicated to Franchisee by Franchisor including, without limitation, communication through the Manuals. Franchisor's modifications to the System will not materially alter Franchisee's fundamental rights under this Agreement.

2.F. CORPORATE ENTITY OWNERSHIP

If Franchisee is a Corporate Entity, Franchisee represents that the information contained in Schedule 2 to this Agreement is and will remain complete, true, and accurate throughout the Term.

ARTICLE 3
DEVELOPMENT AND OPERATION OF THE PAINT CORPS BUSINESS

3.A. DEVELOPMENT OF THE PAINT CORPS BUSINESS

Franchisee must develop and open Franchisee's PAINT CORPS Business on or before the Scheduled Business Commencement Date. Notwithstanding the foregoing, prior to opening and commencing the operations of Franchisee's PAINT CORPS Business, Franchisee must, as determined by Franchisor (a) be in compliance with the terms and conditions of this Agreement; (b) have satisfied the pre-opening obligations designated by Franchisor in the Manuals; (c) have completed and satisfied the training

obligations designated by Franchisor; (d) have developed an Administrative Office in conformity with Franchisor's standards and specifications and as otherwise required by Franchisor in the Manuals; (e) have obtained the necessary licenses and permits to operate Franchisee's PAINT CORPS Business; and (f) have obtained Franchisor's written consent to open.

3.B. OPERATIONS OF FRANCHISEE'S PAINT CORPS BUSINESS

At all times, Franchisee's PAINT CORPS Business will (a) be operated within Franchisee's Operating Territory, excluding Closed Markets; (b) be operated from an approved Administrative Office located within the Operating Territory; (c) exclusively offer, sell and provide the Approved Products and Services ~~and Products~~ in accordance with Franchisor's standards, specifications, and requirements; (d) ensure that the Approved Products and Services ~~and Products~~ are only offered and provided by Franchisee through employees or Owners that have, to Franchisor's satisfaction, completed the training requirements and Training Programs required by Franchisor; (e) exclusively use, maintain, and, stock in inventory, the System Supplies in such quantities as designated by Franchisor; (f) exclusively purchase the System Supplies from the supplier or suppliers, vendor or vendors approved by Franchisor and designated by Franchisor in Franchisor's Reasonable Business Judgment; (g) be exclusively managed and operated by Franchisee or, if Franchisee is a Corporate Entity, Franchisee's Managing Owner; (h) maintain the necessary licenses and permits and those licenses and permits required or recommended by Franchisor for Franchisee's development, ownership, and operation of Franchisee's PAINT CORPS Business; (i) exclusively provide the Approved Products and Services ~~and Products~~ from PAINT CORPS Service Vehicles; and (j) be operated in conformity with Franchisors standards, specifications, criteria and requirements as set forth by Franchisor in the Manuals as such Manuals exist as of the Effective Date of this Agreement and as the Manuals may be modified and supplemented from time to time in the future by Franchisor in Franchisor's Reasonable Business Judgment.

3.C. FRANCHISEE'S ADMINISTRATIVE OFFICE

Franchisee must operate Franchisee's PAINT CORPS Business from an Administrative Office that conforms to Franchisor's standards and specifications and such other requirements as set forth in the Manuals. Franchisee's Administrative Office may be located within Franchisee's home with Franchisor's prior permission. Franchisee must obtain Franchisor's written approval of the location of Franchisee's Administrative Office. If permitted by applicable laws, rules, and regulations, including, without limitation, local zoning laws and regulations (to be independently verified by Franchisee), Franchisee may designate Franchisee's personal residence as Franchisee's Administrative Office. Otherwise, Franchisee must develop Franchisee's Administrative Office from a commercial location located within the Operating Territory. If applicable, Franchisor will furnish Franchisee with Franchisor's then current preliminary plans and specifications for an Administrative Office. Franchisee will develop, operate and manage Franchisee's PAINT CORPS Business from an Administrative Office, that (a) was identified and evaluated by Franchisee, (b) complies with the terms and conditions of this Agreement, (c) satisfies and meets Franchisor's standards and specifications, (d) is timely presented by Franchisee to Franchisor for approval as Franchisee's proposed Administrative Office, (e) is approved by Franchisor as Franchisee's Administrative Office, (f) is timely secured by Franchisee within 60 days of the Effective Date of this Agreement, as evidenced by a binding lease with a duration equal to the Term, and (g) otherwise meets the terms and conditions of this Agreement and Franchisor's standards and specifications.

Franchisee will not lease, purchase, or otherwise acquire a proposed Administrative Office until such information as Franchisor may require as to the proposed Administrative Office has been provided to Franchisor by Franchisee and, Franchisor has approved the location in accordance with the terms and conditions of this Agreement. Franchisor will respond to Franchisee's request for approval of a proposed Administrative Office within 30 days following Franchisor's receipt from Franchisee of complete written information about Franchisee's proposed Administrative Office. If Franchisor rejects or disapproves Franchisee's proposed Administrative Office, Franchisee must nevertheless identify and obtain Franchisor's approval of a proposed Administrative Office within the time requirements set forth in this Agreement. Franchisor's disapproval of a proposed Administrative Office will not serve as a basis to extend

any deadline or requirement set forth in this Agreement.

Franchisor's approval of Franchisee's proposed Administrative Office is not and does not constitute a representation or warranty of any kind other than that Franchisor does not object to or disapprove of Franchisee's proposed Administrative Office. No provision of this Agreement will be construed or interpreted to impose an obligation on Franchisor to locate an Administrative Office for Franchisee's PAINT CORPS Business, to assist Franchisee in the selection of a suitable Administrative Office, or to provide assistance to Franchisee with the purchase or lease of an Administrative Office.

3.D. FURNITURE, FIXTURES, EQUIPMENT, AND SIGNS

Franchisee will use in the construction and operation of Franchisee's Administrative Office only those types of construction and decorating materials, fixtures, equipment, furniture, and signs that Franchisor has approved or designated in the Manuals for PAINT CORPS Businesses as meeting Franchisor's specifications and standards for appearance, function, and performance. Franchisee will purchase approved or designated types of construction and decorating materials, fixtures, equipment, furniture, and signs including, without limitation, System Supplies, only from suppliers approved or designated by Franchisor from time-to-time in writing or in the Manuals.

3.E. SYSTEM SUPPLIES

Franchisee will exclusively purchase and use the System Supplies in the operations of Franchisee's PAINT CORPS Business. Franchisee will exclusively purchase the System Supplies from the supplier or suppliers and vendor or vendors designated by Franchisor from time-to-time. Franchisee acknowledges that control over the nature, quality, branding and source of the System Supplies is critical to the System and that irrespective of the availability of substitute products, supplies, equipment or sources of supply, Franchisee will only purchase and use the System Supplies as designated by Franchisor and only from those suppliers designated and approved by Franchisor. Franchisor or Franchisor's affiliates may be or may become the sole and exclusive supplier of the System Supplies.

3.F. SERVICE VEHICLES

Franchisee will purchase or lease and exclusively use in the operations of Franchisee's PAINT CORPS Business only those Service Vehicles that meet Franchisor's brand standards and specifications and, that are approved by Franchisor. At all times, Franchisee will maintain the Service Vehicles in a clean, safe, and well-maintained condition and will operate same in accordance with all applicable laws, rules, and regulations. Franchisee may only offer and provide the Approved Products and Services ~~and Products~~ using Service Vehicles approved by Franchisor and that meet Franchisor's brand standards and specifications.

3.G. BUSINESS MANAGEMENT SYSTEM

Franchisee will exclusively use the Business Management System or systems designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as may be modified, supplemented, or replaced by Franchisor from time to time. Franchisee will purchase, license, and maintain such Business Management System or systems from Franchisor or such third party suppliers designated by Franchisor. Franchisor, in Franchisor's Reasonable Business Judgment, may require that Franchisee's license, and use of the Business Management System occur through accounts registered to Franchisor, controlled by Franchisor, or licensed through Franchisor. At all times, Franchisee will provide and grant Franchisor with unlimited and uninterrupted direct Internet-based or remote access to Franchisee's Business Management Systems. At all times, Franchisee will pay and be responsible for all fees associated with the Business Management Systems including, without limitation, initial and ongoing license fees. Franchisee acknowledges that:

(1) The Business Management System will contain proprietary and Confidential Information owned by Franchisor and related to the System;

(2) The Business Management System will be exclusively used by Franchisee in connection with the operations of Franchisee's PAINT CORPS Business in accordance with the terms of this Agreement, and the standards and specifications set forth by Franchisor in the Manuals;

(3) As between Franchisee and Franchisor, Franchisor is and will be the exclusive owner of the Business Management System Data and Franchisee will store and maintain such data in accordance with all applicable local, state, and federal privacy, data collection and solicitation laws. Upon expiration or termination of this Agreement for any reason, Franchisee will preserve and maintain the Business Management System data for the purpose of transferring such data to Franchisor;

(4) At all times, Franchisee will provide and permit Franchisor to maintain direct and independent access to the Business Management System and the Business Management System Data and to duplicate and evaluate the data;

(5) Franchisee will upgrade, replace and modify the Business Management System at the request of Franchisor and in accordance with Franchisor's written instructions;

(6) Other than permitting access to employees of Franchisee's PAINT CORPS Business for the purpose of conducting the authorized operations of Franchisee's PAINT CORPS Business, Franchisee will not permit or allow any third party to access, use or duplicate the Business Management System or, the Business Management System Data;

(7) Franchisee will keep and maintain the Business Management System and the Business Management System Data as secret and confidential. Franchisee will maintain security precautions to maintain the confidentiality of the Business Management System and the Business Management System Data; and

(8) In no event will Franchisor be liable to Franchisee for any damages, including any lost profits, lost savings, or other incidental or consequential damages, relating to Franchisee's use or, Franchisee's inability to use, the Business Management System even if Franchisor has been advised of the possibility of such damages, or for any claim by any other party including the software manufacturer. The foregoing limitations of liability are intended to apply without regard to whether other provisions of the Agreement have been breached or proven ineffective.

3.H. DIGITAL MEDIA, SYSTEM WEBSITE, AND TELEPHONE NUMBERS

Franchisee acknowledges the significance of Digital Media to the System and necessity for Franchisor's control over Digital Media. As between Franchisor and Franchisee, Franchisor is the absolute owner of the Digital Media and nothing contained in this Agreement grants to Franchisee any ownership interest in or to the Digital Media. Franchisee will not use, access, or open accounts regarding or related to Digital Media unless expressly approved by Franchisor in writing which approval Franchisor may withhold, condition or limit as determined by Franchisor in Franchisor's Reasonable Business Judgment and which approval, if given, will be limited to the marketing and promotion of Franchisee's PAINT CORPS Business in accordance with Franchisor's standards and specifications. Upon expiration or termination of this Agreement for any reason, any prior authorization by Franchisor as to Franchisee's right to use the Digital Media or otherwise as to any rights of Franchisee in or to the Digital Media will automatically terminate and, at Franchisor's election, the right to any accounts or sites (if any) associated with Digital Media utilized by Franchisee will be transferred to Franchisor. Under no circumstance will Franchisee utilize the Digital Media for purposes of or with the effect of libeling or disparaging another nor will Franchisee violate any copyrights. As to such actions as between Franchisee and any third party, Franchisee is exclusively responsible for disparagement, libel, or copyright infringement if Franchisee publishes or causes such content to be published.

Digital Media or Published Content, if permitted by Franchisor, must be approved by Franchisor prior to publication or use in any form. Digital Media and Published ~~content~~Content that is approved by Franchisor or that otherwise is acceptable to Franchisor as meeting Franchisor's standards will be owned by Franchisor. As between Franchisor and Franchisee, any interest and right in or to the Digital Media or Published Content will, at all times, be the exclusive property of Franchisor both during the Term and upon the expiration or termination of this Agreement. The System Website and all improvements and modifications made to the System Website, Digital Media, and Published Content is the exclusive property of Franchisor. During the Term and subject to Franchisee's compliance with the terms and conditions of this Agreement, the System Website will include information related to Franchisee's PAINT CORPS Business as will be determined and designated by Franchisor in Franchisor's Reasonable Business Judgment. If this Agreement is terminated for any reason, the accounts related to all telephone numbers associated with Franchisee's PAINT CORPS Business and all rights in and to the telephone numbers associated with Franchisee's PAINT CORPS Business will, at Franchisor's election, be transferred to Franchisor.

Without limitation to the foregoing, Franchisee will, upon the request of Franchisor, execute and deliver to Franchisor the Assignment of Telephone Numbers and Digital Media Accounts attached to this Agreement as Exhibit 3. Upon the request of Franchisor, Franchisee will execute, update, or re-execute the Assignment of Telephone Numbers and Digital Media Agreement upon the request of Franchisor. As between Franchisor and all third parties, Franchisee does hereby represent and acknowledge that such third party is authorized to rely on the Assignment of Telephone Numbers and Digital Media Agreement irrespective of any dispute or controversy between Franchisor and Franchisee and irrespective of any contrary instructions of Franchisee.

3.I. RELOCATION

Under no circumstance will Franchisee relocate Franchisee's Administrative Office to a facility or location located outside the Operating Territory. To the extent that Franchisee wishes to relocate Franchisee's Administrative Office to a suitable commercial facility located within the Operating Territory, Franchisee must obtain Franchisor's prior written consent which will not be unreasonably withheld provided that Franchisee is in compliance with the terms and conditions of this Agreement and, provided that the new facility meets Franchisor's then~~-~~ current standards and specifications. Under no circumstance may Franchisee relocate Franchisee's Operating Territory.

3.J. OUT OF TERRITORY SERVICE

The license and rights granted to Franchisee in this Agreement are limited to, among other things, the Operating Territory, the grant of franchise rights set forth in Article 2.A of this Agreement, and the reservation of rights set forth in Article 2.D of this Agreement. Subject to the existence of an Open Area and Franchisee's compliance with following rules and requirements (the "Territory Rules"), Franchisee may provide the Approved Products and Services ~~and Products~~ on behalf of customers located within an Open Area:

Territory Rules

(1) Franchisee must conduct the operations of Franchisee's PAINT CORPS Business from within Franchisee's Operating Territory and Franchisee must provide the Approved Products and Services ~~and Products~~ on behalf of customers located within Franchisee's Operating Territory. The marketing of Franchisee's PAINT CORPS Business must be targeted to Franchisee's Operating Territory and, at all times, must conform and comply with, among other things, the restrictions set forth in Article 9.F of this Agreement;

(2) Provided that Franchisee (i) does not engage in any Direct Solicitation of customers or potential customers outside of Franchisee's Operating Territory or within the Operating Territory

of another PAINT CORPS Business, (ii) Franchisee does not otherwise violate the restrictions set forth in Article 9.F of this Agreement, and (iii) provides Franchisor in each instance with an Out of Territory Service Request that is approved by Franchisor, Franchisee's PAINT CORPS Business may, on a non-exclusive basis, provide an Approved Products and Services ~~and Products~~ to a customer within an Open Area. Franchisee must obtain Franchisor's approval in each instance and Franchisor may, in Franchisor's Reasonable Business Judgment, reject or disapprove of Franchisee's Out of Territory Service Request; and

(3) Once an Open Area becomes an Assigned Area, Franchisee will cease communicating with customers previously serviced by Franchisee in the Open Area and Franchisee will turn over to Franchisor, for the benefit of Franchisor or another PAINT CORPS Business franchisee, all information and records related to the Approved Products and Services ~~and Products~~ provided within the Open Area.

Nothing contained in this Article 3.J will expand either the non-exclusive franchise rights granted to franchisee in Article 2 of this Agreement or Franchisee's Operating Territory and, if any inconsistency or conflict between the terms of this Article 3.J and Article 2 arises, Article 2 will take precedence and govern.

3.K. NATIONAL ACCOUNTS

The license and rights granted to Franchisee in this Agreement are limited to, among other things, the Operating Territory, the grant of franchise rights set forth in Article 2.A. of this Agreement, and the reservation of rights set forth in Article 2.D. of this Agreement. Subject to the following terms and conditions and, Franchisee's compliance with same (hereinafter the "National Account Rules"), Franchisee may provide System Services and Products on behalf of a National Account location within Franchisee's Operating Territory:

National Account Rules

(1) Franchisee must be in compliance with the terms and conditions of this Agreement;

(2) If Franchisor, in Franchisor's Reasonable Business Judgment, determines that Franchisee possesses the operational capacity and experience sufficient for performing the services on behalf of the National Account, Franchisor shall submit to Franchisee a proposed work order (the "Work Order") to Franchisee disclosing that portion of the System Services and Products designated by Franchisor to be performed by Franchisee, the pricing related thereto, timing requirements, and other information determined to be relevant by Franchisor;

(3) Franchisee shall have 10 days to evaluate the Work Order and determine whether or not Franchisee wishes to accept same; and

(4) If Franchisee elects to accept the Work Order, Franchisee shall perform and comply with same. If Franchisee elects to reject the work order, Franchisee is under no obligation to perform same. If Franchisee fails to respond in writing within 10 days where Franchisee either accepts or rejects the Work Order, Franchisee shall be deemed to have rejected the Work Order.

(5) Franchisee shall pay all National Account Administration Fees to Franchisor as may be required.

Franchisee acknowledges and agrees that if Franchisor, in Franchisor's Reasonable Business Judgment, determines that Franchisee does not possess the requisite capacity, skills and/or resources to provide System Services and Products in connection with the National Account, that Franchisor may elect to not submit a Work Order to Franchisee and either Franchisor, Franchisor's affiliates, and/or other System franchisee's

may be selected to provide System Services and Products on behalf of a National Account located within Franchisee's Operating Territory.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ARTICLE 4
TRAINING AND OPERATING ASSISTANCE

4.A. INITIAL TRAINING, SUPPLEMENTAL TRAINING, AND SYSTEM-WIDE TRAINING

(1) Within 45 days of the earlier of the Scheduled Business Commencement Date or the Actual Business Commencement Date, Franchisee's Managing Owner and one manager must complete, to Franchisor's satisfaction, Franchisor's initial training program (the "Training Program"). Franchisor will provide Franchisee, comprised of Franchisee's Managing Owner, and one designated manager, with Franchisor's Training Program. If Franchisee would like more than two individuals to attend the initial Training Program, subject to Franchisor's approval, Franchisee will pay to Franchisor an additional fee of $600 per additional person attending the Initial Training Program (the "Additional Initial Training Fee"). Additional Initial Training fees will be prepaid in advance of training and upon submission of invoice by Franchisor to Franchisee.

Prior to opening and commencing the operations of Franchisee's PAINT CORPS Business, the Managing Owner and other personnel as designated or determined by Franchisor must attend and successfully complete the Training Program designated by Franchisor. The training may include classroom and on-the-job instruction at a location or facility designated by Franchisor or, at the election of Franchisor and as determined by Franchisor in Franchisor's Reasonable Business Judgment, may be conducted remotely through online web-based conferencing. Following completion of the initial Training Program, Franchisee will be responsible for the ongoing training of Franchisee's employees, staff, and all other employees of Franchisee's PAINT CORPS Business. Said ongoing training must conform to Franchisor's standards and specifications. The Training Program will be structured, configured, and established by Franchisor from time to time. The Training Program may be structured so that it is offered and completed by Franchisee in various phases.

(2) Franchisee or, if Franchisee is a Corporate Entity, Franchisee's Managing Owner and Manager, at Franchisee's sole cost and expense, must attend and successfully complete all refresher training courses or system-wide training courses, additional training programs and seminars as Franchisor periodically may designate or offer in Franchisor's Reasonable Business Judgment. Franchisor provides instructors and training materials for those programs and seminars, but Franchisor reserves the right to assess Franchisee reasonable charges for such training. Franchisee is responsible for all expenses Franchisee and Franchisee's employee incurs in connection with attendance and participation in these programs and seminars, including, without limitation, the cost of transportation, lodging, meals and any salaries and other wages.

(3) Franchisee will pay all costs and expenses incurred by Franchisee and those attending training on behalf of Franchisee in connection with Franchisee's participation in all Training Programs and satisfaction of Franchisee's Training Program obligations as designated by Franchisor.

(4) Subject to Franchisor's approval and agreement, Franchisor may offer supplemental training to Franchisee at Franchisee's Administrative Office within Franchisee's Operating Territory or remotely (herein after referred to as "Supplemental Training"). Franchisor reserves the right to reject or approve of any request by Franchisee for Supplemental Training. If Franchisor agrees to offer and provide Supplemental Training, Franchisee will pay to Franchisor a supplemental training fee at the rate of $600 per trainer per day plus, if applicable, reimbursement of travel and hotel accommodation expenses incurred by Franchisor (the "Supplemental Training Fee"). In each instance where Franchisee hires a new Operating Manager or Franchisor determines that Franchisee is not satisfying Franchisor's operational standards, Franchisor may require that Franchisee or Franchisee's Operating Manager successfully complete Supplemental Training and pay the Supplemental Training Fees designated by Franchisor. Supplemental Training Fees will be prepaid in advance of training upon submission of invoice by Franchisor to Franchisee.

(5) Franchisor, in Franchisor's Reasonable Business Judgment, must approve of all individuals attending and participating in the Training Program and all Supplemental Training programs. All participants in the Training Program must qualify as either an Owner or Operating Manager and execute the Franchise Owner and Spouse Agreement and Guaranty or the Confidentiality Agreement, respectively prior to training.

4.B. OPERATING ASSISTANCE

From time to time, Franchisor will advise Franchisee of the applicable standards, procedures, and System requirements concerning Franchisee's PAINT CORPS Business. Operating assistance may, as determined by Franchisor in Franchisor's sole discretion, consist of:

(1) Establishing and communicating systems and procedures related to the development and operation of Franchisee's PAINT CORPS Business;

(2) Establishing and communicating Approved Products and Services and ~~Products and~~, as applicable and as determined by Franchisor, modifications, if any, to the Approved Products and Services ~~and Products~~ including, without limitation, additions, deletions, or changes to the Approved Products and Services ~~and Products~~;

(3) Designating and communicating System Supplies and, as applicable and as determined by Franchisor, modifications, if any, to the System Supplies including, without limitation, additions, deletions, or changes to the System Supplies;

(4) Designating and communicating approved and designated suppliers of Franchisee's PAINT CORPS Business and, as applicable and as determined by Franchisor, modifications, if any, to approved and designated suppliers including, without limitation, additions, deletions, or changes to the approved and designated suppliers;

(5) Establishing and communicating marketing and brand standards related to the promotion of Franchisee's PAINT CORPS Business;

(6) Approving or disapproving of Franchisee requests related to marketing materials and Digital Media that may be used to market Franchisee's PAINT CORPS Business; and

(7) Establishing and communicating System standards and requirements in the form of the Manuals in Franchisor's sole discretion.

4.C. MANUALS

Franchisor will provide Franchisee with access to the Manuals. The Manuals contain, as designated and determined by Franchisor, mandatory and suggested specifications, standards, and operating procedures that Franchisor prescribes for PAINT CORPS Businesses. Franchisee will operate Franchisee's PAINT CORPS Business in strict accordance with the standards, specifications, and requirements set forth in the Manuals as such standards, specifications, and requirements including, without limitation, the Approved Products and Services ~~and Products~~, System Supplies, and authorized and designated suppliers as they may be supplemented, modified, changed, or replaced in the future and, from time to time, by Franchisor, in Franchisor's Reasonable Business Judgment. Franchisee will keep and maintain the confidentiality of the Manuals and will keep and maintain all files, data, and information contained in the Manuals in a secure location or in a protected confidential state or as otherwise directed by Franchisor. The master copy and official version of the Manuals is the copy or version maintained and designated by Franchisor in Franchisor's ordinary course of business.

Franchisor will provide Franchisee with reasonable notice of modifications and changes made to the Manuals and, such notice may take form of electronic communications including emails and, if the Manuals are maintained on an online web-based platform, notifications within said platform. Franchisor will provide Franchisee with a reasonable period of time, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, to implement changes and modifications to the Manuals. Without limitation to the foregoing, Franchisee may only offer and sell the Approved Products and Services ~~and Products~~ and utilize the System Supplies as designated by Franchisor, in Franchisor's Reasonable Business Judgment, in the Manuals and in accordance with the terms, specifications, and requirements set forth in the Manuals as Franchisor may supplement and modify the Manuals from time to time or as Franchisor may otherwise designate in writing.

ARTICLE 5
FEES

5.A. INITIAL FRANCHISE FEE

Upon execution of this Agreement, Franchisee will pay to Franchisor a non-recurring initial franchisee fee (the "Initial Franchise Fee") of $~~25~~35,000. The Initial Franchise Fee is fully earned by Franchisor upon execution of this Agreement and is not refundable. Subject to market type, availability, and our discretion, if Franchisee wishes to increase the size of Franchisee's Operating Territory by adding up to 500,000 additional individuals, the Initial Franchise Fee will be increased by $0.05 for each additional individual located within Franchisee's Operating Territory at the time this Agreement is signed. The Initial Franchise Fee is set forth in Schedule "1" attached to this Agreement.

5.B. ROYALTY FEES

Royalty Fees: Throughout the Term of this Agreement, Franchisee shall pay to Franchisor a continuing monthly non-refundable royalty fee (the "Royalty Fee") in an amount equal to 7% ~~(the "Royalty Rate") of Franchisee's monthly Gross Sales.~~of Franchisee's Gross Sales from $0 to $249,999, 6% of Franchisee's Gross Sales from $250,000 to $499,999, and 5% of Franchisee's Gross Sales greater than $500,000 (the "Royalty Rate") in each calendar year. Gross Sales for each respective calendar do not and shall not carry-over into any subsequent calendar year. At the beginning of each calendar year throughout the Term of this Agreement, the Royalty Rate will reset to 7%. During any Renewal Term, the Royalty Fee shall be determined by Franchisor but shall not be less than the Royalty Fee and Royalty Rate set forth in this Agreement.

Supplemental Royalty Fee: In addition to Franchisee's Royalty Fee obligations, on a calendar year basis throughout the Term of this Agreement, if the aggregate amount of the monthly Royalty Fees paid by Franchisee during the respective calendar year do not, in aggregate, equal or exceed the aggregate amount of Franchisee's Minimum Royalty Fee Requirements (defined below) applicable to the months comprising

the respective calendar year (calculated by combining the Minimum Royalty Fee Requirement for each month within the applicable calendar year), then Franchisee must pay to Franchisor the difference as a supplemental royalty fee (the "Supplemental Royalty Fee"). In calculating and determining the Supplemental Royalty Fee, the following Minimum Royalty Fee Requirements (the "Minimum Royalty Fee Requirements") shall be applicable and are imposed on Franchisee:

~~[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]~~

Minimum Royalty Fee Requirements	
Months 1 through 12 *	$0 per month
Months 13 through 24	$1,500 per month
Months 25 through 36	$2,000 per month
Months 37 through 48	$2,500 per month
Months 48 and after	$3,000 per month
Each month is counted commencing on the first day of the month following the effective date of your Franchise Agreement such that "Month 1" is the first full month following the date of signing the Franchise Agreement. *The Minimum Monthly Royalty Fee Requirements are not imposed during the first 12 months after the Effective Date of your Franchise Agreement. However, you are still responsible for all Royalty Fees incurred by you during the first 12 months after the Effective Date of your Franchise Agreement.	

The Supplemental Royalty Fee is calculated as the difference between the aggregate amount of the Minimum Royalty Fee Requirements applicable to the particular calendar year, less the aggregate amount of the monthly Royalty Fees that Franchisee paid to Franchisor during the respective calendar year. The Royalty Fee and, if applicable, the Supplemental Royalty Fee are ongoing and are payable in cash. In calculating and determining the amount of the Supplemental Royalty Fee, Gross Sales cannot be combined between multiple PAINT CORPS Businesses. Franchisee's Royalty Fee obligations are unconditional and are not subject to any contingencies.

Payment and Due Date: The Royalty Fee will be calculated on a monthly basis for each respective monthly Accounting Period. Royalty Fee payments will be paid by Franchisee to Franchisor monthly by ACH, electronic funds transfer, or as otherwise designated by Franchisor and will be due on the 10th of each monthly Accounting Period for the preceding month, and each month thereafter throughout the entire or such other specific day of the month that Franchisor designates from time to time or for such other period that Franchisor may designate (the "Due Date"). The Supplemental Royalty Fee is payable and due by Franchisee to Franchisor on or before January 30 of each year for the preceding calendar year (the "Supplemental Royalty Fee Due Date").

Tax Obligations: If any federal, state, or local tax other than an income tax is imposed on the Royalty Fee paid by Franchisee to Franchisor that Franchisor cannot directly and dollar-for-dollar offset against taxes required to be paid by Franchisor under any applicable federal or state laws, Franchisee must compensate Franchisor in the manner prescribed by Franchisor so that the net amount or net rate received by Franchisor for the Royalty Fee is not less than that which has been established by this Agreement and which was due to Franchisor on the effective date of this Agreement.

Payment Authorization: Upon the request of Franchisor and in no event not later than 30 days prior to the earlier of the Actual Business Commencement Date or the Scheduled Business Commencement Date, Franchisee will execute Franchisor's designated ACH Authorization ~~form~~Form and such other authorization agreements, in the form prescribed by Franchisor and permitting Franchisor's direct

withdrawal or electronic transfer of sums from Franchisee's designated business bank account, for the ongoing payment of Royalty Fees and all other fees and sums due from Franchisee under this Agreement. As of the Effective Date, Franchisor's current ACH Authorization that must be executed and complied with by Franchisee is attached to this Agreement as Exhibit 4. Franchisor may require Franchisee to pay the Royalty Fees and other amounts due under this Agreement by means other than ACH or automatic debit whenever Franchisor deems appropriate.

Royalty and Activity Reports: On the Due Date each month, Franchisee will make available to Franchisor a Royalty and Activity Report containing information designated by Franchisor relating to the Gross Sales, financial performance, and operations of Franchisee's PAINT CORPS Business for the preceding monthly Accounting Period (the "Royalty and Activity Report"). Franchisor will have the right to verify such royalty payments from time to time, as Franchisor deems necessary in any reasonable manner.

5.C. OTHER FEES

As designated by Franchisor in this Agreement, the Manuals, or otherwise, Franchisee will pay to Franchisor or as otherwise directed by Franchisor, each of the following additional fees:

(1) Technology Fee – Throughout the Term of this Agreement, Franchisee will pay to Franchisor a continuing monthly non-refundable technology fee (the "Technology Fee"). The amount of the Technology Fee shall be designated and determined by Franchisor from time-to-time and in Franchisor's Reasonable Business Judgment, except that the Technology Fee shall not exceed $~~560~~750 per month. The Technology Fee will be paid to Franchisor each month on the Due Date.

(2) Brand Development Fund Fee – Franchisee will pay to Franchisor, Franchisor's affiliates, or Franchisor's designees the Brand Development Fund Fee as set forth in Article 9.A. of this Agreement.

(3) Toll Free Number Support Fee – Franchisee will pay to Franchisor, Franchisor's affiliates, or Franchisor's designees a continuing monthly toll-free number support fee which covers the cost of services associated with call forwarding and messaging of Franchisor's toll-free number.

(4) Answering Service Fee – Franchisee will pay to Franchisor, Franchisor's affiliates, or Franchisor's designees a continuing monthly answering service fee which covers the cost of engaging an answering service.

(5) Quality Assurance Audit Fees – Franchisee will pay to Franchisor, Franchisor's affiliates, or Franchisor's designees Franchisor's actual costs related to periodic inspections of Franchisee's PAINT CORPS Business and secret shopper evaluations.

(6) Annual System Conference Attendance Fees – Franchisee will ~~be responsible for all expenses of its personnel attending the~~ pay to Franchisor a fee ("Annual System Conference ~~including travel, meals, and lodging. If Franchisee~~ Fee") for Franchisor's Annual System Conference. The Annual System Conference Fee for Franchisee's first Annual System Conference will be waived, so long as Franchisee attends the Annual System Conference~~, Franchisee will~~. Thereafter, Franchisee will pay to Franchisor an Annual System Conference Attendance Fee in the amount of $500 for each Annual System Conference. If Franchisee does not ~~be required to pay to Franchisor an Annual Conference Attendance Fee. **If Franchisee fails to** attend **the**~~an Annual System Conference, Franchisee will pay ~~**the**~~ Franchisor an Annual System Conference Attendance Fee in the amount of $750 for Franchisee's first missed Annual System Conference and $1,000 for any additional missed Annual System Conferences.

(7) Supplemental Training Fees – Franchisee shall pay to Franchisor all training fees in accordance with the terms of this Agreement including, but not limited to, Additional Initial Training Fees and Supplemental Training Fees.

(8) Non-Compliance Fees – Franchisee shall pay to Franchisor all non-compliance fees in accordance with the terms of this Agreement including, but not limited to, Payment Non-Compliance Fees, Operations Non-Compliance Fees, and Reporting Non-Compliance Fees.

~~(9~~(9) Paint Industry Coaching Fee – Franchisee shall pay to Franchisor, Franchisor's affiliates or Franchisee's designees a fee for weekly or bi-monthly industry coaching in connection with the Franchised Business.

(10) All Other Fees and Obligations Set Forth in This Agreement – Franchisee will pay to Franchisor, Franchisor's affiliates, or Franchisor's designees all other fees, charges, or expenses set forth in this Agreement and in accordance with the terms of this Agreement. If no particular due date is stated in this Agreement, then such date or dates will be determined by Franchisor in Franchisor's Reasonable Business Judgment.

5.D. PAYMENT NON-COMPLIANCE FEES AND CHARGES

In addition to all other rights afforded to Franchisor under this Agreement, in connection with each fee, charge, or obligation payable and due from Franchisee to Franchisor under the terms of this Agreement including, without limitation, this Article 5, within 14 days of Franchisor's invoice, Franchisee will pay to Franchisor (a) a payment non-compliance fee in the amount of $~~50~~150 (the "Payment Non-Compliance Fee") for each instance where a fee, charge, or obligation payable to Franchisor under this Agreement is not paid in full when due, plus (b) interest on all unpaid fees, sums, or obligations payable and due from Franchisee to Franchisor at an interest rate equal to the lesser of either 18% per annum, or the maximum interest rate allowed by applicable law and with interest accruing on the date when such fee, sum, or obligation was due, plus (c) all costs incurred by Franchisor in the collection of such unpaid and past due obligations including, without limitation, reasonable attorney's fees, costs, and expenses. The foregoing does not constitute Franchisor's agreement to accept payments after they are due or a commitment by Franchisor to extend credit to or otherwise finance Franchisee's operation of Franchisee's PAINT CORPS Business. Nothing contained in this Article 5.D. will be interpreted as interfering with or negating Franchisor's rights and remedies as set forth in Article 16 or as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and will be interpreted as cumulative to one another.

5.E. APPLICATION OF PAYMENTS

Franchisor has sole discretion to apply any payments received from Franchisee or to offset any indebtedness of Franchisee to Franchisor to any past due indebtedness of Franchisee for Royalty Fees, Advertising Contributions, purchases from Franchisor or its affiliates, interest, or any other indebtedness of Franchisee to Franchisor or its affiliates.

5.F. WITHHOLDING PAYMENTS UNLAWFUL

Under no circumstance is Franchisee entitled to withhold payments due to Franchisor under this Agreement. Among other things and without limitation to the foregoing, Franchisee expressly agrees that any claim by Franchisee as to the alleged non-performance of Franchisor's obligations will not permit or entitle Franchisee to withhold payments due Franchisor under this Agreement.

5.G. NATIONAL ACCOUNT ADMINISTRATION FEE

In the event a National Account requires Franchisor to serve as a point of contact and/or billing source, Franchisee shall pay to Franchisor a fee for Franchisor's administration of the National Account ("National Account Administration Fee"). The National Account Administration Fee shall not exceed 10% of the Gross Sales that Franchisee receives or is entitled to receive from the National Account, and in no event

shall be less than $100 per invoice furnished to the National Account. The National Account Administration Fee shall be in addition to all other fees that Franchisee is required to pay.

ARTICLE 6
RESTRICTIVE COVENANTS AND OBLIGATIONS

6.A. NECESSITY FOR RESTRICTIVE COVENANTS

Franchisee acknowledges that only through the course of entering into this Agreement is Franchisee being provided with access to the System, Franchisor's training, use of the Licensed Marks, and access to the Manuals and Confidential Information. Competition by Franchisee, Owners, Spouses, or Immediate Family Members could jeopardize the entire System and cause irreparable harm to Franchisor and franchisees of PAINT CORPS Businesses. Accordingly, Franchisee and Franchisee's Owners and Spouses will comply with the restrictive covenants set forth in this Article 6 and throughout this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

6.B. RESTRICTIVE COVENANTS: KNOW-HOW

At all times, both during the Term of this Agreement and, after its expiration or termination, Franchisee (a) will not use the Know-How in any business or capacity other than the operation of Franchisee's PAINT CORPS Business pursuant to this Agreement and as instructed by Franchisor, (b) will maintain the confidentiality of the Know-How at all times, (c) will not make unauthorized copies of documents containing any Know-How, (d) will take all reasonable steps that Franchisor requires from time to time to prevent unauthorized use or disclosure of the Know-How, and (e) will stop using the Know-How immediately upon the expiration, termination or Transfer of this Agreement. The foregoing covenants and obligations will also apply to (a) Franchisee's Owners and Spouses and Franchisee's Owners and Spouses will each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1, and (b) Franchisee's directors, officers, employees and agents where disclosure of the Know-How is necessary for the operations of Franchisee's PAINT CORPS Business and where such director, officer, employee or agent previously executed and timely delivered to Franchisor the Confidentiality Agreement in the form attached as Exhibit 2.

6.C. RESTRICTIVE COVENANTS: CONFIDENTIAL INFORMATION

At all times both during the Term of this Agreement and after its expiration or termination, Franchisee (a) will not use the Confidential Information in any business or capacity other than for the operation of Franchisee's PAINT CORPS Business, (b) will maintain the confidentiality of the Confidential Information at all times, (c) will not make unauthorized copies of documents containing any Confidential Information, (d) will take such reasonable steps as Franchisor may ask of Franchisee from time to time to prevent unauthorized use or disclosure of the Confidential Information, and (e) will stop using the Confidential Information immediately upon the expiration, termination, or Transfer of this Agreement. The foregoing covenants and obligations will also apply to (a) Franchisee's Owners and Spouses and Franchisee's Owners and Spouses will each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1, and (b) Franchisee's directors, officers, employees and agents where disclosure of the Confidential Information is necessary for the operations of Franchisee's PAINT CORPS Business and where such director, officer, employee or agent previously executed and timely delivered to Franchisor the Confidentiality Agreement in the form attached as Exhibit 2.

6.D. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND IN-TERM NON-COMPETITION OBLIGATIONS

During the Term, Franchisee will not engage in the following activities (the "Prohibited Activities") (a) owning or having any legal or equitable interest whether, as an individual proprietor, owner, partner, member or shareholder of a Corporate Entity, or, in any similar capacity, in a Competitive Business other

than, owning an interest of 3% or less in a publicly traded company that is a Competitive Business, (b) operating, managing, funding or performing services whether, as an employee, officer, director, manager, consultant, representative, agent, or creditor or, in any similar capacity, for or benefitting a Competitive Business, (c) diverting or attempting to divert any business or customers from Franchisor or, one of Franchisor's affiliates or franchisees, (d) inducing any customer or client of Franchisor, Franchisor's affiliates, franchisees of the System, or of Franchisee to any other person or business that is not a PAINT CORPS Business, or (e) engaging in any actions, inactions, or activities in violation of Articles 6.B. or 6.C. of this Agreement. If Franchisee were to engage in the Prohibited Activities, such actions would be unfair, would constitute unfair competition and would cause harm to Franchisor, the System and other PAINT CORPS Business franchisees. The foregoing covenants and obligations will also apply to Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses will each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

6.E. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND POST-TERMINATION NON-COMPETITION OBLIGATIONS

During the Post-Term Restricted Period, Franchisee will not engage in any Prohibited Activities; provided, however, that the Prohibited Activities relating to Franchisee's having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within a Restricted Territory. If Franchisee is engaged in any Prohibited Activities during the Post-Term Restricted Period, Franchisee's Post-Term Restricted Period will be extended by the period of time during which Franchisee was engaging in the Prohibited Activity and any such extension of time will not be construed as a waiver of Franchisee's breach or otherwise impair any of Franchisor's rights or remedies relating to Franchisee's breach. The foregoing covenants and restrictions will also apply to Franchisee's Owners and Spouses and Franchisee's Owners and Spouses will each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1. Franchisee acknowledges that the covenants and restrictions set forth in this Article 6.E. and otherwise in this Article 6, are fair and reasonable and that if Franchisee engaged in any Prohibited Activity, that such actions would constitute acts of unfair competition, causing ~~irreparably~~irreparable harm to Franchisor and the System.

6.F. IMMEDIATE FAMILY MEMBERS

Should Franchisee circumvent the restrictive covenants and obligations of this Article 6 by disclosing Confidential Information to an Immediate Family Member, Franchisor and the System will be irreparably harmed. If Franchisee or one of Franchisee's Owners discloses Confidential Information to an immediate family member and the immediate family member of Franchisee or an Owner then uses the Confidential Information to engage in activities that, for Franchisee, qualify as Prohibited Activities, Franchisor and the System will be irreparably harmed. As between Franchisee and Franchisor, Franchisee and Franchisee's Owners are in a better position to know if Franchisee permitted or provided an immediate family member with access to the Confidential Information and therefore Franchisee will be presumed to have violated the terms of this Agreement and, in particular, the restrictive covenants and obligations set forth in this Article 6 if any member of Franchisee's immediate family or the immediate family of an Owner (a) engages in any Prohibited Activities during any period of time during which Franchisee is prohibited from engaging in the Prohibited Activities, or (b) uses or discloses the Confidential Information or Know-~~how~~How. Franchisee may rebut the foregoing presumption by providing evidence conclusively demonstrating that neither Franchisee nor Franchisee's Owners disclosed the Confidential Information and did not permit disclosure of the Confidential Information to the family member of Franchisee or Franchisee's Owner. Franchisee acknowledges that the foregoing covenants, obligations, representations, and burden of proof will also apply to Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses will each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1.

6.G. REASONABLENESS OF RESTRICTIVE COVENANTS AND OBLIGATIONS

Franchisee acknowledges that (a) the terms of this Article 6 are reasonable both in time and in scope of geographic area, and (b) Franchisee has sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Article 6. **Franchisee hereby waives any right to challenge the terms of this Article 6 as being overly broad, unreasonable, or otherwise unenforceable.** Although Franchisee and Franchisor both believe that the restrictive covenants and obligations of this Article 6 are reasonable in terms of scope, duration, and geographic area, Franchisor may at any time unilaterally modify the terms of this Article 6 (provided that such modification is in writing and signed by Franchisor) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Post-Term Restricted Period, reducing the geographic scope of the Restricted Territory, or reducing the scope of any other covenant imposed upon Franchisee under this Article 6 to ensure that the terms and covenants are enforceable under applicable law.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

6.H. BREACH OF RESTRICTIVE COVENANTS AND OBLIGATIONS

Franchisee's failure or Franchisee's Owners failure to comply with the restrictive covenants and obligations set forth in this Article 6 will cause irreparable harm to Franchisor or other PAINT CORPS Business franchisees for which there is no adequate remedy at law. Any violation of these Article 6 covenants and obligations by either Franchisee or any Owners will entitle Franchisor to injunctive relief. Franchisor may apply for such injunctive relief, without bond but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of Franchisee, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the amount of the bond will not exceed $1,000. Franchisor's remedies under this Article 6.H are not exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages.

6.I. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS, AND INFORMATION

With regard to Franchisee's PAINT CORPS Business, all customer lists and their contents and information represent Confidential Information and constitute an asset of Franchisor whether or not such information was supplied by Franchisor. During the Term and in connection with the development, establishment, marketing, promotion, and operation of Franchisee's PAINT CORPS Business, Franchisee will disclose to Franchisor all of Franchisee's ideas, concepts, methods, and products conceived or developed by Franchisee and Franchisee's affiliates, Owners, agents, and employees relating to the development and operation of PAINT CORPS Businesses. Franchisee hereby assigns to Franchisor and Franchisee will procure from Franchisee's Owners, affiliates, and employees an assignment of any such ideas, concepts, methods, and products that Franchisee is required to disclose to Franchisor under this Article 6.I. Franchisor will have no obligation to make any payments to Franchisee or Franchisee's Owners, affiliates or employees with respect to any such idea, concept, method, technique or product. Franchisee will not use nor will Franchisee allow any other person or entity to use any such concept, method or product without obtaining Franchisor's prior written approval.

ARTICLE 7
OPERATING STANDARDS

7.A. OPERATING REQUIREMENTS

Franchisee and Franchisee's PAINT CORPS Business will, as designated by Franchisor in the Manuals or as otherwise designated by Franchisor in writing as may be modified by Franchisor from time-to-time (a) exclusively offer and sell the Approved Products and Services ~~and Products~~, (b) exclusively purchase and

use the System Supplies, (c) maintain a complete and updated inventory and supply of the System Supplies, (d) maintain, update, replenish, and replace Franchisee's System Supplies, (e) maintain, update, replenish and recondition Franchisee's Administrative Office, and (f) maintain Franchisee's Service Vehicles and System Supplies in a clean and safe condition and in conformity with the brand standards related to the Licensed Marks and System.

7.B. MAINTENANCE, UPDATES, AND UPGRADES

Franchisee will update, upgrade, maintain, and replace Franchisee's System Supplies, Service Vehicles, and, if applicable, Franchisee's Administrative Office as specified by Franchisor in the Manuals or otherwise in writing in Franchisor's Reasonable Business Judgment as modified by Franchisor from time to time. Notwithstanding the foregoing, Franchisee expressly acknowledges that the foregoing obligations relate to brand standards and specifications associated with the Licensed Marks and the Approved Products and Services ~~and Products~~ and that Franchisee is exclusively responsible for conditions involving the safety of customers and employees in connection with the operations of Franchisee's PAINT CORPS Business.

7.C. DAMAGE CAUSED BY CASUALTY

If Franchisee's Administrative Office, Service Vehicle, or System Supplies are damaged or destroyed by fire or any other casualty, Franchisee must, as soon as practicable but in no event later than one month after such casualty, initiate repairs or reconstruction, and thereafter, in good faith and with due diligence, continue until completion of the repairs or reconstruction, to their original condition before casualty and otherwise in accordance with Franchisor's standards and specifications.

7.D. ALTERATIONS

At all times, Franchisee will maintain Franchisee's System Supplies, Service Vehicles, and Administrative Office in accordance with Franchisor's then- current brand standards and specifications. Franchisee will not materially alter or modify same.

7.E. BRAND STANDARDS AND FRANCHISOR DESIGNATED REQUIREMENTS

Franchisee will develop and operate Franchisee's PAINT CORPS Business in strict conformity with the methods, standards, specifications, procedures, and operational requirements as, designated and determined by Franchisor, in Franchisor's Reasonable Business Judgment, and as set forth in the Manuals, as prescribed Franchisor in writing, and, as Franchisor, in Franchisor's Reasonable Business Judgment, may supplement, modify, and amend from time to time. Supplementing and without limitation to the foregoing, Franchisee, acknowledges that the foregoing standards, specifications, procedures, and operational requirements will relate and include, among other things, the Approved Products and Services ~~and Products~~, the System Supplies, System standards as designated by Franchisor, authorized and mandatory inventory levels and inventory items, authorized and mandatory supplies and inventory supply levels, designated suppliers, standards related to brand uniformity including, brand standards regarding uniforms, marketing materials, marketing media, the appearance and operations of Franchisee's PAINT CORPS Business, customer service and satisfaction standards including, customer rewards programs, refund policies, gift card policies, special promotions and other customer incentive and goodwill programs, brand standards and brand standard requirements as to employee knowledge and implementation of System brand standards but, not related to employment or joint employment policies, secret shopper programs, Franchisor-designated secret quality control inspections, payment processing systems, Franchisor's access to Business Management Systems, and the overall operations of Franchisee's PAINT CORPS Business.

7.F. APPROVED SERVICES, PRODUCTS, EQUIPMENT, AND SUPPLIERS

The products and services to be offered and sold by the Franchisee's PAINT CORPS Business, the supplies, suppliers and equipment utilized by Franchisee's PAINT CORPS Business, the methods for monitoring customer satisfaction, and the methods for marketing and promoting Franchisee's PAINT CORPS Business must conform to Franchisor's System standards and specifications as determined by Franchisor in Franchisor's Reasonable Business Judgment, as designated by Franchisor in the Manuals or as otherwise

designated by Franchisor in writing and, as may be supplemented, modified, or amended by Franchisor from time to time. Without limitation to the foregoing, Franchisee acknowledges that:

(1) Franchisee's PAINT CORPS Business will exclusively offer and sell the Approved Products and Services ~~and Products~~ to customers located within Franchisee's Operating Territory;

(2) Franchisee's PAINT CORPS Business will, in accordance with Franchisor's standards and specifications as, designated and determined by Franchisor from time to time, exclusively (a) offer and serve the Approved Products and Services ~~and Products~~, (b) provide the Approved Products and Services ~~and Products~~ in accordance with the System's standards and specifications, (c) exclusively purchase and use System Supplies from Franchisor or Franchisor's designated suppliers, (d) exclusively purchase and use equipment, supplies, promotional materials, point of sale systems and Business Management Systems designated by Franchisor subject to Franchisor's specifications, (e) purchase displays, point of sale displays, uniforms, supplies, marketing materials and promotional materials including, without limitation, System Supplies as designated by Franchisor and only from Franchisor or Franchisor's approved suppliers, and (f) purchase from distributors and other suppliers approved by Franchisor all other materials, goods, and supplies including, without limitation, System Supplies used in preparing, offering, selling, promoting, and serving the Approved Products and Services ~~and Products~~;

(3) Franchisor has and will periodically approve suppliers and distributors of the equipment, materials, supplies and products including, without limitation, System Supplies and Service Vehicles, that meet Franchisor's standards, specifications, and requirements including, without limitation, standards, specifications, and requirements relating to the equipment and supplies to be used by Franchisee's PAINT CORPS Business, and that Franchisee will abide by same;

(4) Franchisor, in Franchisor's Reasonable Business Judgment, may from time to time modify the list of approved brands, suppliers, and distributors of System Supplies, Service Vehicles, and approved equipment, supplies, and services to be used by Franchisee's PAINT CORPS Business and that Franchisee will, after receipt in writing of such modification, abide by same and not reorder any brand or purchase from any supplier or distributor that is no longer designated or approved by Franchisor;

(5) Franchisor reserves the right to designate, from time to time, a single supplier or distributor for any services, products, equipment, supplies, or materials including, without limitation, the System Supplies and Service Vehicles and to require Franchisee to use such a designated supplier exclusively, which exclusive designated supplier or distributor may be Franchisor or Franchisor's affiliates. Franchisor and its affiliates may receive payments from suppliers or distributors on account of such supplier's or distributor's dealings with Franchisee and other franchisees of the System and that Franchisor may use all amounts so received without restriction and for any purpose, including Franchisor's profit; and

(6) If Franchisee proposes or requests that Franchisor consider the approval of products, services, equipment, supplies, suppliers or distributors for use by Franchisee's PAINT CORPS Business where such products, services, equipment, supplies, suppliers or distributors are not, presently, at the time of Franchisee's request, approved for use in the System, Franchisee (a) must provide Franchisor with a written request where Franchisee specifies the product, service, equipment, supply, supplier or distributor, the reason for Franchisee's request, (b) will timely submit to Franchisor such information, reports, specifications, and samples as Franchisor in Franchisor's Reasonable Business Judgment requests, and (c) will pay to Franchisor a Supplier Evaluation Fee per requested product, service, equipment, supply, supplier or distributor to be considered including, without limitation, the Supplier Evaluation Fees that Franchisor, in

Franchisor's Reasonable Business Judgment, establishes and assesses based on, among other things, the administrative costs and time associated with evaluating, assessing, and testing the proposed product, service, equipment, supply, supplier, or distributor including, without limitation, Franchisor's internal employees and independent third parties engaged or retained by Franchisor for evaluation and testing. The foregoing fees and payments will be paid by Franchisee to Franchisor within 14 days of the date of Franchisor's invoice. Upon Franchisee's compliance with the foregoing, within 60 days of the completion of all evaluations, Franchisor will notify Franchisee of Franchisor's approval or disapproval, which will be determined by Franchisor in Franchisor's Reasonable Business Judgment. Under no circumstance will the foregoing be construed as implying that Franchisor is required to approve alternative suppliers and Franchisor will exclusively determine, in Franchisor's Reasonable Business Judgment, the level of evaluation to be conducted by Franchisor.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

7.G. MARKET RESEARCH AND TESTING

Franchisor may conduct market research and testing to evaluate services, products, equipment, and supplies authorized by Franchisor and determine consumer trends and the viability of certain services and products. Franchisee will participate in Franchisor's market research programs that may be conducted by Franchisor in its discretion, by test marketing services or products from Franchisee's PAINT CORPS Business. Franchisee will provide Franchisor with timely reports and other relevant information regarding such market research. Franchisee will purchase a reasonable quantity of the tested products and effectively promote and make a reasonable effort to sell the products or services.

7.H. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES

(1) Franchisee will, at all times, secure and maintain in full force all required licenses, permits, and certificates relating to the operation of Franchisee's PAINT CORPS Business, and Franchisee will operate Franchisee's PAINT CORPS Business in full compliance with all applicable laws, ordinances, codes, and regulations.

(2) Franchisee will, at all times, investigate, review, and comply with all laws applicable to the operation of Franchisee's PAINT CORPS Business, including, without limitation, all labor laws and obligations, wage and hour laws and obligations, employer practices laws and obligations, labor department rules and regulations, workers compensation and unemployment laws and rules, insurance obligations, and health and safety laws, rules, and obligations.

(3) Franchisee will, at all times, investigate, review, and comply with all laws, rules, and regulations related to customer and employee privacy obligations and protections, all laws, rules, and regulations related to the privacy and protection of customer and employee information and data, and all laws, rules, and regulations related to customer and employee solicitations.

(4) Franchisee must, at all times, immediately notify Franchisor in writing of any of the following concerning Franchisee, or Franchisee's PAINT CORPS Business: (a) any cause of action, claim, lawsuit, proceeding, and investigation, (b) issuance of any order, writ, injunction, award, or decree by any court, agency, or other governmental entity, or (c) any notice of violation of any law, ordinance, code, permit, or regulation.

(5) Franchisee will, at all times, ensure that all advertising and promotion of Franchisee's PAINT CORPS Business is completely factual and conforms to the highest standards of ethical advertising and is in conformity with Franchisor's standards and specifications. Franchisee will refrain from any business practice, advertising practice, or personal conduct that may be injurious

to Franchisor, the System, PAINT CORPS Businesses, or the Licensed Marks. Franchisor, in Franchisor's sole discretion, will possess the unilateral right to reject any advertising relating to Franchisee's PAINT CORPS Business, Franchisor, the System, PAINT CORPS Businesses, or the Licensed Marks.

(6) Franchisee will comply with, and cause Franchisee's Owners to comply with or to assist Franchisor to the fullest extent possible, in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and each Owner certify, represent, and warrant that Franchisee's or any Owner's property or interests is not subject to being "blocked" under any of the Anti-Terrorism Laws, and Franchisee and each Owner are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee further certifies that Franchisee and each Owner are not listed on the Annex to Executive Order 13244 (the Annex is available at http://www.treasury.gov) and will not become so listed, hire any person so listed, or have dealings with any person so listed. Franchisee will immediately notify Franchisor if Franchisee or any Owner becomes so listed. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing, or in any way relating to, terrorist acts and acts of war. If Franchisee, an Owner, or Franchisee's employees violate any of the Anti-Terrorism Laws or become listed on the Annex to Executive Order 13244, then Franchisor may terminate this Agreement immediately without prior notice to Franchisee.

In connection with Franchisee's compliance with the terms of this Article 7.H, if Franchisee becomes aware of any conflict or discrepancy between Franchisee's obligations under this Article 7.H with Franchisor's standards or specifications as contained in this Agreement, in the Manuals, or as otherwise designated by Franchisor from time to time, Franchisee will immediately notify Franchisor in writing of such discrepancy. If any conflict or ambiguity arises, Franchisor's determination or resolution made by Franchisor, in writing, and specifically with regard to the presented conflict or ambiguity will be determinative as between Franchisor and Franchisee and the operations of Franchisee's PAINT CORPS Business.

7.I. MANAGEMENT OF FRANCHISEE'S PAINT CORPS BUSINESS

(1) The development and operation of Franchisee's PAINT CORPS Business will be managed, operated, and maintained under the active, continuing management, substantial personal involvement, and hands-on supervision of Franchisee's Managing Owner. Franchisee's Managing Owner must be actively involved in the operation of Franchisee's PAINT CORPS Business unless Franchisee delegates management functions to an authorized Operating Manager who, among other things, satisfactorily completes Franchisor's Initial Training Program and otherwise meets the criteria and conditions for qualification as an Operating Manager as designated and determined by Franchisor from time to time. If the Operating Manager is a family member of Franchisee or an Owner, then the Operating Manager will also sign and agree to be bound by the terms of the Franchise Owner and Spouse Agreement and Guaranty.

(2) Franchisee will faithfully, honestly, and diligently perform Franchisee's obligations hereunder and continuously exert Franchisee's best efforts to promote and enhance Franchisee's PAINT CORPS Business and the goodwill of the Licensed Marks and the System.

(3) If at any time, Franchisee's PAINT CORPS Business is not being managed by a Managing Owner or Operating Manager who satisfactorily completed the Training Program, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Franchisee's PAINT CORPS Business for and on behalf of Franchisee. Franchisor's appointment of a manager of Franchisee's PAINT CORPS Business does not relieve Franchisee of its

obligations or constitute a waiver of Franchisor's right to terminate the Franchise pursuant to Article 16. Franchisor is not liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's PAINT CORPS Business or to any creditor of Franchisee for any products, materials, supplies, or services purchased by Franchisee's PAINT CORPS Business while it is managed by Franchisor's appointed manager. Franchisor has the right to charge fees and expenses, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, for management services (the "Management Service Fees"). Any determination as to whether or not Franchisor may elect to provide management services, if any, and the extent of such services, or the discontinuation thereof, will be exclusively determined by Franchisor in Franchisor's Reasonable Business Judgment. The Management Service Fees are immediately payable upon invoice by Franchisor.

(4) Franchisee will maintain sufficient working capital to fulfill its obligations under this Agreement at all times.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

7.J. FEES FOR NON-COMPLIANCE WITH OPERATIONAL STANDARDS

In addition to all other rights afforded to Franchisor under this Agreement, in connection with any, each, and every violation of any term, provision, or operational requirement as set forth in this Article 7 (an "Operations Violation"), within 14 days of Franchisor's invoice, Franchisee will pay to Franchisor an operations non-compliance fee (the "Operations Non-Compliance Fee") in an amount of up to $500 as determined by Franchisor in Franchisor's Reasonable Business Judgment. Within 14 days of Franchisor's invoice, Franchisee will also pay to Franchisor all costs and expenses incurred by Franchisor in connection with any inspections, audits, or re-inspections directed or undertaken by Franchisor for the purpose, as determined by Franchisor in Franchisor's Reasonable Business Judgment, of determining whether or not Franchisee's Operations Violation has been cured in accordance with Franchisor's standards and specifications. The foregoing does not constitute Franchisor's consent to or acquiescence to Operations Violations. Nothing contained in this Article 7.J. will be interpreted as interfering with or negating Franchisor's rights and remedies as set forth in Article 16 and, as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and will be interpreted as cumulative to one another.

ARTICLE 8
INSURANCE

Franchisee, at Franchisee's sole expense, must purchase and maintain in full force at all times during the Term an insurance policy or policies protecting Franchisee as named insured and naming as additional insureds, Franchisor, Franchisor's affiliates, Franchisor's successors and assigns, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, and employees of Franchisor. The policy or policies must be written by a carrier or carriers with an A.M. Best Rating of at least A-, VII and reasonably acceptable to Franchisor. From time to time, Franchisor may designate preferred insurance brokers and insurance carriers.

The currently required insurance policies, insurance coverage requirements, and insurance coverage amounts are designated and set forth in the Manuals. Franchisor may, in Franchisor's Reasonable Business Judgment, periodically change the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Notwithstanding the immediately foregoing sentence, Franchisor will not increase such minimum coverage more than once every two years. All public liability and property damages policies must contain a provision that Franchisor is entitled to recover under these policies on any loss occasioned to Franchisor, Franchisor's affiliates, Franchisor's successors and assigns, and the officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, and

employees of Franchisor by reason of the negligence of Franchisee or Franchisee's officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, and employees. By the earlier of 90 days after the Effective Date or prior to the commencement of the Training Program, Franchisee must deliver, or cause to be delivered, to Franchisor a copy of the certificates of insurance demonstrating Franchisee's compliance with this Article 8. All insurance policies required must expressly provide that no less than 30 days' prior written notice will be given to Franchisor in the event of a material alteration to, or cancellation of, any insurance policy Franchisee is required to maintain in accordance with this Agreement.

If Franchisee fails for any reason to procure or maintain the insurance required by this Agreement, then Franchisor has the right and authority, but not the obligation, to immediately to procure insurance and charge all costs, fees, and expenses associated with same to Franchisee, which such charges, together with a reasonable administrative fee for Franchisor's expenses in so acting, will be immediately payable by Franchisee to Franchisor upon demand. The foregoing remedies are in addition to any other remedies Franchisor may have under this Agreement, at law, or in equity.

ARTICLE 9
BRAND DEVELOPMENT AND MARKETING

9.A. BRAND DEVELOPMENT FUND

At all times and from time to time, as determined by Franchisor in Franchisor's Reasonable Business Judgment, Franchisor may institute and administer a brand development fund (the "Brand Development Fund"). The following will apply to the Brand Development Fund at all times throughout the Term:

(1) Franchisee will pay, on the Due Date, a mandatory continuing fee to the Brand Development Fund in an amount equal to 1% of Gross Sales for each monthly Accounting Period (the "Brand Development Fund Fee");

(2) Franchisee will not be required to make any contribution to the Brand Development Fund for the first 12 months following the Effective Date;

(3) Franchisor, in Franchisor's Reasonable Business Judgment, will direct all advertising activities financed by the Brand Development Fund, with sole discretion over the strategic direction, creative concepts, materials, and endorsements used by the Brand Development Fund, and the geographic, market, and media placement and allocation thereof. Without limiting the foregoing, the Brand Development Fund may also be utilized for evaluation and monitoring of the Business Management Systems, maintenance and upgrades to the System Website, and development of Digital Media;

(4) The purpose of the advertising, media, marketing, and activities financed by the Brand Development Fund is for the general enhancement of the System brand as associated with the Licensed Marks and general public brand recognition and awareness of the Licensed Marks. The Brand Development Fund may not be utilized to directly or indirectly market or promote Franchisee's PAINT CORPS Business or unless otherwise directed by Franchisor, in Franchisor's Reasonable Business Judgment, pay for media placements that may benefit or include any media market that includes Franchisee's Administrative Office or Operating Territory;

(5) The Brand Development Fund may be used to pay various costs and expenses of Franchisor for such reasonable salaries, wages, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration, activities or the brand awareness goals of the Brand Development Fund including expenses incurred by Franchisor for advertising, marketing, trade shows, product and service testing, product and service development, maintenance, evaluation

and monitoring of the Business Management Systems, upgrades to the System Website, development of Digital Media and creative development that is internally administered or prepared by Franchisor and other marketing activities made by Franchisor; provided, however, that salary expenses for Franchisor's personnel paid by the Brand Development Fund will be commensurate with the amount of that time spent by such personnel on Brand Development Fund matters. Franchisor will not use contributions to the Brand Development Fund to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration and activities of the Brand Development Fund and creation or conduct of its marketing programs including, without limitation, conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to the Brand Development Fund. Franchisor may spend in a fiscal year an amount greater or less than the aggregate contributions of all PAINT CORPS Businesses to the Brand Development Fund in that year;

(6) Franchisee will participate in all advertising, marketing, promotions, research and public relations programs instituted by the Brand Development Fund;

(7) Franchisee and Franchisor acknowledge that (a) the Brand Development Fund is not a trust; (b) Franchisor is not a trustee or fiduciary of the Brand Development Fund; and (c) Franchisor may deposit and maintain any funds of the Brand Development Fund Fee in Franchisor's general accounts. Brand Development Fund Fees are not required to be segregated from other assets or accounts of Franchisor. The Brand Development Fund is not required to expend Brand Development Fund Fees in the year that they are collected. The Brand Development Fund may borrow from Franchisor or other lenders at standard commercial interest rates to cover deficits of the Brand Development Fund. Franchisor may cause the Brand Development Fund to invest any surplus for future use by the Brand Development Fund. All interest earned on monies contributed to the Brand Development Fund will be used to pay costs of the Brand Development Fund before other assets of the Brand Development Fund are expended. A summary statement of monies collected and costs incurred by the Brand Development Fund for Franchisor's immediately preceding fiscal year will be made available to Franchisee upon Franchisee's written request. Franchisor will have the right to cause the Brand Development Fund to be incorporated or operated through an entity separate from Franchisor at such time as Franchisor deems appropriate, and such successor entity will have all rights and duties of Franchisor pursuant to this Article 9.A(8);

(8) Although Franchisor will endeavor to utilize the Brand Development Fund to develop advertising and marketing materials and programs, Franchisor undertakes no obligation to ensure that expenditures by the Brand Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Development Fund by PAINT CORPS Businesses operating in that geographic area or that any PAINT CORPS Businesses will benefit directly or in proportion to their contribution to the Brand Development Fund from the development of advertising and marketing materials. Franchisor may use the Brand Development Fund to promote or benefit any type of PAINT CORPS Businesses in the System. Franchisor may use the Brand Development Fund to promote or benefit PAINT CORPS Businesses located within a particular region of the United States. Franchisee's failure to derive any such benefit will not serve as a basis for a reduction or elimination of its obligation to contribute to the Brand Development Fund. The failure (whether with or without Franchisor's permission) of any other franchisee to make the appropriate amount of contributions to the Brand Development Fund will not in any way release Franchisee from or reduce Franchisee's obligations under this Article 9, such obligations being separate and independent obligations of Franchisee under this Agreement. Except as expressly provided in this Article 9, Franchisor assumes no direct or indirect liability, responsibility, or obligation to Franchisee with respect to the maintenance, direction, or administration of the Brand Development Fund; and

(9) Franchisor, in Franchisor's Reasonable Business Judgment, may establish a council to provide guidance respecting the administration of the Brand Development Fund and marketing matters concerning the Brand Development Fund. The council will only serve in an advisory capacity and Franchisor will select members of the council which may be comprised of employees of Franchisor, Franchisor, System franchisees, and third parties.

9.B. LOCAL MARKETING

On an ongoing ~~calendar year quarterly~~yearly basis, Franchisee must spend not less than the greater of (a) 46% of Franchisee's ~~quarterly~~ Gross Sales, or (b) $~~2,500~~24,000 per year on the local marketing of Franchisee's PAINT CORPS Business targeted to Franchisee's Operating Territory. On or before the fifth day of each calendar year quarter or such other dates as specified by Franchisor, Franchisee will provide Franchisor with an accurate accounting of Franchisee's local marketing activities and metrics for the immediately preceding calendar year quarter. At the request of Franchisor, Franchisee will provide Franchisor with (i) any data or systems that record or report information related to Franchisee's local marketing activities and expenditures, and (ii) such other periodic reports and records as may be requested by Franchisor.

If the Franchisee's expenditures in any calendar year ~~quarterly periods~~ do not, in aggregate as to each respective calendar year ~~quarterly period~~, equal or exceed 4the greater of 6% of Gross Sales or $24,000 for the respective ~~quarterly period~~year, then Franchisor, in Franchisor's discretion and Reasonable Business Judgment, may require that the deficiency be added as additional local marketing expenditures, over and above 46% of Franchisee's Gross Sales or $24,000 that Franchisee must spend within the immediately succeeding ~~quarterly~~yearly period as directed by Franchisor, or, at Franchisor's discretion, contribute to a Brand Development Fund. All marketing of Franchisee's PAINT CORPS must be pre-approved in writing by Franchisor.

Franchisor reserves the right to reject any marketing efforts requested by Franchisee and to prescribe all marketing, marketing media, marketing channels, promotions, copy, creative, and messaging that Franchisee may or may not use in Franchisee's marketing of Franchisee's PAINT CORPS Business. Franchisee further acknowledges that:

(1) In addition to calendar year quarterly reports, Franchisee will provide Franchisor with monthly reports documenting Franchisee's marketing initiatives, expenses incurred, placements secured, and other metrics and financial information as designated by Franchisor;

(2) Prior to opening Franchisee's PAINT CORPS Business, Franchisee will submit to Franchisor, Franchisee's grand opening marketing plan for review and approval by Franchisor. Franchisee will use only those portions of its grand opening marketing that are pre-approved by Franchisor and consistent with Franchisor's standards and specifications. Not less than 30 days prior to the opening of Franchisee's PAINT CORPS Business, Franchisee will spend not less than $2,000 to market and promote the grand opening of Franchisee's PAINT CORPS Business in accordance with Franchisor's standards and specifications;

(3) At all times, Franchisee's marketing efforts and the distribution of each marketing channel and media engaged by Franchisee will be directly targeted to Franchisee's Operating Territory. Franchisee will not direct or target Franchisee's marketing efforts with the purpose or effect of soliciting or attracting customers outside of Franchisee's Operating Territory. To the extent that Franchisee's marketing efforts involve a marketing medium or distribution channel that is targeted to Franchisee's Operating Territory but reaches outside of and beyond Franchisee's Operating Territory, Franchisor, in Franchisor's Reasonable Business Judgment, will have the right to direct and require Franchisee to discontinue such marketing; and

(4) At all times, Franchisee hereby grants to Franchisor the right, without compensation to Franchisee, to use Franchisee's name, address, photograph, and biographical information in any publication related to the System, including in relation to the sale of PAINT CORPS Business franchises.

9.C. REQUIRED FRANCHISOR APPROVAL OF ALL MARKETING

All marketing and promotion of Franchisee's PAINT CORPS Business and all marketing media, campaigns, marketing channels, and efforts used by Franchisee must conform to Franchisor's standards and specifications as set forth in the Manuals or, as may be otherwise directed by Franchisor in writing from time to time. If Franchisee wishes to propose to Franchisor for approval or disapproval marketing or promotional efforts, campaigns, or media that are not presently and expressly approved and authorized by Franchisor, Franchisee will submit a written request, including samples of all proposed marketing materials and a description of the marketing channels and distribution to Franchisor for Franchisor's approval or disapproval, that will be at the sole discretion of Franchisor, in Franchisor's Reasonable Business Judgment. Provided that Franchisee has satisfied the written notice requirements set forth in this Article 9.C and provided that Franchisee otherwise timely responds in writing to any requests by Franchisor for additional information, if Franchisor does not notify Franchisee that Franchisor disapproves the materials within 15 days from the date Franchisor receives the materials, then Franchisee may commence using the materials. Franchisor may still disapprove such materials by notice to Franchisee, and Franchisee must then cease using such materials upon receipt of such notice. Franchisee must not use any advertising or promotional materials that Franchisor has disapproved.

9.D. WAIVERS OR DEFERRALS

On written request from Franchisee with reasons supporting such request, Franchisor may, at Franchisor's sole discretion and on conditions Franchisor deems appropriate, temporarily waive or defer the obligations of Franchisee to the Brand Development Fund or, if applicable, Advertising Cooperative. In no event will such waiver or deferral extend beyond six months. At the end of any waiver or deferral period, Franchisee may resubmit a request for waiver or deferral of its obligations under the Brand Development Fund or, if applicable, Advertising Cooperative. Under no circumstance will Franchisor be under any obligation to grant any waiver of deferral. Franchisor may reject Franchisee's request for a waiver or deferral based on any reason or no reason at all and, nevertheless grant the request of another system franchisee.

9.E. DIGITAL MEDIA AND WEBSITE PROHIBITIONS

Franchisee's use of Digital Media will be subject to and require Franchisor's express written consent which will and may be withheld by Franchisor for any or no reason at all. Without limitation to the foregoing, Franchisee possesses no right or authority to utilize Digital Media and Franchisor reserves all rights respecting the marketing, sale and distribution of Approved Products and Services ~~and Products~~ through Digital Media. All Digital Media and Digital Media accounts associated with or relating to Franchisee's PAINT CORPS Business or the System will be transferred to Franchisor upon Franchisor's demand. Upon execution of this Agreement or any future date demanded by Franchisor, Franchisee will execute and deliver to Franchisor the Assignment of Telephone Numbers and Digital Media Accounts Agreement attached to this Agreement as Exhibit 3. The foregoing will not be interpreted or construed as permitting Franchisee to designate, utilize, or otherwise establish accounts as to Digital Media respecting or concerning Franchisee's PAINT CORPS Business or the System.

9.F. NO MARKETING OUTSIDE FRANCHISEE'S OPERATING TERRITORY

Franchisee's marketing and Marketing Media must be directed toward Franchisee's Operating Territory and that under no circumstance will Franchisee cause, authorize or engage in any Media Distribution to customers, potential customers or customer referral sources outside of Franchisee's Operating Territory, unless (a) such Media Distribution is a joint distribution with other PAINT CORPS Businesses pursuant to

an Advertising Cooperative authorized by Franchisor in writing; and (b) Franchisor, in Franchisor's Reasonable Business Judgment, agrees to same in writing.

9.G. ADVERTISING COOPERATIVE

At all times Franchisor, in Franchisor's Reasonable Business Judgment, possesses the right to authorize, establish, designate and de-authorize a local or regional advertising cooperative within those markets that Franchisor designates (the "Advertising Cooperative"). Franchisor possesses the sole and exclusive right to designate any geographic area in which two or more PAINT CORPS Business franchises are located as a region for the purpose of establishing an Advertising Cooperative. If Franchisee's PAINT CORPS Business or Operating Territory is located within the geographic area of an Advertising Cooperative, Franchisee will participate in and contribute to the Advertising Cooperative. Franchisee acknowledges the following:

(1) If Franchisor previously instituted or, in the future, institutes an Advertising Cooperative that includes, in whole or in part, Franchisee's Operating Territory or Franchisee's PAINT CORPS Business Location, Franchisee will participate in and make such ongoing financial contributions to the Advertising Cooperative as determined by the Advertising Cooperative;

(2) Franchisor may establish foundational and organizational requirements of the Advertising Cooperative including voting provisions that allows the Advertising Cooperative to make decisions based on the simple majority vote (one vote per PAINT CORPS Business located within the designated area of the Advertising Cooperative) with a quorum constituting 25% of those franchisees within the Advertising Cooperative;

(3) Unless otherwise authorized and approved by Franchisor in writing, each Advertising Cooperative will be organized for the exclusive purpose of administering marketing programs and the development of media (all subject to the review and approval of Franchisor) for use by members of the Advertising Cooperative in local or regional marketing;

(4) If at the time of execution of this Agreement an Advertising Cooperative has been established for a geographic area that includes, in whole or in part, Franchisee's PAINT CORPS Business location or Operating Territory, or if such Advertising Cooperative is established during the Term, Franchisee will fully participate in the Advertising Cooperative and Franchisee will execute, at the request of Franchisor, all documents required by Franchisor and Franchisee will become a member of the Advertising Cooperative subject to the terms of those documents;

(5) Franchisee will contribute to the Advertising Cooperative in the amounts as determined and required by the Advertising Cooperative or otherwise in accordance with those documents governing the operation of the Advertising Cooperative; provided, however, that Franchisee's contributions to the Advertising Cooperative will not exceed Franchisee's local minimum marketing obligations set forth in Article 9.B and Franchisee's contributions to the Advertising Cooperative will count toward satisfaction of Franchisee's minimum local marketing obligations set forth in Article 9.B;

(6) Franchisee will submit to the Advertising Cooperative and to Franchisor such statements and reports as may be required by the Advertising Cooperative and approved by Franchisor. All contributions to the Advertising Cooperative will be maintained and administered in accordance with the documents governing the Advertising Cooperative. The Advertising Cooperative will be operated solely for the purpose of collection and expenditure of the Advertising Cooperative's fees for the purposes set forth in this Article 9.

(7) No marketing materials, plans, or media may be used by the Advertising Cooperative or its members without the prior written approval of Franchisor;

(8) PAINT CORPS Businesses owned by Franchisor or Franchisor's affiliates that are located within the geographic area of the designated Advertising Cooperative are not required to make contributions to the Advertising Cooperative; and

(9) The Advertising Cooperative must comply with the rules and regulations established by Franchisor in the Manuals which may be modified by Franchisor from time to time.

ARTICLE 10
RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION

10.A. INDEPENDENT CONTRACTORS

This Agreement does not create a fiduciary relationship between Franchisor and Franchisee. Franchisor and Franchisee are independent contractors, and nothing in this Agreement is intended to make either party a general or special agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose. The parties' relationship is strictly a franchisor and franchisee relationship. Franchisee is the sole employer of employees of Franchisee. Franchisee has the sole right to select, hire, and discharge Franchisee's employees. Franchisee is responsible for all decisions regarding hiring, firing, training, supervising, disciplining, scheduling, and paying wages to, and withholding and paying taxes for, Franchisee's employees. Franchisee, each Owner, each Spouse, and Franchisee's officers, directors, manager, agents, representatives, independent contractors, and employees will not be construed, considered, or represented as Franchisor's employees, representatives, or agents. There is no joint employer relationship between Franchisor and Franchisee or Franchisee's employees. Franchisee's compliance with all federal, state, and local labor laws rules and regulations will be exclusively determined and managed by Franchisee. To the extent that the Manuals include information, specifications, procedures, criteria or requirements as to Franchisee's employees, such requirements will be interpreted exclusively for the purpose of maintaining brand standards associated with the System, to protect the good will associated with the System, and to ensure System uniformity requirements and standards concerning the Approved Products and Services ~~and Products~~, and under no circumstance will same relate to the employer-employee relationship. As to the foregoing issue of "joint employer" and the non-existence thereof, in the event of any inconsistency or conflict between this Agreement and the Manuals, the terms of this Agreement will take precedence and govern.

Franchisee must conspicuously identify itself at the premises of Franchisee's PAINT CORPS Business and in all dealings with customers, lessors, contractors, suppliers, public officials, and others as the owner of a PAINT CORPS Business under a franchise from Franchisor, and Franchisee must place other notices of independent ownership on signs, forms, stationery, advertising, and other materials as Franchisor requires.

Franchisee must not employ any Licensed Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument, or other legal obligation. Franchisee must not employ any Licensed Mark in a manner that is likely to result in liability of Franchisor for any indebtedness, action, inaction, or obligation of Franchisee.

Franchisor and Franchisee will not make any express or implied agreements, guarantees, or representations, or incur any debt, in the name or on behalf of the other. Franchisor and Franchisee will not represent that their relationship is anything other than franchisor and franchisee. Franchisor and Franchisee will not be obligated by, or have any liability under, any agreements or representations made by the other that are not expressly authorized. Franchisor will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of Franchisee's PAINT CORPS Business, whether or not caused by Franchisee's negligent, willful act or failure to act.

Franchisor will have no liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, Franchisee's PAINT CORPS Business or its assets, or upon Franchisor in

connection with sales made, services performed, or business conducted by Franchisee.

10.B. INDEMNIFICATION BY FRANCHISEE

Franchisee and each Owner will indemnify, defend through counsel acceptable to Franchisor, and hold Franchisor, Franchisor's affiliates, and their respective officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, employees, assigns and successors (the "Franchisor Indemnified Parties") harmless from all losses, expenses, claims, causes of action, lawsuits, liabilities, taxes, costs, demands, proceedings, ~~investigation, hearing~~investigations, hearings, or damages arising out of, or relating to, Franchisee's Administrative Office or Franchisee's PAINT CORPS Business (including, without limitation, the ownership and operation of Franchisee's PAINT CORPS Business), unless such loss, expense, claim, cause of action, lawsuit, liability, tax, cost, demand, proceeding, or damage is solely due to Franchisor's gross negligence. Franchisee will pay all of the Franchisor Indemnified Parties' reasonable costs, fees and expenses of defending any such claim, cause of action, lawsuit, demand, proceeding, investigation, or hearing brought against any of the Franchisor Indemnified Parties or any such claim, cause of action, lawsuit, demand, proceeding, investigation, or hearing in which any of the Franchisor Indemnified Parties is named as a party, including, without limitation, reasonable accountant fees, attorney fees, and expert witness fees, court costs, deposition fees, travel expenses and other litigation expenses. At the expense and risk of Franchisee and each Owner, Franchisor may elect to assume, but is not obligated to undertake, the defense or settlement of any action, lawsuit, proceeding, claim, or demand. Such an election by Franchisor to assume its defense will not diminish the obligation of Franchisee and each Owner to indemnify, defend, and hold harmless Franchisor. Franchisee and each Owner acknowledge that the terms of this Article 10.B will survive the termination, expiration, or Transfer of this Agreement.

Under no circumstances are the Franchisor Indemnified Parties required or obligated to seek recovery from third parties or otherwise mitigate their respective losses in order to maintain a claim against Franchisee or any Owner. Franchisor's failure to pursue recovery or mitigate loss in no way reduces the amounts recoverable from Franchisee or any Owner.

10.C. INDEMNIFICATION BY FRANCHISOR

Franchisor will indemnify, defend, and hold Franchisee and Franchisee's officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, employees, assigns and successors (the "Franchisee Indemnified Parties") harmless from all losses, expenses, claims, causes of action, lawsuits, liabilities, taxes, costs, demands, proceedings, ~~investigation, hearing~~investigations, hearings, or damages solely arising out of, or solely relating to, Franchisor's gross negligence in the operation of Franchisee's PAINT CORPS Business that was the direct cause of any such loss, expense, liability or damage provided Franchisee immediately notifies Franchisor of such claim, cause of action, lawsuit, demand, proceeding, investigation or hearing, and Franchisor will pay all of the Franchisee Indemnified Parties' reasonable costs, fees and expenses of defending any such claim, cause of action, lawsuit, demand, proceeding, investigation, or hearing brought against any of the Franchisee Indemnified Parties or any such claim, cause of action, lawsuit, demand, proceeding, investigation, or hearing in which any of the Franchisee Indemnified Parties is named as a party, including, without limitation, reasonable accountant fees, attorney fees, and expert witness fees, court costs, deposition fees, travel expenses and other litigation expenses provided Franchisee immediately notifies Franchisor of such claim, cause of action, lawsuit, demand, proceeding, investigation or hearing. The terms of this Article 10.C will survive the termination, expiration or Transfer of this Agreement.

ARTICLE 11
LICENSED MARKS, SYSTEM, AND INNOVATIONS

11.A. OWNERSHIP AND GOODWILL

Franchisor is the owner of all right, title, and interest in and to the Licensed Marks, the System, Web Based Media, Published Content, and the goodwill associated with the Licensed Marks and the System. Except as

otherwise specifically provided in this Agreement, Franchisee possesses no interest or right whatsoever in or to the Licensed Marks, the System, Web Based Media, Published Content, and the goodwill associated with the Licensed Marks and the System. Franchisee's right to use the Licensed Marks and the System is derived solely from this Agreement. Any unauthorized use of the Licensed Marks or the System by Franchisee or any of Franchisee's affiliates will constitute an infringement of the rights of Franchisor in and to the Licensed Marks or the System. All usage of the Licensed Marks or the System by Franchisee, and all goodwill associated with the Licensed Marks and System, will exclusively benefit Franchisor without granting any goodwill interests or rights to Franchisee except for Franchisee's non-exclusive interest and limited right to use the Licensed Marks and the System in the operation of Franchisee's PAINT CORPS Business subject to the terms and conditions of this Agreement. Franchisee will not, at any time during the Term or after the expiration, termination, or Transfer of this Agreement, contest the validity or ownership of the Licensed Marks, the System, Web Based Media, Published Content, or the goodwill associated with the Licensed Marks and the System, and at no time will Franchisee assist any other person in contesting the validity or ownership of the Licensed Marks, the System, Web Based Media, Published Content, or the goodwill associated with the Licensed Marks and the System. Franchisee and each Owner will not take any action that prejudices or interferes with the validity of Franchisor's rights with respect to Licensed Marks, the System, Web Based Media, Published Content, or the goodwill associated with the Licensed Marks and the System.

11.B. USE OF THE LICENSED MARKS

The Licensed Marks will be the sole identification of Franchisee's PAINT CORPS Business. Franchisee must operate, advertise, and market Franchisee's PAINT CORPS Business only under the Licensed Marks as designated and specified by Franchisor in Franchisor's Reasonable Business Judgment. Franchisee will not use the Licensed Marks as part of its corporate or other legal name and Franchisee will not use the Licensed Marks with modifying words, terms, designs, or symbols, or in any modified form. Franchisee will comply with Franchisor's instructions in filing and maintaining their requisite trade name or fictitious name registrations as may be required by applicable law.

11.C. NOTIFICATION OF INFRINGEMENT AND CLAIMS

Franchisee must notify Franchisor immediately in writing of any apparent infringement of, or challenge to, Franchisee's use of any Licensed Mark or the System or of any claim by any person claiming any rights in any manner with respect to the Licensed Mark, the System, or any similar trade name, trademark or service mark of which Franchisee becomes aware. Franchisee must not communicate with any person other than Franchisor and its counsel in connection with any infringement, challenge, or claim by any third party to the Licensed Marks or the System. Franchisor or Franchisor's licensor will possess sole and complete discretion, in Franchisor's Reasonable Business Judgment, to take any action, or to refrain from taking action, Franchisor or Franchisor's licensor deems appropriate, including, without limitation, the right to exclusively control any litigation or administrative proceeding arising out of, or relating to, any infringement, challenge, claim or otherwise relating to any Licensed Mark or the System. Franchisee will execute all documents, render assistance, and take all actions as may be necessary or advisable to protect and maintain the interests of Franchisor or Franchisor's licensor in any litigation or administrative proceeding or to otherwise protect and maintain, as directed by Franchisor, the interests of Franchisor or Franchisor's licensor in the Licensed Marks. Franchisor will reimburse Franchisee for reasonable direct expenses incurred by Franchisee in assisting Franchisor in any such litigation or administrative proceeding provided Franchisee timely notifies Franchisor of such litigation or administrative proceeding, and Franchisee complies with the written instructions of Franchisor respecting any such litigation or administrative proceeding.

11.D. DISCONTINUANCE OF USE OF LICENSED MARKS

If at any time Franchisor determines, in Franchisor's sole discretion and based on Franchisor's Reasonable Business Judgment, that it is advisable for Franchisor, the System, or Franchisee to replace, modify, substitute, or discontinue use of any ~~of~~ Licensed Marks, then Franchisee will comply with Franchisor's

determination and instructions as to the replacement, modification, substitution, or discontinuance of such Licensed Marks. Franchisee will comply within the foregoing requirements within a reasonable time period after notice by Franchisor. If Franchisee is required to take action pursuant to instruction by Franchisor pursuant to this Article 11.D or if Franchisee is otherwise required to replace, modify, substitute, or discontinue use of any ~~of~~ Licensed Marks, the sole liability and obligation of Franchisor to Franchisee will be to reimburse Franchisee for the reasonable and direct costs incurred by Franchisee in complying with this obligation, which Franchisee will document to the satisfaction of Franchisor. Franchisor maintains the exclusive right, in Franchisor's Reasonable Business Judgment, to, in whole or in part, replace, modify, substitute, or discontinue any features or components of the Licensed Marks or the System at any time.

11.E. INDEMNIFICATION OF FRANCHISEE

If Franchisee is sued in a legal proceeding or is threatened with legal action or a notice of infringement by a third party where the claims or causes of action directly relate to a third party claiming trademark infringement, unfair competition, or trademark dilution as a result of Franchisee's use of the Licensed Marks in accordance with the terms of this Agreement and the System (an "IP Claim"), then Franchisor will indemnify Franchisee for the reasonable and direct costs incurred by Franchisee or a judgment entered against Franchisee, provided that (a) Franchisee immediately notifies Franchisor of the IP Claim by a written notice sent to Franchisor via priority overnight courier; (b) Franchisee affords Franchisor the absolute opportunity and right to defend against the IP Claim and to select and appoint legal counsel of Franchisor's choosing; and (c) Franchisee utilized the Licensed Marks in accordance with the terms of this Agreement and the System. Time is of the essence with respect to notifying Franchisor of the IP Claim in accordance with this Agreement, including this Article 11.E.

11.F. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS, AND INFORMATION

With regard to Franchisee's PAINT CORPS Business, all customer lists, including the contents and information contained in all customer lists, constitute Confidential Information and an asset of Franchisor whether or not such information was supplied by Franchisor. During the Term, in connection with the development, establishment, marketing, promotion and operation of Franchisee's PAINT CORPS Business, Franchisee will disclose to Franchisor all of Franchisee's ideas, concepts, methods, and products conceived or developed by Franchisee, any Owner, or Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees relating to the development and operation of PAINT CORPS Businesses and the System. Franchisee hereby assigns to Franchisor and Franchisee will procure an assignment of any ideas, concepts, methods, and products that Franchisee is required to disclose to Franchisor under this Article 11.F from each Owner and Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants, and employees. Franchisor will have no obligation to tender any consideration to Franchisee, any Owner, each Owner and Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants, and employees for any such idea, concept, method, technique, or product. Franchisee will not use, or allow any other person or entity to use, any such concept, method, technique, or product without obtaining Franchisor's prior written approval.

~~[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]~~

ARTICLE 12
RECORDS AND REPORTS

12.A. MAINTENANCE AND PRESERVATION OF RECORDS

Franchisee will maintain full, complete, and accurate books, records, and accounts from Franchisee's PAINT CORPS Business during the Term and preserve such books, records, and accounts for at least three years from the dates of their preparation. Such records will be maintained and preserved in the form and manner by Franchisor in the Manuals or otherwise in writing.

12.B. REPORTING OBLIGATIONS

In addition to the reporting obligations otherwise set forth in this Agreement, Franchisee has the following additional reporting obligations that will include all of the data and information requested by Franchisor, in Franchisors Reasonable Business Judgment, and as may be modified by Franchisor from time to time:

(1) Royalty and Activity Reports – on the Due Date each month, Franchisee will report, transmit, confirm, or otherwise make available to Franchisor, the Royalty and Activity Report as designated by Franchisor and in accordance with the terms of this Agreement.

(2) Monthly Financial Statements and Reports – within 30 days of the end of each calendar month, Franchisee will submit to Franchisor monthly financial statements and other reports related to the operations of Franchisee's PAINT CORPS Business including, without limitation, income statements, statements of cash flows, balance sheets, and other operational reports designated by Franchisor. At all times Franchisee represents that the financial statements, information, and reports submitted to or made available to Franchisor will be and remain true and accurate. The financial statements must be prepared in accordance with GAAP and will reconcile Gross Sales per GAAP to Gross Sales per this Agreement;

(3) Annual Financial Statements and Reports – within 60 days of the end of each calendar year, Franchisee will submit to Franchisor Franchisee's annual financial statements and other reports related to the operations of Franchisee's PAINT CORPS Business including, without limitation, income statements, statements of cash flows, balance sheets, and other operational reports designated by Franchisor. The financial statements must be prepared by a licensed CPA and in accordance with GAAP and will reconcile Gross Sales per GAAP to Gross Sales per this Agreement;

(4) Tax Returns – Franchisee will provide to Franchisor, Franchisee's annual federal, state, and local tax returns as same are prepared and submitted to the applicable federal, state and local entities. Said tax returns will be submitted to Franchisor within 45 days of Franchisee or Franchisee's agent filing such returns with the applicable federal, state, and local entities; and

(5) Other Reports – Franchisee will timely submit to Franchisor, all other forms, reports, records, information, and data as Franchisor may reasonably request in writing or as otherwise set forth in the Manuals.

(6) Beginning six months after the earlier of your Actual Business Commencement Date or your Scheduled Business Commencement date, Franchisee must retain and pay for the services of a bookkeeper with respect to the Franchised Business. Franchisee must continue to retain and pay for the service of a bookkeeper throughout the Term of this Agreement and any Renewal Term unless, in Franchisor's sole discretion, Franchisor determines that Franchisee is capable of perform bookkeeping tasks adequately and without the need for a bookkeeper.

12.C. REMEDIES FOR NONCOMPLIANCE WITH RECORDS AND REPORTING

In addition to all other rights afforded to Franchisor under this Agreement, in connection with any, each, and every violation of any term, provision, or operational requirement as set forth in this Article 12 (a "Reporting Violation"), within 14 days of Franchisor's invoice, Franchisee will pay to Franchisor a ~~$50~~ reporting non-compliance fee for each failure to timely submit a report or record as set forth in this Article 12~~.~~ as follows: (a) $50 for the first and second failures within any calendar year; (b) $100 for the third and fourth failures within any calendar year; and (c) $150 for the fifth and sixth failures within any calendar year; and (d) $200 for each failure over and above the sixth failure within any calendar year. The foregoing does not constitute Franchisor's consent to or acquiescence to Reporting Violations. Nothing contained in this Article 12.C will be interpreted as interfering with or negating Franchisor's rights and remedies as set forth in Article 16 or as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and will be interpreted as cumulative to one another.

ARTICLE 13
INSPECTION AND AUDITS

13.A. FRANCHISOR'S RIGHT TO INSPECT

Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to inspect Franchisee's Administrative Office, Service Vehicles and System Supplies. Franchisee will fully cooperate with representatives of Franchisor making any inspection and permit such representatives of Franchisor to take photographs, videos, or recordings of Franchisee's PAINT CORPS Business, operations of Franchisee's PAINT CORPS Business, interview employees and customers of Franchisee's PAINT CORPS Business, conduct secret shopper inspections, and other inspections either with or without notice to Franchisee. Franchisor will undertake reasonable efforts to minimize the impact of any inspection on the operations of Franchisee's PAINT CORPS Business.

13.B. FRANCHISOR'S RIGHT TO EXAMINE BOOKS AND RECORDS

Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to examine or audit, or cause to be examined or audited by a third party, the business records, cash control devices, bookkeeping and accounting records, bank statements, sales and income tax records and returns, and other books, statements, and records of Franchisee's PAINT CORPS Business or Franchisee. Franchisee will maintain complete and accurate copies all such books, statements, records, and supporting documents at all times at Franchisee's Administrative Office. Franchisee must fully cooperate with Franchisor, representatives of Franchisor, and third parties hired by Franchisor to conduct any such examination or audit. In the event Franchisor's examination of Franchisee's records reveals that Franchisee underreported any figure to Franchisor by more than 2%, then Franchisee shall reimburse to Franchisor, all of Franchisor's costs in connection with Franchisor's audit/examination.

ARTICLE 14
TRANSFER OF INTEREST

14.A. TRANSFER BY FRANCHISOR

At all times, Franchisor possesses and maintains the sole, absolute and unilateral right to Transfer or assign Franchisor's rights and obligations under this Agreement and the Ancillary Agreements, in whole or in part for any purpose and in any form of transaction as may be designated or elected by Franchisor, in Franchisor's sole discretion, to any person, entity, Corporate Entity, or third party without the consent of Franchisee and without the approval of Franchisee or any other party. Nothing contained in this Agreement will prevent, prohibit, restrict, hinder, enjoin, or otherwise restrain Franchisor from selling, transferring, conveying, or assigning this Agreement and the Ancillary Agreements, or Franchisor's rights and obligations under this Agreement and the Ancillary Agreements, to any person, entity, Corporate Entity, or third party. Franchisor has an unrestricted and unequivocal right to Transfer or assign any of its rights or obligations under this Agreement and the Ancillary Agreements, in whole or in part, in Franchisor's sole discretion. If Franchisor Transfers or assigns this Agreement or the Ancillary Agreements, or any or all of Franchisor's rights and obligations set forth in this Agreement or the Ancillary Agreements, to a person, an entity, Corporate Entity, or other third party, this Agreement and the Ancillary Agreements, will survive, remain in full force and effect, and inure to the benefit of the purchaser, transferee, conveyee, or assignee of this Agreement or the Ancillary Agreements or Franchisor's rights and obligations under this Agreement or the Ancillary Agreements.

14.B. FRANCHISEE MAY NOT TRANSFER WITHOUT FRANCHISOR APPROVAL

Franchisee represents and warrants that Franchisee's Owners understand and agree that the rights and duties set forth in this Agreement are personal to Franchisee and each Owner. Franchisee acknowledges that:

(1) No ownership interest of any Owner in Franchisee may be Transferred without the prior written consent of Franchisor;

(2) No obligations, rights, or interest of Franchisee in (a) this Agreement, (b) the lease or ownership interests in Franchisee's Administrative Office, (c) Franchisee's PAINT CORPS Business, or (d) all or substantially all of the assets of Franchisee's PAINT CORPS Business may be Transferred without the prior written consent of Franchisor. This restriction will not prohibit Franchisee from granting a mortgage, charge, lien, or security interest in the assets of Franchisee's PAINT CORPS Business or this Agreement for the exclusive purpose of securing financing for the initial development (occurring prior to the Actual Business Commencement Date) of Franchisee's PAINT CORPS Business;

(3) Without limitation to the foregoing, any Transfer by Franchisee respecting or relating to this Agreement or Franchisee's PAINT CORPS Business or assets associated with Franchisee's PAINT CORPS Business will require the prior written consent of Franchisor where such Transfer occurs by virtue of (a) divorce or legal dissolution of marriage, (b) insolvency, (c) dissolution of a Corporate Entity, (d) last will and testament, ~~(c)~~€ intestate succession, or (f) declaration of or transfer in trust;

(4) Any purported Transfer without the written consent of Franchisor, or otherwise in violation of this Agreement including, without limitation, this Article 14.B will constitute a breach of this Agreement and will convey to the transferee no rights or interests in this Agreement; and

(5) If a Transfer of this Agreement is approved by Franchisor, Franchisee will not be relieved of Franchisee's obligations under this Agreement whether said obligations accrued or arose prior to or after the date of Transfer.

14.C. CONDITIONS FOR APPROVAL OF TRANSFER

Provided Franchisee and each Owner and Spouse are in substantial compliance with this Agreement and

the Ancillary Agreements, and Franchisor does not elect to exercise Franchisor's right of first refusal as set forth in Article 14.F below, Franchisor will not unreasonably withhold its approval of a Transfer by Franchisee or an Owner. The proposed transferee (including such assignee's owners and spouses if the proposed transferee is a Corporate Entity) must be of good moral character, have sufficient business experience, aptitude, and financial resources to own and operate a PAINT CORPS Business, and otherwise meet Franchisor's then-applicable standards for franchisees as determined by Franchisor in its sole, but reasonable discretion. The proposed transferee and the proposed transferee's owners and spouses may not own or operate, or intend to own or operate, a Competitive Business. Franchisor may condition approval of a Transfer upon Franchisee's satisfaction (either before, or contemporaneously with, the effective date of the Transfer) of the following:

(1) Franchisee must provide written notice to Franchisor of the proposed Transfer of this Agreement at least 30 days prior to the Transfer, and Franchisee must have also satisfied the obligations set forth in Article 14.F below;

(2) All accrued monetary obligations of Franchisee and all other outstanding obligations to Franchisor or Franchisor's affiliates under this Agreement and the Ancillary Agreements must be satisfied in a timely manner, and Franchisee must satisfy all trade, supplier, and vendor accounts and other debts, of whatever nature or kind, in a timely manner;

(3) Franchisee, each Owner, and each Spouse must not be in default or material breach of this Agreement or the Ancillary Agreements;

(4) The transferee will be bound by all terms and conditions of this Agreement, and each owner of the transferee and their respective spouses will personally execute the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1;

(5) All obligations of Franchisee under this Agreement and the Ancillary Agreements will be assumed by the transferee, each individual owner of transferee, and their respective spouses in a manner satisfactory to Franchisor;

(6) Franchisee, each Owner, and each Spouse must execute the General Release attached to this Agreement as Exhibit 5 releasing Franchisor, Franchisor's ~~Affiliates~~affiliates and Franchisor's past and present officers, directors, shareholders, members, partners, agents, representatives, independent contractors, servants and employees, of any claims against Franchisor for matters arising on, or before, the effective date of the Transfer;

(7) If the proposed Transfer includes or entails the Transfer of this Agreement, substantially all of the assets of Franchisee's PAINT CORPS Business, a controlling interest in Franchisee, or is one of a series of Transfers which in the aggregate Transfers substantially all of the assets of Franchisee's PAINT CORPS Business or a controlling interest in Franchisee, then, at the election of Franchisor and upon notice from Franchisor to Franchisee, the transferee may be required to execute (or, upon Franchisee's request, will cause all interested parties to execute) for a term ending on the expiration date of the original Term of this Agreement, the then current form Franchise Agreement offered to new franchisees of PAINT CORPS Businesses and any other agreements as Franchisor requires. Such agreements will supersede this Agreement and its associated Ancillary Agreements in all respects, and the terms of Franchisor's then current agreements may differ from the terms in this Agreement, provided that such agreements will provide for the same Royalty Fee, Advertising Contributions, and all other financial or monetary obligations established in this Agreement;

(8) The transferee, at its expense, must improve, modify, refurbish, renovate, remodel, or otherwise upgrade Franchisee's Administrative Office to conform to the then current standards

and specifications of Franchisor, and the transferee must complete such improvements, modifications, refurbishments, renovations, remodeling, or upgrading within the time period Franchisor reasonably specifies;

(9) Franchisee, each Owner, and each Spouse will remain liable for all obligations to Franchisor set forth in this Agreement;

(10) At the transferee's expense, the transferee, and the transferee's managing owner, managers or any other applicable employees of transferee's PAINT CORPS Business must complete any training programs then in effect for franchisees of PAINT CORPS Businesses upon terms and conditions set forth in this Agreement or as Franchisor otherwise reasonably requires;

(11) Franchisee must pay the Transfer Fee to Franchisor;

(12) Franchisor's approval of the material terms and conditions of the Transfer, and Franchisor determines in Franchisor's Reasonable Business Judgment that the price and terms of payment are not so burdensome as to be detrimental to the future operations of Franchisee's PAINT CORPS Business by the transferee;

(13) Transferee's employees, directors, officers, independent contractors, and agents who will have access to Confidential Information will execute the Confidentiality Agreement attached hereto as Exhibit 2;

(14) Franchisee entering into an agreement with Franchisor agreeing to subordinate any obligations of transferee to make installment payments of the purchase price to Franchisee to the transferee's obligations to Franchisor, including, without limitation, transferee's obligations with respect to Royalty Fees and Advertising Contributions;

(15) Franchisee and transferee acknowledge that Franchisor's approval of the Transfer indicates only that the transferee meets, or Franchisor waived, the criteria established by Franchisor for franchisees as of the time of such transfer, and Franchisor's approval thereof does not constitute a warranty or guaranty by Franchisor, express or implied, of the suitability of the terms of sale, successful operation, or profitability of Franchisee's PAINT CORPS Business;

(16) Franchisee and transferee acknowledge and agree that Franchisor's approval of the Transfer at issue does not constitute Franchisor's approval of future or other Transfers or the waiver of the requirement that Franchisor must approve such future or other Transfers in accordance with this Agreement;

(17) The Transfer must be made in compliance with all applicable laws;

(18) The Transfer of Franchisee's PAINT CORPS Business, the lease for Franchisee's Administrative Office (if applicable), and the assets of Franchisee's PAINT CORPS Business will be made only in conjunction with a Transfer of this Agreement, approved by Franchisor in accordance with and subject to this Article 14 and the terms and conditions of this Agreement; and

(19) Franchisor's consent to a Transfer of any interest that is subject to the restrictions of this Agreement will not constitute a waiver of any claims it may have against Franchisee or deemed a waiver of Franchisor's right to demand strict and exact compliance with this Agreement by the transferee.

14.D. DEATH OR DISABILITY OF FRANCHISEE OR AN OWNER

(1) If Franchisee is an individual and not a Corporate Entity, upon the death or permanent disability of Franchisee, the executor, administrator, conservator, or other personal representative of Franchisee, must appoint a manager that meets the equivalent of an Operating Manager within a reasonable time, which will not exceed 30 days from the date of death or permanent disability. The appointed manager (as applicable) must serve and qualify as an Operating Manager and attend and successfully complete the Training Program within 60 days of the appointment. If Franchisee's PAINT CORPS Business is not being managed by a Franchisor approved Operating Manager (as applicable) within 30 days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Franchisee's PAINT CORPS Business for and on behalf of Franchisee at Franchisee's sole costs until an approved Operating Manager is able to assume the management and operation of Franchisee's PAINT CORPS Business. Franchisor's appointment of a manager for Franchisee's Center does not relieve Franchisee of its obligations under this Agreement, including this Article 14.D or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Article 16 below. At all times, including while Franchisee's PAINT CORPS Business may be managed by Franchisor's appointed manager, Franchisor will not be liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's PAINT CORPS Business or to any creditor of Franchisee for any products, materials, supplies, or services purchased by Franchisee's PAINT CORPS Business. Franchisor has the right to charge a reasonable fee for such management services and may cease to provide management services at any time.

(2) If Franchisee is a Corporate Entity, upon the death or permanent disability of Franchisee's Managing Owner, the remaining Owners within a reasonable time which will not exceed 30 days from the date of death or permanent disability will appoint a new Managing Owner that is approved by Franchisor. The appointed Managing Owner will attend and successfully complete the Training Program within 60 days of the appointment. If Franchisee's PAINT CORPS Business is not being managed by a Franchisor-approved Managing Owner (as applicable) within 30 days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Franchisee's PAINT CORPS Business for and on behalf of Franchisee at Franchisee's sole costs until an approved Managing Owner is able to assume the management and operation of Franchisee's PAINT CORPS Business. Franchisor's appointment of a manager for Franchisee's PAINT CORPS Business does not relieve Franchisee of Franchisee's obligations under this Agreement, including this Article 14.D, or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Article 16 below. At all times, including while Franchisee's PAINT CORPS Business may be managed by Franchisor's appointed manager, Franchisor will not be liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's PAINT CORPS Business or to any creditor of Franchisee for any products, materials, supplies, or services purchased by Franchisee's PAINT CORPS Business. Franchisor has the right to charge a reasonable fee for such management services and may cease to provide management services at any time. Notwithstanding the foregoing, if Franchisee is a Corporate Entity and the Managing Owner is the only Owner of Franchisee, then Article 14.D(1) will apply as if the Managing Owner were the sole individual Franchisee.

(3) Upon the death of Franchisee or any Owner, the executor, administrator, conservator, or other personal representative of that deceased person will transfer the decedent's interest to a person Franchisor approves within a reasonable time not to exceed 12 months from the date of death.

(4) If Franchisee is an individual, then in the event of the death or permanent disability of Franchisee, this Agreement may be Transferred to any designated person, heir or beneficiary without the payment of the Transfer Fee. Notwithstanding the immediately foregoing sentence, the Transfer of this Agreement to such transferee of Franchisee will be subject to the applicable terms and conditions of this Article 14 and the Transfer will not be valid or effective until Franchisor has

received the properly executed legal documents which Franchisor's attorneys deem necessary to properly and legally document such Transfer of this Agreement. Said transferee will agree to be unconditionally bound by the terms and conditions of this Agreement, personally guarantee the performance of Franchisee's obligations under this Agreement, and execute the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1.

14.E. TRANSFER TO WHOLLY-OWNED CORPORATE ENTITY

If Franchisee is an individual or individuals, this Agreement may be Transferred by Franchisee to a Corporate Entity (the "Assignee Corporate Entity"), provided that (a) Franchisee has provided Franchisor with 30 days' prior written notice of the proposed assignment of this Agreement, (b) Franchisee (individually, jointly, and severally as to each individual Franchisee) signs and is bound by the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1, (c) the Spouse of each Franchisee (individually, jointly, and severally as to each individual Spouse) signs and is bound by the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1, (d) Franchisee has provided Franchisor with true and accurate copies of corporate formation documents related to the Assignee Corporate Entity and the ownership of the Assignee Corporate Entity and has further provided Franchisor with all additional documentation as Franchisor may request concerning the proposed assignment or Assignee Corporate Entity, ~~and (a€(~~e) Franchisee is otherwise in compliance with the terms and conditions of this Agreement and any Ancillary Agreements. An assignment to an Assignee Corporate Entity will not relieve Franchisee of Franchisee's individual obligations under this Agreement as such obligations existed between Franchisee and Franchisor prior to the date of any assignment to the Assignee Corporate Entity.

14.F. FRANCHISOR'S RIGHT OF FIRST REFUSAL

If Franchisee or an Owner desires to engage, in whole or in part, in a Transfer of Franchisee, this Agreement, Franchisee's PAINT CORPS Business, Franchisee's Administrative Office, or Franchisee's Administrative Office, then Franchisee or such Owner (as applicable) must obtain a *bona fide*, signed written offer from the fully-disclosed purchaser (the "Offer") and submit an exact copy of the Offer to Franchisor. Franchisor will have 30 days after receipt of the Offer to decide whether Franchisor will purchase the interest in Franchisee, Franchisee's PAINT CORPS Business, Franchisee's Administrative Office, or Franchisee's Administrative Office for the same price and upon the same terms contained in the Offer (however, Franchisor may substitute cash for any form of payment proposed in the Offer). If Franchisor notifies Franchisee that Franchisor intends to purchase the interest within said 30-day period, Franchisee or Owner (as applicable) must sell the interest to Franchisor. Franchisor will have at least an additional 60 days to prepare for closing. Franchisor will be entitled to receive from Franchisee or Owner (as applicable) all customary representations and warranties given by Franchisee or Owner (as applicable) as the seller of the assets or the ownership interest or, at Franchisor's election, the representations and warranties contained in the offer. If Franchisor does not exercise its right of first refusal, Franchisee or Owner (as applicable) may complete the Transfer to the purchaser pursuant to and in accordance with the terms of the Offer, provided that separate and apart from this Article 14.F right of first refusal, Franchisee complies with the terms of this Article 14. However, if the sale to the purchaser is not completed within 120 days after delivery of the Offer to Franchisor, or there is a material change in the terms of the sale, Franchisor will again have the right of first refusal specified in this Article 14.F. Franchisor's right of first refusal in this Article 14.F will not apply to any Transfer pursuant to Article 14.E of this Agreement.

ARTICLE 15
RENEWAL OF FRANCHISE

15.A. FRANCHISEE'S RIGHT TO RENEW

Subject to Franchisee's satisfaction of the terms of this Agreement, including this Article 15, Franchisee will possess the option to renew the franchise for Franchisee's continued license and franchised operation of Franchisee's PAINT CORPS Business for one additional seven year term (the "Renewal Term"). The foregoing Renewal Term will not be afforded to or available to Franchisee if, prior to the Effective Date of this Agreement, Franchisee's PAINT CORPS Business was previously operated or developed pursuant to a prior Franchise Agreement with Franchisor or Franchisor's predecessors respecting Franchisee's PAINT CORPS Business.

15.B. CONDITIONS FOR RENEWAL

Franchisee's renewal rights under this Article 15 are subject to and contingent upon Franchisee's satisfaction of the following conditions and criteria:

(1) Not less than 180 days prior to the expiration of the initial term, Franchisee must provide Franchisor written notice (the "Renewal Notice") of Franchisee's election to renew;

(2) At the time of delivering the Renewal Notice and at all times thereafter, Franchisee and Franchisee's Owners must be in compliance with the terms of this Agreement and all Ancillary Agreements, and without any default of this Agreement or the Ancillary Agreements;

(3) Franchisee must possess, present, and demonstrate to Franchisor and, subject to Franchisor's reasonable satisfaction, that (a) Franchisee maintains the ability to continue to operate Franchisee's PAINT CORPS Business within Franchisee's Operating Territory; and (b) Franchisee possesses the right to occupy and maintain Franchisee's Administrative Office in accordance with Franchisor's then- current standards and specifications;

(4) Franchisee must satisfy the maintenance, updating, and upgrading obligations as set forth in Article 7.B of this Agreement;

(5) Franchisee pays the Renewal Fee and signs and delivers to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor's then- current form of franchise agreement for the Renewal Term (the "Renewal Franchise Agreement");

(6) Franchisee's Owners and their Spouses, respectively, must agree to, sign, and deliver to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor's then-current individual guaranty agreements, and, thereby, among other things, individually and jointly guarantee the full and complete performance of the Renewal Franchise Agreement including, without limitation, payment obligations, non-compete obligations, and restrictive covenants (the "Renewal Ancillary Agreements");

(7) Franchisee and the Owners must, prior to the Renewal Term, undertake and complete, to Franchisor's satisfaction, such additional training, if any, as designated and determined by Franchisor in Franchisor's Reasonable Business Judgment; and

(8) Franchisee and the Owners must agree to, sign, and deliver to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor's then- current form of general release whereby Franchisee and Franchisee's Owners will each fully release and discharge Franchisor, Franchisor's affiliates and its officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any claims, causes of action, and suits arising from or related to this Agreement. If local law precludes Franchisee's issuance of a general release, Franchisor at Franchisor's election, may condition renewal on ~~Franchisee~~Franchisee's and each ~~Owners~~Owner's delivery to Franchisor of an estoppel

letter advising and informing Franchisor that the undersigned possesses no legal claim or cause of action against Franchisor and is not aware of any facts of circumstances involving any breach of this Agreement by Franchisor or Franchisor's agents or employees.

Failure by Franchisee, and, as applicable, each Owner and Spouse to timely comply with the foregoing conditions will be deemed an election by Franchisee not to renew the franchise.

15.C. RENEWAL FRANCHISE AGREEMENT

Franchisee expressly acknowledges that the Renewal Franchise Agreement and Renewal Ancillary Agreements, as determined by Franchisor in Franchisor's sole discretion, may contain terms, conditions, requirements, and rights that are materially and substantively different from those granted and contained in this Agreement.

ARTICLE 16
DEFAULTS AND REMEDIES

16.A. DEFAULTS BY FRANCHISEE AND TERMINATION BY FRANCHISOR

(1) **Defaults and Automatic Termination** – Franchisee will be in default of this Agreement and this Agreement will be automatically and immediately terminated without notice to Franchisee and without providing Franchisee any opportunity to cure upon the occurrence of any one or more of the following actions, inactions, omissions, events, or circumstances:

(a) Franchisee becomes insolvent, or Franchisee makes a general assignment for the benefit of creditors or takes any other similar action for the protection or benefit of creditors;

(b) Franchisee admits in writing Franchisee's inability to pay its debts as they mature, or Franchisee gives notice to any governmental body or agency of insolvency, pending insolvency, suspension of operations or pending suspension of operations;

(c) Franchisee files a voluntary petition in bankruptcy, Franchisee is adjudicated bankrupt or insolvent, or Franchisee files any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any applicable federal or state law relative to bankruptcy, insolvency, or similar relief for debtors;

(d) An involuntary petition in bankruptcy is filed against Franchisee and Franchisee fails to have the involuntary petition discharged within 35 days of the petition filing, or Franchisee seeks, consents to, or acquiesces in, the appointment of any trustee, receiver, conservator, custodian, or liquidator for Franchisee's business or any assets of Franchisee;

(e) A bill in equity or other proceeding for the appointment of any trustee, receiver, conservator, custodian, or liquidator of Franchisee for Franchisee's business or any assets of Franchisee is filed and Franchisee consents to same;

(f) A court of competent jurisdiction appoints or orders any trustee, receiver, conservator, custodian, or liquidator for Franchisee's business or any assets of Franchisee and such appointment or order remains for an aggregate of 60 days, whether or not consecutive, from the date of entry thereof;

(g) Franchisee initiates proceedings for a composition with creditors under any state or federal law or such a proceeding is initiated against Franchisee;

(h) This Agreement, or any of Franchisee's rights under this Agreement, is levied upon under any attachment or execution, or Execution is levied upon or against Franchisee's PAINT CORPS Business or any assets of Franchisee, or a final judgment against Franchisee remains of record or unsatisfied for 30 days or more, unless an appeal or bond is filed;

(i) Franchisee is dissolved;

(j) A cause of action or lawsuit to foreclose any lien or mortgage against the assets of Franchisee's PAINT CORPS Business;

(k) A cause of action or lawsuit to foreclose any lien against equipment used in the operation of Franchisee's PAINT CORPS Business and not dismissed within 60 days after the summons is served on Franchisee;

(l) Real or personal property of Franchisee used in the operation of Franchisee's PAINT CORPS Business is sold after levy thereupon by any sheriff, marshal, or other law enforcement officer; or

(m) Upon termination by Franchisor pursuant to Article 16.A(2), Article 16.A(3), or Article 16.A(4) of this Agreement~~, or upon termination by Franchisor pursuant to Article 16.A(3) of this Agreement.~~.

(2) **Defaults and Automatic Termination Upon Written Notice Without Cure Period** – Franchisee will be in default of this Agreement, and this Agreement may be terminated by Franchisor at Franchisor's sole discretion, upon written notice from Franchisor to Franchisee and without providing Franchisee any opportunity to cure, upon the occurrence of any one or more of the following actions, inactions, omissions, events, or circumstances, with such termination effective on the date of Franchisor's notice:

(a) Franchisee, on three or more instances or occasions, engages, commits, or suffers an action, inaction, omission, event, or circumstance that constitutes or qualifies as a default under Articles 16.A(3) or 16.A(4) of this Agreement, irrespective of whether or not such action, inaction, omission, event, or circumstance is the subject of a notice of default from Franchisor to Franchisee pursuant to Articles 16.A(3) or 16.A(4) of this Agreement and irrespective of whether or not such default was timely cured and irrespective of whether or not Franchisee paid any penalties or additional fees to Franchisor;

(b) Franchisee, intentionally and knowingly, refuses to comply with or breaches any term, condition, provision, or requirement of this Agreement with the intent of causing harm to Franchisor, the System, other System franchisee or customers of Franchisee's PAINT CORPS Business;

(c) Franchisee intentionally, knowingly, with prior notice, or through negligence, at any time, develops, manages, maintains, or operates Franchisee's PAINT CORPS Business in violation of federal, state, or local laws, rules, regulations, ordinances, permits, codes or conduct resulting in a foreseeable, immediate or imminent threat to the health or safety of any third party including customers, employees, or the public at large;

(d) Franchisee abandons, surrenders or fails to continuously and actively operate Franchisee's PAINT CORPS Business, unless prevented from doing so by casualty that is

the subject of Article 7.C of this Agreement and that is cured/remedied in accordance with Article 7.C;

(e) Franchisee, as to applicable, laws, rules or regulations, loses or fails to continuously possess, the legal right to operate Franchisee's PAINT CORPS Business in accordance with the terms of this Agreement and the standards, specifications, and requirements set forth in the Manuals or as otherwise communicated by Franchisor from time to time;

(f) Franchisee or Franchisee's Owners intentionally misrepresent or omit material information in any submitted application and during the application process;

(g) As to information, records, statements, or data that Franchisee must maintain or report to Franchisor pursuant to the terms of this Agreement, the Manuals, or as otherwise requested by Franchisor from time to time, the information, records, statements, or data maintained by Franchisee or reported by Franchisee contains intentional inaccuracies or material inaccuracies that are either misleading or false;

(h) Franchisee attempts to Transfer, or purportedly Transfers this Agreement or any of Franchisee's rights under this Agreement, without Franchisor's prior approval, written consent, or otherwise not in accordance with this Agreement;

(i) If Franchisee is a Corporate Entity, an Owner of Franchisee attempts to Transfer, or purportedly Transfers the Owner's equity interests, ownership interests, or rights in Franchisee without Franchisor's prior approval, written consent, or otherwise not in accordance with this Agreement;

(j) Franchisee discloses, divulges, provides access to, communicates, or permits the communication of the contents, data or information contained in the Manuals to any third party not otherwise authorized by Franchisor;

(k) Franchisee discloses, divulges, provides access to, communicates, or permits the communication of Confidential Information to any third party not otherwise authorized by Franchisor;

(l) Franchisee engages in any activity that injures, harms, damages, or otherwise has a material adverse effect on Franchisor, the System, the Licensed Marks, PAINT CORPS Businesses, Franchisee's PAINT CORPS Business, or the reputation of the PAINT CORPS brand;

(m) Franchisee, an Owner, or a Spouse, as applicable and whether individually or jointly, breaches or is in default of an Ancillary Agreement, and, if the applicable agreement provides for the opportunity to cure, fails to timely cure the breach or default of the Ancillary Agreement, including, without limitation, the Franchise Owner and Spouse Agreement and Guaranty;

(n) Franchisee or an Owner of Franchisee is convicted of a felony crime, or pleads guilty or *nolo contendere* to a felony crime;

(o) Franchisee or an Owner of Franchisee engages in intentionally dishonest or unethical conduct that, in Franchisor's Reasonable Business Judgment, results in embarrassment to Franchisor, the System, the Licensed Marks, PAINT CORPS

Businesses, Franchisee's PAINT CORPS Business, or the reputation of the PAINT CORPS brand;

(p) Franchisee fails to complete, to Franchisor's reasonable satisfaction, the Training Program or supplemental training programs designated by Franchisor;

(q) Franchisee fails, upon receiving actual or constructive notice, to: (a) immediately notify Franchisor of any known breach of the Confidentiality Agreement by any person or entity; (b) immediately notify Franchisor of facts and information that would cause a reasonable person to believe that a person or entity violated the Confidentiality Agreement or is in the process of violating the Confidentiality Agreement; and (c) take reasonable steps including ,notice to Franchisor and Franchisee's consultation with Franchisee's legal counsel, to prevent any person or entity from violating the terms of the Confidentiality Agreement or otherwise publicly disseminating Confidential Information;

(r) Franchisee misappropriates, misuses, or makes any unauthorized use of the Licensed Marks, the Confidential Information, or the System or Franchisee materially impairs the goodwill associated with the Licensed Marks, or Franchisee applies for registration of the Licensed Marks anywhere in the world; and/or

(s) Franchisee or an Owner fails to comply with the Anti-Terrorism Laws or becomes listed on the Annex to Executive Order 13244.

(3) **Defaults and Automatic Termination After 10-Day Cure Period** – Franchisee will be in default of this Agreement and this Agreement will be terminated upon the occurrence of any one or more of the following actions, inactions, omissions, events, or circumstances, unless Franchisee timely cures, to the satisfaction of Franchisor, such default, action, inaction, omission, event, or circumstance within 10 calendar days of Franchisor's written notice:

(a) Franchisee fails, refuses, or is unable to timely pay or satisfy the Royalty Fee, Advertising Contribution, or any other payment, fee, financial obligation, charge, or monetary obligation payable or due to Franchisor pursuant to the terms of this Agreement, under this Agreement, or any other agreement between Franchisor and Franchisee;

(b) Franchisee or Franchisee's affiliate fails, refuses, or is unable to pay or satisfy any payment, fee, financial obligation, charge, or monetary obligation payable to Franchisor or Franchisor's affiliates pursuant to this Agreement or any other agreement between or among Franchisor, Franchisor's affiliate, Franchisee or Franchisee's affiliate; or

(c) Franchisee fails or refuses, at any time, and, without legal justification as may be determined by Franchisor in Franchisor's Reasonable Business Judgment, to pay any third party supplier or vendor for any goods, products, supplies, equipment, materials or any other items used by, benefitting, or intended to benefit Franchisee's PAINT CORPS Business.

The foregoing events of default set forth in this Article 16.A(3) will exclude events of default that are otherwise governed by or constitute events of default under Article 16.A(1) or Article 16.A(2). If any inconsistency or conflict between the provisions of this Article 16.A(3) with Article 16.A(1) arises, Article 16.A(1) will take precedence and govern. If any inconsistency or conflict between the provisions of this Article 16.A(3) with Article 16.A(2) arises, Article 16.A.(2) will take precedence and govern.

(4) **Defaults and Automatic Termination After 30-Day Cure Period** – Franchisee will be in default of this Agreement and this Agreement will be terminated upon the occurrence of any one or more of the following actions, inactions, omissions, events, or circumstances, unless, Franchisee timely cures, to the satisfaction of Franchisor, such default, action, inaction, omission, event, or circumstance within 30 calendar days of Franchisor's written notice:

(a) Franchisee fails or refuses to comply with or breaches any term, condition, provision, or requirement of this Agreement that is not otherwise a default under Articles 16.A(1), 16.A(2), or 16.A(3) of this Agreement;

(b) Franchisee fails or refuses to comply with or breaches any term, condition, provision, or requirement of any agreement other than this Agreement between Franchisor and Franchisee, or an affiliate of Franchisor and Franchisee;

(c) Franchisee fails or refuses, in accordance with the terms of this Agreement, to obtain and secure a signed lease agreement or fee simple ownership interest in an approved location for Franchisee's Administrative Office;

(d) Franchisee fails or refuses to develop and open Franchisee's PAINT CORPS Business on or before the Scheduled Business Commencement Date, in compliance with the terms of this Agreement, as designated or specified in the Manuals, or in accordance with Franchisor's standards and specifications as communicated to Franchisee from time to time;

(e) Franchisee fails or refuses, at any time, to manage, maintain, or operate Franchisee's PAINT CORPS Business in compliance with the terms of this Agreement, as designated or specified in the Manuals, or in accordance with Franchisor's standards, specifications, and requirements as communicated to Franchisee from time to time;

(f) Franchisee fails or refuses, at any time, to develop, manage, maintain, or operate Franchisee's PAINT CORPS Business in compliance with all applicable federal, state, and local laws, rules, regulations, ordinances, permits, and codes;

(g) At any time, an inspection or evaluation of the operations of Franchisee's PAINT CORPS Business, whether by mystery shopper programs, third party inspection services, or as otherwise designated by Franchisor, and, whether or not such inspections are on notice or secret, Franchisor, in Franchisor's Reasonable Business Judgment, determines that the operations of Franchisee's PAINT CORPS Business do not meet or are in violation of the operational standards and requirements set forth in this Agreement, the Manuals, or as communicated to Franchisee from time to time;

(h) Franchisee fails or refuses to timely submit to Franchisor records, reports, stored media, recordings, financial statements, books, accounts, statements, data, documentation, or other information as required by this Agreement, as set forth in the Manuals, or as requested by Franchisor;

(i) If any inspection or review of Franchisee's records, reports, books, accounts, statements, data, documentation or other information discloses, within any week, month, or Accounting Period selected by Franchisor, the underreporting of Franchisee's Gross Sales, or any other metrics or data, resulting in the underpayment by 5% or more of the obligations, payments, or fees due by Franchisee to Franchisor under the terms of this Agreement;

(j) Franchisee fails or refuses, at any time, to maintain the required insurance policies and insurance coverage required for Franchisee's PAINT CORPS Business as set forth in this Agreement, or in the Manuals; or

(k) Franchisee fails to timely satisfy and pay all vendors, suppliers, or contractors in connection with the development, construction, or establishment of Franchisee's PAINT CORPS Business.

The foregoing events of default set forth in this Article 16.A(4) will exclude events of default that are otherwise governed by or constitute events of default under Article 16.A(1) or Article 16.A(2). If any inconsistency or conflict between the provisions of this Article 16.A(4) with Article 16.A(1) arises, Article 16.A(1) will take precedence and govern. If any inconsistency or conflict between the provisions of this Article 16.A(4) with Article 16.A(2) arises, Article 16.A(2) will take precedence and govern.

16.B. TERMINATION BY FRANCHISEE

If Franchisee, each ~~Owners~~Owner and Spouse (as applicable) are in full compliance with each term and provision of this Agreement, any amendment or successor agreement, and any of the Ancillary Agreements, and Franchisor materially breaches Franchisor's substantive and material obligations set forth in this Agreement, Franchisee may terminate this Agreement in the event of the following:

(1) Franchisor does not correct the material breach within 30 days after Franchisor's receipt of Franchisee's written notice of such material breach to Franchisor; or

(2) In a case where Franchisor's material breach cannot reasonably be cured within 30 days within 30 days of Franchisor's receipt of Franchisee's written notice of Franchisor's material breach, Franchisor will be provided a reasonable time period to cure such material breach provided that Franchisor provides reasonable evidence to Franchisee of Franchisor's current, continuing or planned efforts to correct the material breach within a reasonable time.

In either case, Franchisee's termination of this Agreement will not take effect until expiration of the 30-day period set forth above and or such reasonable time period as necessary to cure the material breach, and Franchisee delivers to Franchisor a separate written notice of termination. The termination date must be at least 10 days after Franchisor's receipt of Franchisee's notice of termination. Franchisee's termination of this Agreement for any reason other than as set forth in and in compliance with this Article 16.B will not constitute the termination of this Agreement and will constitute a material breach of this Agreement by Franchisee.

16.C. FRANCHISOR'S ADDITIONAL RIGHTS, REMEDIES, AND DAMAGES

Article 16.A sets forth actions, inactions, omissions, events, or circumstances that, among other things, constitute, in each instance and subject to any applicable cure period, if any, a default of this Agreement permitting Franchisor to, among other things, terminate this Agreement or resulting in the automatic termination of this Agreement. The grounds constituting a default under Article 16.A are in addition to any other grounds for default as may be otherwise set forth in the Franchise Agreement. If an event of default of this Agreement by Franchisee under Article 16.A or as otherwise set forth in this Agreement occurs, termination of this Agreement is not the sole or exclusive remedy of Franchisor and Franchisor's right of termination will be in addition to any other rights set forth in this Agreement or as otherwise available to Franchisor in law or equity.

Without limitation to the foregoing, if the termination of this Agreement as a result of a default or breach by Franchisee or by Franchisee's Owners or affiliates of any Ancillary Agreements occurs, Franchisor, in addition to any other rights and remedies available to Franchisor as set forth in this Agreement at law and in equity, will possess the following rights and remedies, each of which are not exclusive of the other and may be/are in conjunction with one another:

(1) To void and terminate this Agreement, and thereafter to market, sell, transfer, convey and assign the rights granted to Franchisee under this Agreement to any other person or entity in Franchisor's sole discretion and without compensation to Franchisee;

(2) To hold Franchisee and Franchisee's Owners liable for, and recover from each of them, jointly and severally, all payments, fees, monetary obligations, financial obligations, interest, and charges due and owing to Franchisor from Franchisee pursuant to this Agreement, the Ancillary Agreements, or any other agreements between Franchisee and Franchisor, including, without limitation, Royalty Fees and Advertising Contributions with each payment and obligation to be accelerated and due immediately;

(3) To hold Franchisee and Franchisee's Owners liable for, and recover from each of them, jointly and severally, lost revenues, profits, and fees including, without limitation, Royalty Fees, Brand Development Fund Fees, Advertising Contributions, and all other fees, revenues or expenses that would have been paid to Franchisor, under the terms of this Agreement and throughout the Term of this Agreement, had a breach not occurred and had Franchisor not terminated this Agreement. In calculating and determining the foregoing, Franchisee acknowledges that in calculating and in determining such damages that it is fair and reasonable to use Franchisee's most recent calendar year Gross Sales in calculating and determining Franchisor lost revenues and fees and by assuming that such Gross Sales would have been earned in each year throughout the remainder of the Term had this Agreement not been terminated. If, however, Franchisee's PAINT CORPS Business has been open and in operation for less than one calendar year, Franchisee acknowledges that it is fair and reasonable to use an average of PAINT CORPS Business Gross Sales across the System during the year in which this Agreement was terminated and to use such average Gross Sales for the purpose of calculating and determining Franchisor lost revenues and fees and, in doing so, by assuming that such Gross Sales would have been earned in each year throughout the remainder of the Term had this Agreement not been terminated. Franchisee acknowledges that the foregoing is a form of liquidated damages that it is fair and reasonable;

(4) To hold Franchisee and Franchisee's Owners liable for all costs, fees, expenses, or damages incurred by Franchisor or suffered by Franchisor as a result of a ~~reach~~breach or termination including, without limitation, the recovery of reasonable attorney fees and expenses including court costs, arbitration fees, mediation fees, arbitrator fees, mediator fees, depositions and other related expenses;

(5) To enjoin, restrain, and otherwise prohibit Franchisee from operating Franchisee's PAINT CORPS Business or exercising any rights granted to Franchisee under this Agreement pursuant to a court order restraining order, injunction, or other means;

(6) Declaratory judgment that this Agreement and all rights granted to Franchisee under this Agreement are terminated, null and void; and

(7) All other remedies or rights available to Franchisor as otherwise set forth in the Agreement or as may be otherwise available by law or equity.

If a breach or default of this Agreement occurs, should Franchisor elect, at Franchisor's sole discretion, to not terminate this Agreement, such action will be without prejudice and without waiver of Franchisor's rights in the future. At all times and without prejudice to Franchisor's right to declare a default and, among other things, terminate this Agreement, Franchisor may (a) temporarily or permanently suspend any existing credit arrangements or accommodations previously extended to Franchisee or refrain from offering or making available to Franchisee any credit arrangements or accommodations that may be offered or made available to other System franchisees, (b) modify payment terms for approved products, supplies, or other merchandise purchased by Franchisee which may include, without limitation, requiring cash on delivery, (c) disqualify Franchisee from being eligible for, or from participating in, special promotion programs, rebates, or rebate sharing that may be offered or made available to other System franchisees, or (d) refrain from providing or making available to Franchisee promotional materials or other materials developed by the Brand Development Fund or Advertising Cooperative.

If Franchisor does not pursue termination of this Agreement if a default or breach by Franchise occurs, or if Franchisor accepts any royalties, payments, contributions, funds, or other monetary sums from Franchisee, such actions do not constitute a waiver or acceptance of Franchisee's default or breach, and Franchisor reserves the right to pursue any additional remedies set forth in this Agreement at law or in equity. Franchisor's rights and remedies are cumulative, and no exercise or enforcement by Franchisor of any such right or remedy precludes the exercise or enforcement by Franchisor of any other right or remedy which Franchisor is entitled by law to enforce.

16.D. GUARANTY

The payment of all payments, amounts, fees, charges, and other financial obligations payable by Franchisee to Franchisor pursuant to this Agreement, and Franchisee's observance and performance of all terms and conditions of this Agreement, are guaranteed pursuant to the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1.

16.E. NOTICE OF LEGAL PROCEEDINGS AGAINST FRANCHISOR

Franchisee will give Franchisor advance written notice of Franchisee's intent to commence or otherwise institute any legal action or proceeding against Franchisor, specifying the basis for such proposed action, and Franchisee will grant Franchisor 30 days from receipt of said notice to cure the alleged act upon which such legal action is to be based (the "30-Day Cure Notice"). The 30-Day Cure Notice is a strict condition precedent to Franchisee commencing, or otherwise instituting, legal action or proceedings against Franchisor for any reason whatsoever.

ARTICLE 17
OBLIGATIONS UPON TERMINATION, EXPIRATION AND CONTINUING OBLIGATIONS

17.A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR

Without limitation as to any other Article or provision of this Agreement, upon expiration or termination of this Agreement for any reason, Franchisee will immediately pay to Franchisor all sums and fees due from Franchisee to Franchisor under the terms of this Agreement including, without limitation, Royalty Fees and Advertising Contributions and all other sums and fees due from Franchisee to Franchisor or Franchisor affiliates or suppliers for products and services including, without limitation, System Supplies.

17.B. CEASE OPERATIONS AND PROTECTION OF THE SYSTEM

Upon expiration, termination, or Transfer of this Agreement for any reason, Franchisee will immediately:

(1) Permanently cease to be a franchise owner of the PAINT CORPS Business that was the subject of this Agreement and cease to operate such PAINT CORPS Business under the System;

(2) Refrain from directly or indirectly representing Franchisee as a present or former PAINT CORPS franchisee;

(3) Permanently cease to use in any manner (a) the System including, without limitation, the Confidential Information, the Licensed Marks, the Business Management System Data, and the Manuals, (b) any methods, procedures, or techniques associated with the System in which Franchisor possesses proprietary rights or that constitute Franchisor's trade secrets, (c) System Supplies, including communicating with or ordering products from Franchisor's designated suppliers and vendors of System Supplies, (d) the Approved Products and Services ~~and Products~~, and (e) any other advertising, marketing, media, and any other information, documents or things associated with Franchisor, the System, the Licensed Marks, PAINT CORPS Businesses, and Franchisee's former PAINT CORPS Business, including, without limitation, any confidential, proprietary methods, procedures, descriptions of products, techniques, trade secrets, proprietary marks, distinctive forms, slogans, symbols, signs, stationary, advertising material, articles, logos, devices, items and all other things, tangible or intangible, associated with Franchisor, the System, the Licensed Marks, and PAINT CORPS Businesses;

(4) Return to Franchisor the Manuals (including any parts, supplements, and copies of the Manuals), the Confidential Information (including without limitation the Business Management System Data and all customer lists and information), and all other confidential materials, equipment, software, information, and property owned by Franchisor and all copies thereof provided, however, that Franchisee may retain Franchisee's copies of this Agreement, correspondence between Franchisor and Franchisee, but not including Confidential Information that may be contained in or attached thereto, and other documents that Franchisee needs to retain pursuant to applicable law;

(5) Permanently cease accessing, immediately disconnect from, and discontinue using any digital media, Intranets, cloud-based systems, or servers that store, maintain, or provide access to the Manuals, Confidential Information, and all other standards, specifications of Franchisor;

(6) Immediately notify Franchisor, in writing, of any locations where Franchisee may have maintained or stored digital files or media containing all or parts of the Manuals, any Confidential Information, and all other standards and specifications of Franchisor, immediately turn over such digital files and media to Franchisor, and follow Franchisor's instructions as to the destruction of such digital files and media;

(7) Except if an authorized transferee continues to operate Franchisee's former PAINT CORPS Business at Franchisee's Administrative Office subsequent to a Transfer, at Franchisee's sole cost and expense (a) modify and alter Franchisee's former PAINT CORPS Business, Franchisee's former PAINT CORPS Administrative Office, and Franchisee's Administrative Office, as reasonably necessary or otherwise required by Franchisor, to ensure that Franchisee's Administrative Office has been completely de-identified and differentiated from its former appearance to prevent any confusion by the public as to the continued existence of Franchisee's PAINT CORPS Business, (b) remove from Franchisee's Administrative Office all distinctive physical and structural features identifying a PAINT CORPS Business and all distinctive signs, trade dress and emblems associated with the System including, without limitation, signs, trade dress, and emblems bearing the Licensed Marks, and (c) make specific additional changes to Franchisee's Administrative Office as Franchisor reasonably requests for the purpose of completely de-identifying Franchisee's former PAINT CORPS Business. Franchisee will immediately initiate the foregoing actions and complete such actions within the period of time designated by Franchisor, and Franchisor or Franchisor's designated agents may enter the premises of Franchisee's Administrative Office at any time to make foregoing alterations at Franchisee's sole risk and

expense. Franchisee further agrees that Franchisee's failure to timely make modifications and alterations to Franchisee's Administrative Office will cause irreparable injury to Franchisor, and Franchisee consents to the entry, at Franchisee's expense, of any *ex parte* order by any court of competent jurisdiction authorizing Franchisor or its agents to take action, if Franchisor seeks such an order;

(8) Take all actions necessary or reasonably required to cancel all fictitious or assumed names or equivalent registrations relating to the Licensed Marks;

(9) At no cost to Franchisor, take such action as may be determined by Franchisor to (a) provide and assign to Franchisor the Business Management System, the Business Management System Data, and all customer lists, customer information, and customer data; and (b) transfer, disconnect, or otherwise assign, as directed by Franchisor, all telephone numbers, email addresses, yellow pages telephone directories, telephone directory type listings, Web Based Media listings, accounts and log-in information used in connection with Franchisee's former PAINT CORPS Business or otherwise associated with the System or the Licensed Marks, cancel Franchisee's interests in same as such cancellation may be directed by Franchisor, and effectuate, perform, honor, and comply with Franchisee's obligations under the Assignment of Telephone Numbers and Digital Media Accounts attached to this Agreement as Exhibit 3;

(10) Abide by, and comply with, the restrictive covenants and obligations set forth in this Agreement, including, without limitation, the restrictive covenants and obligations set forth in Article 6.B through Article 6.E of this Agreement; and

(11) Provide Franchisor, within 30 days of the expiration, termination, or Transfer of this Agreement, with written proof demonstrating that Franchisee has complied with the terms of this Article 17 and all other obligations under this Agreement that Franchisee must perform, abide by, and comply with, subsequent to the termination, expiration, or Transfer of this Agreement.

17.C. CONTINUING OBLIGATIONS

All obligations under this Agreement that expressly, or by their nature, survive, or are intended to survive, the expiration, termination, or Transfer of this Agreement will continue in full force and effect subsequent to and notwithstanding this Agreement's termination, expiration, or Transfer until such obligations are satisfied in full or, by the nature or terms, such obligations expire.

If a Transfer of this Agreement by Franchisee is made, whether or not such Transfer is authorized by Franchisor or made in violation of this Agreement, under no circumstance will Franchisee be relieved of Franchisee's Obligations under this Agreement and under no circumstance will each ~~Owners~~Owner and Spouse be relieved of their respective guarantees, agreements, and obligations related to, or associated with, this Agreement, including, without limitation, the guarantees, agreements, and obligations set forth in the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1. The immediately foregoing will not be interpreted or otherwise construed as constituting consent to any Transfer of this Agreement without the express written consent by Franchisor and Franchisee's compliance with this Agreement respecting any such Transfer.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ARTICLE 18
ENFORCEMENT AND CONSTRUCTION

18.A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

(1) Except as expressly provided to the contrary in this Agreement, each term and provision of this Agreement will be interpreted or otherwise construed to be independent of each other and severable. Although each term and provision of this Agreement are considered by the parties to be reasonable and intended to be enforceable, if any such term or provision of this Agreement is found by a court of competent jurisdiction, agency, or other government agency to be unenforceable as written or otherwise, then such term and condition will be modified, rewritten, interpreted, or "blue-lined" to include as much of its nature and scope as will render it enforceable. If such term and condition cannot be so modified, rewritten, interpreted, or "blue-lined" in any respect, then it will not be given effect and severed from this Agreement, and the remainder of this Agreement will be interpreted, construed, and enforced as if such term and condition was not included in this Agreement.

(2) If any applicable and binding law or rule requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required by this Agreement, or if under any applicable and binding law or rule, any term and condition of this Agreement, or any specification, standard, or operating procedure Franchisor prescribes is invalid or unenforceable, then the greater prior notice or other action required by law or rule will be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable term and condition, specification, standard, or operating procedure to the extent required to be valid and enforceable. Franchisee will be bound by any such substituted or modified term and condition of this Agreement imposing the maximum duty permitted by law that is prescribed within the terms of any provision of this Agreement as though it were originally and separately articulated in, and made a part of, this Agreement as of the Effective Date or any specification, standard or operating procedure Franchisor prescribes, which may result from striking from any terms and conditions, specifications, standards, or operating procedures, and any portion or portions thereof, a court may hold to be unenforceable or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement will be effective only in those jurisdictions in which such terms and conditions, specifications, standards, or operating procedures are found to be unenforceable, unless Franchisor elects to give them greater applicability, in which case, this Agreement will be enforced as originally made in all other jurisdictions.

18.B. WAIVER OF OBLIGATIONS

No delay, waiver, omission, or forbearance on the part of Franchisor to enforce any term and condition of this Agreement or exercise any of Franchisor's rights, options, or powers under this Agreement constitutes a waiver by Franchisor to enforce any other term and condition of this Agreement or exercise any of Franchisor's other rights, options, or powers under this Agreement. No such delay, waiver, omission, or forbearance will constitute a waiver by Franchisor to subsequently enforce such term and condition of this Agreement or subsequently exercise such right, option, or power. Acceptance by Franchisor of any payments, fees, charges, or other amount from Franchisee payable to Franchisor pursuant to this Agreement will not constitute a waiver or acceptance of Franchisee's default or breach of this Agreement or otherwise a waiver of any term and condition of this Agreement, and Franchisor reserves the right to pursue any additional remedies set forth in this Agreement, at law, or in equity. Franchisor will likewise not be deemed to have waived or impaired any term and condition, right, option or power set forth in this Agreement by virtue of any custom or practice of the parties at variance with the terms and conditions of this Agreement or Franchisor's insistence upon Franchisee's strict compliance with Franchisee's obligations, including any mandatory specification, standard or operating procedure. No waiver by Franchisor of any term and condition of this Agreement will be valid unless in writing and signed by Franchisor.

18.C. FORCE MAJEURE

If either Franchisor or Franchisee is delayed in performing any obligation under this Agreement by any cause reasonably beyond its control when such cause would affect any person or entity similarly situated, including, without limitation, war, civil disorder, catastrophic weather, power outage, acts of God or labor strikes unassociated with Franchisee or Franchisor (collectively, "Force Majeure"), then the time period for performing such obligation will be extended by a period of time equal to the period of delay. Notwithstanding the immediately foregoing sentence, any delay resulting from Force Majeure will not excuse Franchisee's payment of any fee, charge, amount, or any other monetary or financial obligation to Franchisor under this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, and the non-performance of any obligation under this Agreement due to Force Majeure will not be extended or otherwise excused for more than six months.

18.D. SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief under legal or equity rules against threatened conduct that will cause damages or loss to it, the Licensed Marks, or the System. Without limitation to the rights set forth in Article 6 of this Agreement, Franchisor may obtain such injunctive relief. Franchisor will not be required to post a bond (other than as set forth in Article 6.H of this Agreement) to obtain injunctive relief and that Franchisee's only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). The remedies available to Franchisor under Article 6.H are not exclusive of one another and may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Without limitation to the foregoing, if a breach of this Agreement by Franchisee respecting or concerning the System or the Licensed Marks occurs, such breach will cause irreparable harm to Franchisor, the System, and the Licensed Marks. The foregoing will not be interpreted to invalidate the mediation and arbitration requirements set forth in Article 18.G of this Agreement and will be consistent with same.

18.E. RIGHTS OF PARTIES ARE CUMULATIVE

The rights under this Agreement are cumulative and no exercise or enforcement by a party of any right or remedy precludes the exercise or enforcement by that party of any other right or remedy which Franchisor or Franchisee is entitled by law to enforce.

18.F. GOVERNING LAW

EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §§ 1051 *ET SEQ.*) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE RELATIONSHIP BETWEEN THE PARTIES HERETO WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF NEW HAMPSHIRE, EXCEPT THAT ITS CHOICE OF LAW AND CONFLICTS OF LAWS RULES WILL NOT APPLY AND ANY FRANCHISE REGISTRATION, DISCLOSURE, RELATIONSHIP OR SIMILAR STATUTE WHICH MAY BE ADOPTED BY NEW HAMPSHIRE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

18.G. CHOICE OF LAW, NON-BINDING MEDIATION, BINDING ARBITRATION, AND CONSENT TO JURISDICTION

(1) **Non-Binding Mediation** – Before either party may bring any action, dispute or controversy arising from or related to this Agreement or the franchise relationship between Franchisor and Franchisee in arbitration, the parties must first mediate the dispute through non-binding mediation. Mediation will be non-binding and will be conducted by the American Arbitration Association ("AAA") in accordance with the AAA's then- current rules for the mediation of commercial disputes. All mediation proceedings will be conducted in Hillsborough

County, New Hampshire or, if a mediator is not available in Hillsborough County, New Hampshire, then at a suitable location selected by the mediator that is located closest to Hillsborough County, New Hampshire. Mediation will be conducted by one mediator and if Franchisor and ~~Franchise~~Franchisee cannot agree on a mediator then the mediator will be selected by the AAA. Mediation will be conducted within 45 days of the AAA's designation or acknowledgment of the selected mediator or such longer period as may be agreed to between Franchisor and Franchisee in writing and signed by each respective party. Franchisor and Franchisee will each be responsible for their own costs associated with mediation and Franchisor and Franchisee will each be responsible for and will each pay 50% of the mediator's fee and the AAA's mediation fees.

Notwithstanding the preceding paragraph, Franchisor and Franchisee agree this Article 18.G(1) and, thereby, the prerequisite requirement of non-binding mediation, will not, at Franchisor's election, apply to (a) any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, without limitation, Franchisee's violation or purported violation of Article 6 of this Agreement, or (b) claims by either Franchisor or Franchisee under this Agreement that relates to either Franchisor's or Franchisee's failure to pay fees or other monetary obligations due under this Agreement.

(2) **Arbitration** – Subject to the prerequisite requirements of non-binding mediation as set forth in Article 18.G(1), and except at Franchisor's election as to any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, without limitation, Franchisee's violation or purported violation of Article 6 of this Agreement, Franchisor and Franchisee agree that all disputes, controversies, and claims, arising from or related to this Agreement, the relationship between Franchisor and Franchisee, the System, or the validity of this Agreement or the Ancillary Agreements, will be submitted, on demand of either Franchisor or Franchisee, to the AAA for binding arbitration. Arbitration will be conducted by one arbitrator in accordance with the AAA's then- current rules for commercial disputes, except as may be otherwise required in this Article 18.G. All arbitration proceedings will be conducted in Hillsborough County, New Hampshire, or if suitable AAA facilities are not available in Hillsborough County, New Hampshire, then at a suitable ~~American Arbitration Association~~AAA location selected by the arbitrator that is located closest to Hillsborough County, New Hampshire.

In connection with binding arbitration:

(a) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;

(b) The arbitration hearing will be conducted within 180 days of the demand for arbitration;

(c) The arbitrator will render written findings of fact and conclusions of law;

(d) Except as may be otherwise required or prohibited by this Agreement including, without limitation, Articles 18.I, 18.J, 18.N, 18.O, 18.R, 18.T, and 18.X of this Agreement, the arbitrator has the right to award or include in his or her award any relief that the arbitrator determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance will the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid;

(e) Franchisor and Franchisee will each be bound to the limitations periods set forth in Article 18.I of this Agreement and that, in any arbitration proceeding, Franchisor and Franchisee must each timely submit, within the same arbitration proceeding, any claim that would constitute a compulsory counterclaim as such claims are defined and set forth under Rule 13 of the United States Federal Rules of Civil Procedure. Any claim that is not submitted or filed as required will be forever barred;

(f) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction; and

(g) Arbitration or any arbitration award must be conducted in accordance with the terms of this Agreement including, without limitation, the requirements set forth in this Article 18.

(3) **Consent to Jurisdiction and Venue** – Subject to the non-binding mediation and arbitration provisions set forth in this Article 18.G, Franchisor and Franchisee agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within Hillsborough County, New Hampshire, or if a suitable court of competent jurisdiction is not located in Hillsborough County, New Hampshire, in the county closest to Hillsborough County, New Hampshire. Franchisor and Franchisee do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, Franchisor, at Franchisor's election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking Franchisor's enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where either Franchisee's PAINT CORPS Business was located or where Franchisee resides.

18.H. VARIANCES

FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS AND MAY AT DIFFERENT TIMES, IN FRANCHISOR'S ABSOLUTE AND SOLE DISCRETION, APPROVE EXCEPTIONS OR CHANGES FROM THE UNIFORM STANDARDS OF THE SYSTEM, WHICH FRANCHISOR DEEMS DESIRABLE OR NECESSARY UNDER PARTICULAR CIRCUMSTANCES. FRANCHISEE UNDERSTANDS THAT FRANCHISEE HAS NO RIGHT TO OBJECT TO OR AUTOMATICALLY OBTAIN SUCH VARIANCES, AND ANY EXCEPTION OR CHANGE MUST BE APPROVED IN ADVANCE BY FRANCHISOR IN WRITING. FRANCHISEE UNDERSTANDS THAT EXISTING FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND THAT THE RIGHTS AND OBLIGATIONS OF EXISTING FRANCHISEES MAY DIFFER MATERIALLY FROM THIS AGREEMENT.

18.I. LIMITATIONS OF CLAIMS

EXCEPT FOR CLAIMS BROUGHT BY FRANCHISOR WITH REGARD TO FRANCHISEE'S OBLIGATIONS TO MAKE PAYMENTS TO FRANCHISOR PURSUANT TO THIS AGREEMENT, FRANCHISOR'S ENFORCEMENT OF THE RESTRICTIVE COVENANTS SET FORTH IN ARTICLE 6 OF THIS AGREEMENT, AND FRANCHISEE'S OBLIGATION TO INDEMNIFY FRANCHISOR IN ACCORDANCE WITH THIS AGREEMENT, ANY CLAIMS OR CAUSES OF ~~ACTIONS~~ACTION ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, OR THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR RESULTING FROM THIS AGREEMENT, WILL BE BARRED UNLESS SUCH CLAIM OR CAUSE OF ACTION IS COMMENCED TWO YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED OR ONE YEAR FROM THE DATE ON WHICH FRANCHISEE OR FRANCHISOR KNEW, OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIM OR CAUSE OF ACTION, WHICHEVER OCCURS FIRST IN TIME.

18.J. WAIVER OF PUNITIVE DAMAGES

FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL, OR SPECULATIVE DAMAGES AGAINST THE OTHER AND AGREE THAT IF A DISPUTE BETWEEN THEM ARISES, EXCEPT AS OTHERWISE PROVIDED HEREIN, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT; PROVIDED THAT SUCH WAIVER WILL NOT APPLY TO ANY CLAIM (A) ALLOWED BY FRANCHISOR OR FRANCHISEE FOR ATTORNEY'S FEES OR COSTS AND EXPENSES UNDER THIS AGREEMENT; OR (B) FOR LOST PROFITS BY FRANCHISOR OR FRANCHISEE AND THE OWNERS UPON OR ARISING OUT OF THE TERMINATION OF THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL, OR OTHER SIMILAR DAMAGES WILL CONTINUE IN FULL FORCE AND EFFECT.

18.K. WAIVER OF JURY TRIAL

FRANCHISOR AND 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 A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

18.L. BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and will not be modified except by written agreement signed by both Franchisee and Franchisor.

18.M. COMPLETE AGREEMENT

This Agreement, and the Schedules and Exhibits to this Agreement, as executed and, as applicable, constitute the entire, full, and complete Agreement between Franchisor and Franchisee concerning the subject matter of this Agreement and supersedes all prior related agreements between Franchisor and Franchisee. The foregoing shall not constitute and does not constitute any disclaimer as to the express representations made by Franchisor in the Franchise Disclosure Document disclosed to Franchisee in connection with this Franchise Agreement.

18.N. ATTORNEY FEES AND EXPENSES

If an arbitrator in any arbitration proceeding or, a court of competent jurisdiction will issue an award, judgment, decision, or order finding, holding, or declaring Franchisee's breach of this Agreement than Franchisor will be entitled to the recovery of all reasonable attorney fees, costs, and expenses associated with or related to such arbitration or litigation. Said fees, costs and expenses will include, without limitation, attorney fees, arbitration fees, arbitrator fees, deposition expenses, expert witness fees and filing fees.

18.O. NO CLASS ACTION OR MULTI-PARTY ACTIONS

THAT ALL PROCEEDINGS OR LEGAL ACTIONS ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE OFFER AND SALE OF FRANCHISEE'S PAINT CORPS BUSINESS FROM FRANCHISOR TO FRANCHISEE WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND NOT A CLASS-WIDE BASIS, AND ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S OWNERS, SPOUSES OR GUARANTORS AND FRANCHISOR OR FRANCHISOR'S AFFILIATES, OFFICERS, DIRECTORS OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

18.P. ACCEPTANCE BY FRANCHISOR
This Agreement will not be binding on Franchisor unless and until an authorized officer of Franchisor has signed it.

18.Q. OPPORTUNITY FOR REVIEW BY FRANCHISEE'S ADVISORS
~~Franchisee acknowledges that prior to the signing of this Agreement that Franchisor recommended and Franchisee had the opportunity to~~Franchisor recommends that Franchisee have this Agreement and the Franchise Disclosure Document reviewed by Franchisee's lawyer, accountant, and other business advisors, prior to signing this Agreement.

18.R. NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS OR AGENTS
The fulfillment of any of Franchisor's obligations written in this Agreement or based on any oral communications ruled to be binding in a court of law will be Franchisor's sole obligation and none of Franchisor's employees, officers or authorized agents will be personally liable to Franchisee for any reason. In addition to the foregoing, Franchisor and Franchisee are not joint employers. The foregoing will not be construed to imply that Franchisor or Franchisor's agents have made any oral promises as pursuant to Article 18.M of this Agreement, this written Agreement represents the sole Agreement between Franchisor and Franchisee.

18.S. NON-UNIFORM AGREEMENTS
Franchisee acknowledges that Franchisor makes no representations or warranties that all other agreements with franchisees entered into before or after the Effective Date do or will contain terms substantially similar to those contained in this Agreement. Franchisor may waive or modify comparable provisions of other franchise agreements to other System franchisees in a non-uniform manner.

18.T. NO RIGHT TO OFFSET
Franchisee will not, on grounds of the alleged nonperformance, material breach, or default by Franchisor of this Agreement, any other agreement between Franchisor and Franchisee, or for any other reason, withhold any payment, fee, or any other amount payable by ~~Franchise~~Franchisee to Franchisor pursuant to this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, or any other payment obligation by Franchisee to Franchisor. Franchisee will not have the right to offset or withhold any liquidated or unliquidated amount allegedly due to Franchisee from Franchisor against any payment, fee, or any other amount payable to Franchisor pursuant to this Agreement or any other payment obligation by Franchisee to Franchisor.

18.U. HEADINGS
The headings and subheadings in this Agreement are strictly for convenience and reference only, and they will not limit, expand, or otherwise affect the interpretation and construction of the terms and conditions of this Agreement.

18.V. AUTHORITY TO EXECUTE
Each party acknowledges, warrants, and represents that it has all requisite power and authority to enter into this Agreement. The execution, delivery, and performance of this Agreement has been duly and lawfully authorized by all necessary actions of each party, and the signatory to this Agreement for each party has been duly and lawfully authorized to execute this Agreement for and on behalf of the party for whom each signatory has signed.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

18.W. COUNTERPARTS, ELECTRONIC SIGNATURES, AND MULTIPLE COPIES
This Agreement may be executed electronically. This Agreement may be executed in counterparts, all of which counterparts will be deemed originals and taken together will constitute a single agreement. Executed electronic or print duplicates of this Agreement, if any, and their respective signatures will be deemed originals.

18.X. JOINT AND SEVERAL LIABILITY
If Franchisee consists of more than one person or entity, then their liability under this Agreement will be deemed joint and several.

18.Y. RECITALS
The parties agree that the recitals and representations contained on the first page of this Agreement constitute a part of this Agreement and are hereby fully incorporated into the terms of this Agreement.

ARTICLE 19
NOTICES

All written notices and reports permitted or required to be delivered by this Agreement will be deemed so delivered, at the time delivered by hand, one business day after being placed in the hands of a national commercial courier service for overnight delivery (properly addressed and with tracking confirmation), or three business days after placed in the U.S. mail by registered or certified mail, postage prepaid, and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Reports requiring delivery will be delivered by certified U.S. mail or electronically, as designated by Franchisor. The addresses for the parties set forth in the initial paragraph of this Agreement will be used unless and until a different address has been designated by written notice to the other party. Any notice required under this Agreement will not be deemed effective or given by Franchisee to Franchisor unless given in strict compliance with this Agreement.

In all cases where Franchisor's prior approval is required and no other method or timing for obtaining such approval is prescribed, Franchisee will request such approval in writing, and Franchisor will respond within 10 business days after receiving Franchisee's written request and all supporting documentation, provided if Franchisor does not respond, such request will be deemed unapproved. Franchisor's consent to, or approval of, any act or request by Franchisee will be effective only to the extent specifically stated, and Franchisor's consent or approval will not be deemed to waive, or render unnecessary, consent or approval of any other subsequent similar act or request.

IN WITNESS WHEREOF, the parties have executed, sealed, and delivered this Agreement as of the Effective Date set forth in the first paragraph of this Agreement.

Franchisor:	**Franchisee:**
PAINT CORPS Franchise Group LLC	~~[[FRANCHISEE]]~~
By: _____	By: _____
Signature	Signature
_____	_____
Name and Title (please print)	Name (please print)
_____	_____
Dated	Dated

Franchise Agreement – Schedule 1
Operating Territory Acknowledgment

Franchisee's Operating Territory – Franchisor and Franchisee agree that "Franchisee's Operating Territory", as such term is identified and defined in the Franchise Agreement, including, without limitation, Article 1 of the Franchise Agreement, is identified, as follows:

~~[For this Schedule to be effective, this Schedule must be completed and signed by Franchisor. If left incomplete, then there will be no Operating Territory.]~~

[Describe Franchisee's Operating Territory. If Franchisee's Operating Territory includes additional individuals, describe the number of additional individuals included.
[For this Schedule to be effective, this Schedule must be completed and signed by Franchisor. If left incomplete, then there will be no Operating Territory.]

- **Initial Franchise Fee** - Franchisee's Initial Franchise Fee is:

$

The foregoing Operating Territory has been determined based on negotiations initiated by Franchisee and benefitting Franchisee. To the extent that the foregoing description of the Operating Territory includes or delineates geographic or political boundaries such determinations will be considered fixed as of the Effective Date of the Franchise Agreement and will not change for the purpose of this Agreement notwithstanding a change or reorganization to such boundaries or regions. All street boundaries, if any, will be deemed to end at the street center lines unless otherwise specified above.

Administrative Office Location Acknowledgment – If selected by Franchisee at the time of signing the Franchise Agreement and, if approved by Franchisor, the location for Franchisee's Administrative Office will be:

[If left incomplete or unknown at time of executing this Agreement, Franchisee acknowledges that Franchisee's Administrative Office must be located within Franchisees Operating Territory at a location approved by Franchisor in writing.

Franchisee acknowledges and represents that the foregoing determination as to Franchisee's Operating Territory was based on negotiations initiated by Franchisee and for Franchisee's benefit.

Date: _____

[SIGNATURE PAGE TO FOLLOW]

Franchisor: PAINT CORPS Franchise Group LLC

Signature

Print Name

Title

Date

Franchisee: _____

Signature

Print Name

Title

Date

Franchise Agreement – Schedule 2
Statement of Franchisee's Owners

Franchisee represents that the following schedule is complete and accurately identifies Franchisee's Owners, Franchisee's Managing Owner, and their respective ownership interests in Franchisee. Defined terms will have the meanings set forth in the Franchise Agreement between Franchisor and Franchisee.

If Franchisee is a Corporate Entity, Franchisee represents and affirms to Franchisor that the following list identifies each Owner of Franchisee and their respective ownership interests.		
Owner Name	**Owner Address**	**Ownership Interest Percentage**
Name of Designated Managing Owner:		

Date:_____

Franchisor: PAINT CORPS Franchise Group LLC

_____
Signature

_____
Print Name

_____
Title

_____
Date

Franchisee: _____

_____
Signature

_____
Print Name

_____
Title

_____
Date

Franchise Agreement – Exhibit 1
Franchise Owner and Spouse Agreement and Guaranty

FRANCHISE OWNER AND SPOUSE AGREEMENT AND GUARANTY

This Franchise Owner and Spouse Agreement and Individual Guaranty (the "Agreement") is individually entered into by you as either an owner of _____ (hereinafter referred to as "Franchisee"), Franchisee, or the spouse of the owner of franchisee and is given and signed by you in favor of PAINT CORPS Franchise Group LLC, franchisor of the PAINT CORPS franchise system and in favor of PAINT CORPS Franchise Group LLC's successors and assigns, upon the terms and conditions set forth in this Agreement. In this Agreement PAINT CORPS Franchise Group LLC is referred to as "us," "our," or "we," and each individual that signs this Agreement is referred to as "you."

Recitals and Representations

WHEREAS, you acknowledge and agree that we have developed a distinctive and proprietary system (the "System") for the establishment, development and operation of a business that offers and provides that offers and provides residential and commercial painting, cabinet refinishing and related services and products that we authorize (the "Approved Products and Services ~~and Products~~") under the Licensed Marks (defined below) (each, a "PAINT CORPS Business");

WHEREAS, Franchisee has entered into a PAINT CORPS Business Franchise Agreement (the "Franchise Agreement") for the ownership, development and operation of a PAINT CORPS Business ("Franchisee's PAINT CORPS Business");

WHEREAS, you have received and have thoroughly reviewed the completed Franchise Agreement, including Schedules and Exhibits attached to the Franchise Agreement;

WHEREAS, we have recommended that you thoroughly review the Franchise Agreement, this Agreement and all exhibits and schedules to the Franchise Agreement with a lawyer selected and hired by you;

WHEREAS, you represent to us that you are either (a) an Owner of Franchisee such that you own or control a legal, equitable or beneficial ownership or equity interest in Franchisee or otherwise meet the definition of an Owner as set forth in this Agreement; or (b) the Spouse of an Owner of Franchisee;

WHEREAS, you acknowledge that this Agreement will apply to you individually, jointly and severally with all others who sign this Agreement (including if this Agreement is signed in counterparts or electronically among other Owners and Spouses);

WHEREAS, you acknowledge that this Agreement, among other things, personally obligates you to guarantee Franchisee's obligations to us and obligates you to brand protection, confidentiality and non-competition restrictions and covenants and that you enter into this Agreement to induce us to enter into the Franchise Agreement with Franchisee; and

WHEREAS, you acknowledge that we are relying on this Agreement and that without this Agreement we would not have entered into or would not be simultaneously entering into the Franchise Agreement with Franchisee.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

NOW THEREFORE, to induce us to enter into the Franchise Agreement and as consideration to us for entering into the Franchisee Agreement with Franchisee and other consideration, the receipt and sufficiency of which you acknowledge, you agree as follows:

1. Recitals and Representations.

The foregoing Recitals and Representations are true and accurate, constitute a material part of this Agreement, and are hereby incorporated into the main body of this Agreement.

2. Definitions.

Supplementing the terms and definitions contained in the Recitals and Representations:

"**Administrative Offices**" means a fixed administrative office or facility from which a PAINT CORPS Business is established, operated, and managed.

"**Approved Products and Services ~~and Products~~**" will have the meaning defined in the "Recitals" section of this Agreement and will further mean those products and services that we authorize for sale by PAINT CORPS Businesses. We will exclusively designate and determine the Approved Products and Services and ~~Products and~~ we, in our Reasonable Business Judgment, may modify the Approved Products and Services ~~and Products~~ that must be offered and sold by Franchisee's PAINT CORPS Business and those products and services that may not be sold by Franchisee's PAINT CORPS Business. The Manuals, subject to changes that we may make from time to time and our right to change and modify the Approved Products and Services ~~and Products~~, will designate the Approved Products and Services ~~and Products.~~. Franchisee's PAINT CORPS Business may only offer and sell the Approved Products and Services ~~and Products~~.

"**Business Management System**" means the software, Internet-based systems, point of sale systems, and customer relationship management systems as same may be individually or collectively designated by us, in our Reasonable Business Judgment, as being required for use by Franchisee's PAINT CORPS Business, including, without limitation, the day-to-day sales, ordering, operation, and management of Franchisee's PAINT CORPS Business. We reserve the right to modify and designate alternative Business Management Systems as we determine in our Reasonable Business Judgment. Without limitation to the foregoing, the Business Management System may include (a) multiple point of sale systems installed and maintained onsite at the Administrative Office; (b) portable tablet or computer systems utilized onsite when providing services to customers of Franchisee's PAINT CORPS Business; (c) web based, private server based, network based or cloud based customer ordering systems, processing systems, production systems or service delivery systems; and (d) customer membership and rewards systems. The Business Management System or systems may, in whole or in part, include and utilize Internet, intra-net and cloud based and accessed applications, software, databases or systems that require Franchisee to access such systems and information through the Internet or a private network and that stores the data and information relating to Franchisee's PAINT CORPS Business on off-site servers through accounts or servers controlled by us. At all times, we will possess direct live access and storage-based access to the Business Management System for Franchisee's PAINT CORPS Business and to Franchisee's Business Management System Data.

"**Business Management System Data**" means the forms, data, tools, customer information, inventory and sales information that (a) is pre-populated or entered into the Business Management System utilized by Franchisee; (b) is entered (whether by us or Franchisee) into the Business

Management System utilized by Franchisee; and/or (c) is recorded, stored or maintained by the Business Management System in connection with the management and operations of Franchisee's PAINT CORPS Business.

"**Competitive Business**" means any business that is the same as or similar to a PAINT CORPS Business including, any business that offers or provides residential and/or commercial painting and/or cabinet refinishing services and products.

"**Confidential Information**" means all of our or our affiliates trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date of the Franchise Agreement and as same may be developed, modified and supplemented in the future, constituting and comprising (a) methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of PAINT CORPS Businesses; (b) information concerning consumer preferences for services, products, materials and supplies used or sold by, and specifications for and knowledge of suppliers of certain materials, equipment, products, supplies and procedures used or sold by PAINT CORPS Businesses; (c) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of PAINT CORPS Businesses; (d) customer lists and information related to PAINT CORPS Businesses and Franchisee's PAINT CORPS Business; (e) Business Management System Data; (f) current and future information contained in the Manuals; and (g) Know-How.

Copyrights" means all works and materials for which we or any affiliate of ours has secured common law or registered copyright protection and we utilize or allow PAINT CORPS Business franchisees to use, sell or display in connection with the development, marketing, or operation of a PAINT CORPS Business, whether as of the Effective Date or any time in the future.

"**Corporate Entity**" means a corporation, limited liability company, partnership, or other corporate legal entity that is not an individual person.

"**Digital Media**" means any interactive or static electronic document, application or media that is connected to or in a network of computers, servers or other devices linked by communications software, part of the world wide web (including, without limitation, websites), linked by the Internet or part of a web based application, software application, smart phone based application or social media platform including, without limitation, social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, ~~Snapchat~~SnapChat, and YouTube, and world wide web and Internet based directories and local directories that refer, reference, identify, review, promote or relate, in any way, to PAINT CORPS Businesses, Franchisee's PAINT CORPS Business, the Licensed Marks, the System or us. Digital Media further includes the System Website, web pages and website subdomains (including those related to, associated with or a part of the System Website) associated with or related to Franchisee's PAINT CORPS Business and all webpages, blog posts, videos, articles, social media accounts, website directory pages, information, sub-domains and all other media or publications relating to the System that is displayed or transmitted digitally.

"**Effective Date**" means the effective date of the Franchise Agreement as the term "Effective Date" is set forth in the Franchise Agreement. If, for any reason, the Effective Date cannot be determined by reference to the Franchise Agreement, the Effective Date will be the date that you sign this Agreement.

"**Franchisee's Administrative Office**" means the PAINT CORPS Administrative Office from which Franchisee establishes, operates, and manages Franchisee's PAINT CORPS Business.

"**Franchisee's Operating Territory**" means the "Operating Territory" as such term is set forth and defined in the Franchise Agreement.

"**Franchisee's PAINT CORPS Business**" means the PAINT CORPS Business to be developed, owned, and operated by Franchisee pursuant to the terms of the Franchise Agreement.

"**Immediate Family**" means the spouse of a person and any other member of the household of such person, including, without limitation, children of such person.

"**Intellectual Property**" means, individually and collectively, our Licensed Marks, Copyrights, Know-How, and System.

"**Know-How**" means our trade secrets and proprietary information relating to the development, establishment, marketing, promotion, or operation of a PAINT CORPS Business including, without limitation, methods, techniques, specifications, procedures, policies, marketing strategies, and information constituting any part of the System. Without limitation to the foregoing, Know-How will further include information contained in the Manuals and the Confidential Information.

"**Licensed Marks**" means the trademarks, service marks, emblems and indicia of origin, including the "PAINT CORPS" trademark, the PAINT CORPS logo, Trade Dress, and other trade names, service marks, trademarks, logos, slogans and designs authorized by us in connection with the identification of PAINT CORPS Businesses and the Approved Products and Services ~~and Products~~, provided that such trade names, trademarks, service marks, logos and designs are subject to modification, replacement and discontinuance by us in our Reasonable Business Judgment.

"**Manuals**" means, individually and collectively, the materials designated by us relating to the development or operations of PAINT CORPS Businesses including, without limitation, the policies, procedures and requirements for the development and operation of PAINT CORPS Businesses. The Manuals may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/Internet-based list-servs, Intranet, Internet-based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by us from time to time in our Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to our modification from time to time and based on our Reasonable Business Judgment, the Manuals will, among other things, designate the Approved Products and Services ~~and Products~~ that must be offered and sold by Franchisee's PAINT CORPS Business and the System Supplies that must be exclusively utilized by Franchisee's PAINT CORPS Business. Only Approved Products and Services ~~and Products~~ may be offered and sold by Franchisee's PAINT CORPS Business. Only System Supplies may be used by Franchisee in the operations of Franchisee's PAINT CORPS Business.

"**Owner**" means collectively, individually, and jointly (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee; (b) the managing member or manager of Franchisee, if franchisee is a limited liability company~~,~~; (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee or of any entity directly or indirectly controlling Franchisee; and (d) the Managing Owners.

"**PAINT CORPS Business**" means a PAINT CORPS business and all businesses owned or operated by Franchisor, Franchisor's affiliates or franchisees that utilize or are required to utilize the System or Licensed Marks.

"**Prohibited Activities**" means any or all of the following: (a) owning or having any legal or equitable interest (whether as an individual proprietor or as an owner, partner, member or shareholder of a Corporate Entity or, in any similar capacity) in a Competitive Business (other than owning an interest of 3% or less in a publicly traded company that is a Competitive Business); (b) operating, managing, funding or performing services (whether as an employee, officer, director, manager, consultant, representative, agent, or creditor or in any similar capacity) for a Competitive Business; (c) diverting or attempting to divert any business or customers from us (or one of our affiliates or franchisees); or (d) inducing any customer or client of ours (or of one of our affiliates or franchisees) or of Franchisee to any other person or business that is not a PAINT CORPS Business.

"**Reasonable Business Judgment**" means any decisions, actions, or choices made by us concerning or relating to the Franchise Agreement, the System, PAINT CORPS Businesses, and Franchisee's PAINT CORPS Business where we undertake or make such decision with the intention of benefitting or acting in a way that could benefit the System including, as examples and without limitation, enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining operating territory markets, minimizing potential customer confusion as to the location of PAINT CORPS Businesses, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. Franchisee has agreed and, you acknowledge and agree, that when a decision, determination, action, or choice is made by us in our Reasonable Business Judgment that such decision, determination, action, or choice made by us takes precedence and prevails, even if other alternatives, determinations, actions, or choices are reasonable or arguably available or preferable. Franchisee has agreed and, you acknowledge and agree, that in connection with any decision, determination, action or choice made by us in our Reasonable Business Judgment as franchisor that (a) we possesses a legitimate interest in seeking to maximize our profits; (b) we will not be required to consider Franchisee's or your individual economic or business interests as compared to the overall System; and (c) should we economically benefit from such decision, determination, action or choice that such economic benefit to us will not be relevant to demonstrating that we did not exercise reasonable business judgment with regard to our obligations under the Franchise Agreement or with regard to the System. Neither Franchisee nor any third party, including, without limitation, any third party acting as a trier of fact, will substitute Franchisee's or such third party's judgment for our Reasonable Business Judgment. Should Franchisee challenge our Reasonable Business Judgment in any legal proceeding, Franchisee will possess the burden of demonstrating, by clear and convincing evidence, that we failed to exercise our Reasonable Business Judgment.

"**Restricted Period**" means the 24-month period after the earliest to occur of the following: (a) the expiration of the Franchise Agreement; (b) the termination of the Franchise Agreement; (c) the date on which Franchisee assigns the Franchise Agreement to another person (other than you or your Spouse or an Immediate Family Member) provided that you do not and your Spouse does not own or hold, in the assignee, any direct or indirect ownership or equity interest whether legal, equitable or otherwise; (d) if you are an Owner of Franchisee, the date on which you cease to be an Owner of Franchisee; or (e) if you are the Spouse of an Owner of Franchisee, the date on which your Spouse ceases to be an Owner of Franchisee. Provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the 18 month period after the earliest to occur of the following (a) the expiration of the Franchise Agreement; (b) the termination of the Franchise Agreement; (c) the date on which

Franchisee assigns the Franchise Agreement to another person (other than you or your Spouse or an Immediate Family Member) provided that you do not and your Spouse does not own or hold, in the assignee, any direct or indirect ownership or equity interest whether legal, equitable or otherwise; (d) if you are an Owner of Franchisee, the date on which you cease to be an Owner of Franchisee; or (e) if you are the Spouse of an Owner of Franchisee.

"**Restricted Territory**" means the geographic area (a) comprising Franchisee's Operating Territory; (b) comprising a 15-mile radius surrounding Franchisee's Operating Territory (or, if Franchisee is not granted an operating territory, then a 15-mile radius surrounding Franchisee's Administrative Office); (c) comprising each of the operating territories, respectively, of other PAINT CORPS Businesses that are in operation or under development during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within Franchisee's Operating Territory plus a 15-mile radius surrounding Franchisee's Operating Territory or, if Franchisee is not granted or designated an operating territory, then a 15-mile radius surrounding Franchisee's Administrative Office.

"**Spouse**" means the legal spouse of an Owner.

"**System**" means our system for the development, establishment and operation of PAINT CORPS Businesses including, without limitation (a) the Approved Products and Services ~~and Products~~, System Supplies, and services, procedures and systems that are designated by us, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a PAINT CORPS Business; (b) the Licensed Marks; (c) the Trade Dress; (d) Copyrights; (e) other trade names, service marks, signs, and logos, copyrights and trade dress that is designated by us, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a PAINT CORPS Business; (f) Operations Manual; (g) Business Management System Data; (h) Know-How; (i) Confidential Information; and (j) Digital Media. All determinations as to the system including components to the system and modifications and replacements thereto will be determined by us in our Reasonable Business Judgment.

"**System Supplies**" means the equipment and supplies designated by us as required for use in connection with Franchisee's PAINT CORPS Business and the Approved Products and Services ~~and Products~~. Without limitation to the foregoing, the System Supplies will include PAINT CORPS branded, non-branded and third party branded equipment and supplies designated by us for use in the day-to-day operations of Franchisee's PAINT CORPS Business including, among other things, point of sale displays, uniforms, stationery, sales slips, receipts, customer notices and other forms and materials, designated by us in the Manuals or otherwise in writing and, as may be modified and supplemented by us from time to time in our Reasonable Business Judgment. System Supplies will further include those products that we authorize for sale to customers of Franchisee's PAINT CORPS Business.

"**System Website**" means the web page or pages located on the Internet at the www.PaintCorps.com URL (uniform resource locator) and will further include all webpages and subdomains (including those that are franchisee or geography specific) that are a part of www.PaintCorps.com, or as designated by us as being associated with the www.PaintCorps.com or PAINT CORPS Businesses.

"**Trade Dress**" means the PAINT CORPS Business designs, images, marketing materials, packaging, branding, or branding images which we authorize and require Franchisee to use in

connection with the operation of Franchisee's PAINT CORPS Business and as may be revised and further developed by us from time-to-time.

"**Transfer**" means and will include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, or direct or indirect (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee.

3. Additional Acknowledgments by You.

In addition to the representations and acknowledgments contained in the Recitals and Representations, above, and incorporated into this Agreement, you acknowledge and represent that:

(a) As of the Effective Date you are an Owner or Spouse;

(b) That you are signing this Agreement in your individual capacity and that you are bound to the terms and conditions of this Agreement and irrespective of any change in your status as an Owner or Spouse;

(c) In your capacity as an Owner of Franchisee or as the Spouse of an Owner of Franchisee, that you have and will be gaining access to, among other things, the System and Intellectual Property;

(d) You acknowledge that all of the components and aspects of the System and Intellectual Property (both individually and as they relate to one another collectively) are critical to our success as the franchisor of the System and to the overall System;

(e) You acknowledge that we need to protect the System and Intellectual property and that to do so we require that you, in your individual capacity, to agree to the brand protection, non-competition and other covenants and restrictions contained in this Agreement and that you personally guarantee the financial and other obligations of Franchisee to us; and

(f) You acknowledge that the terms of this Agreement are fair and reasonable and that you have elected, based on your own decision, to enter into this Agreement to induce us to enter into the Franchise Agreement with Franchisee.

4. Intellectual Property, Brand Protection, and Non-Competition Covenants and Restrictions.

(a) Know-How. You will (i) not use the Know-How in any business or capacity other than Franchisee's PAINT CORPS Business; (ii) maintain the confidentiality of the Know-How at all times; (iii) will not make unauthorized copies of documents containing any Know-How; (iv) take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-How; and (v) stop using the Know-How immediately if you are no longer an Owner of Franchisee or your Spouse is no longer an Owner of Franchisee, as applicable. You will not use the Intellectual Property for any purpose other than the development and operation of Franchisee's PAINT CORPS Business pursuant to the terms of the Franchise Agreement and Manuals. You will assign to us or our designee, without charge, all rights to any improvement

developed by you, including the right to grant sub-licenses. If applicable law precludes you from assigning ownership of any improvement to us, then such improvement will be perpetually licensed by you to us free of charge, with full rights to use, commercialize, and sub-license the same.

(b) Non-Competition During Franchise Relationship. Subject to the terms and conditions of Article 5 of this Agreement, below, you represent and agree that while you are an Owner of Franchisee or while your Spouse is an Owner of Franchisee (as applicable), you will not engage in any Prohibited Activities. You acknowledge and agree that this restriction is fair and reasonable and that if you did engage in a Prohibited Activity, such actions would constitute acts of unfair competition and will irreparably harm the System and us.

(c) Non-Competition After Franchise Relationship. You represent, acknowledge, and agree that during the Restricted Period, you will not engage in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach). You acknowledge and agree that this restriction is fair and reasonable and that if you did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm us and the System.

(d) Confidentiality Restrictions. You represent, acknowledge and agree that, at all times you (i) will not use the Confidential Information in any business or capacity other than Franchisee's PAINT CORPS Business; (ii) will maintain the confidentiality of the Confidential Information; (iii) will not make unauthorized copies of documents containing any Confidential Information; (iv) will take such reasonable steps as we may ask of you or Franchisee from time to time to prevent unauthorized use or disclosure of the Confidential Information; (v) will immediately and permanently stop using the Confidential Information upon the expiration or termination of the Franchise Agreement; (vi) will immediately and permanently stop using the Confidential Information if you are no longer an Owner of Franchisee or the Spouse of an Owner; (vii) will immediately and permanently stop using the Confidential Information upon Franchisee's Transfer of the Franchise Agreement; and (viii) will not disclose the Confidential Information to any third party except in a legal proceeding pursuant to an order of a court of competent jurisdiction and after affording us no less than 15 business days prior notice and an opportunity for us, at our election, to appear in such action.

(e) Immediate Family Members. You acknowledge that should you circumvent the purpose and protections (due to us) of this Agreement by disclosing Know-How to an immediate family member (*i.e.*, parent, sibling, child, or grandchild) we and the System will be irreparably harmed. You acknowledge that if you did disclose the Know-How to an immediate family member and your immediate family member used the Know-How to engage in activities that, for you, qualify as Prohibited Activities as defined above, that we and the System will be irreparably harmed. As between you and us, you are in a better position to know if you permitted or provide an immediate family member with access to the Know-How. You will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-How. However, you may rebut this presumption by providing evidence conclusively demonstrating that you did not disclose the Know-How nor permit disclosure of the Know-How to the family member.

(f) Reasonableness of Covenants and Restrictions. You acknowledge and agree that (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You waive any right to challenge the terms of this Agreement as being overly broad, unreasonable, or otherwise unenforceable.** Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic are, we may at any time unilaterally modify the terms of this Article 4 (Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory or reducing the scope of any other covenant imposed upon you under this Article 4 to ensure that the terms are enforceable under applicable law.

(g) Breach. Failure to comply with these Article 4 Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions will cause irreparable harm to us or other franchisees for which there is no adequate remedy at law. Any violation of these covenants will entitle us to injunctive relief. We may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the amount of the bond will not exceed $1,000. None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages.

5. Transfer Restrictions and Non-Competition Covenants and Restrictions.

Notwithstanding anything contained in this Agreement to the contrary, you expressly acknowledge and agree that if you are an Owner, or the Spouse of an Owner, that, prior to Transferring an Owner's equity or ownership interests in Franchisee that, among other things, Franchisee must notify us and obtain our written consent. You acknowledge and agree that under the Franchise Agreement that prior to Franchisee's Transfer of the Franchise Agreement, among other things, Franchisee must notify us and obtain our written consent. For our protection and to prevent the subversion of the non-competition covenants contained in Article 4~~(b)~~ of this Agreement and, to induce us to enter into the Franchise Agreement with Franchisee, you agree that:

(a) If you are an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of your equity or ownership interests in Franchisee or should Franchisee, fail to obtain our consent to the proposed Transfer of your equity or ownership interests in Franchisee (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you will remain subject to the non-competition covenants contained in Article 4~~(b)~~ of this Agreement and irrespective of any purported or actual Transfer in violation of the terms and conditions of the Franchise Agreement;

(b) If you are a Spouse, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of your Spouse's equity or ownership interests in Franchisee or should Franchisee, fail to obtain our consent to the proposed Transfer of your Spouse's equity or ownership interests in Franchisee (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you will remain subject to the non-competition covenants contained in Article 4~~(b)~~ of this Agreement and irrespective of any purported or actual Transfer in violation of the terms and conditions of the Franchise Agreement;

(c) If you are an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of the Franchise Agreement to a third party or should Franchisee, fail to obtain our consent to the proposed Transfer of the Franchise Agreement to a third party (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you will remain subject to the non-competition covenants contained in Article 4~~(b)~~ of this Agreement and irrespective of any purported or actual Transfer in violation of the terms and conditions of the Franchise Agreement; and

(d) If you are the Spouse of an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of the Franchise Agreement to a third party or should Franchisee, fail to obtain our consent to the proposed Transfer of the Franchise Agreement to a third party (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you will remain subject to the non-competition covenants contained in Article 4~~(b)~~ of this Agreement and irrespective of any purported or actual Transfer in violation of the terms and conditions of the Franchise Agreement.

6. Personal Guaranty of Franchise Agreement and Financial Obligations.

To secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, without limitation, any agreement for the purchase of goods or services from us or an affiliate of ours (collectively the "Ancillary Agreements") you individually, jointly, severally, personally, and unconditionally:

(a) Guarantee to us and our successor and assigns, that Franchisee will punctually satisfy and pay all of Franchisee's payment and other obligations under the Franchise Agreement;

(b) Guarantee to us and our successor and assigns, that Franchisee will punctually satisfy and pay all of Franchisee's payment and other obligations under the Ancillary Agreements;

(c) Agree to be personally bound by and personally liable for each fee, payment and monetary obligation due from Franchisee to us pursuant to the terms of the Franchise Agreement (including, without limitation, the fee obligations of Article 5 of the Franchise Agreement, the advertising obligations of Article 9 of the Franchise Agreement, and the indemnification obligations of Article 10 of the Franchise Agreement);

(d) Agree to be personally bound by and personally liable for each fee, payment and monetary obligation due from Franchisee to us or our affiliates under the Ancillary Agreements;

(e) Personally guarantee payment of each fee, payment and monetary obligation due or that may become due from Franchisee to us pursuant to the terms of the Franchise Agreement including, without limitation, the fee obligations of Article 5 of the Franchise Agreement, the advertising obligations of Article 9 of the Franchise Agreement, and the indemnification obligations of Article 10 of the Franchise Agreement; and

(f) Personally guarantee payment of each fee, payment and monetary obligation due or that may become due from Franchisee to us pursuant to the terms of the Ancillary Agreements.

You waive:

(a) Acceptance and notice of acceptance by us of the foregoing undertakings;

(b) Notice of demand for payment of any indebtedness guaranteed;

(c) Protest and notice of default to any party with respect to the indebtedness guaranteed;

(d) Any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and

(e) The defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

You agree that:

(a) Your direct and immediate liability under this guaranty will be joint and several with Franchisee and all other signatories to this Agreement;

(b) You will render any payment required under the Franchise Agreement and the Ancillary Agreements upon demand if Franchisee fails or refuses punctually to do so;

(c) Your liability will not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and

(d) Liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this guarantee, which will be continuing and irrevocable during the term of each of the Franchise Agreement and the Ancillary Agreements and following the termination, expiration or Transfer of each of the Franchise Agreement and the Ancillary Agreements to the extent any financial obligations under any such Franchise Agreement and Ancillary Agreements survive such termination, expiration or Transfer.

This guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Franchise Agreement or and Ancillary Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement will be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

7. Arbitration, Consent to Jurisdiction and Venue, and Cross-Default.

Any dispute between the parties relating to this Agreement will be brought in accordance with the dispute resolution procedures set forth in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures set forth in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement will prevail. Without limitation to the foregoing, you agree that:

(a) Arbitration – Except, at our option, as to any claims or disputes related to or concerning a breach of this Agreement by you that may entitle us to the award of injunctive relief, any disputes, controversies, and claims, arising from or related to this Agreement, will be submitted to the American Arbitration Association ("AAA") for binding arbitration. Arbitration will be conducted by one arbitrator in accordance with the ~~American Arbitration Association's~~AAA's then- current rules for commercial disputes, except as may be otherwise required in this Agreement. All

arbitration proceedings will be conducted in Hillsborough County, New Hampshire or, if suitable ~~American Arbitration Association~~AAA facilities are not available in Hillsborough County, New Hampshire, then at a suitable ~~American Arbitration Association~~AAA location selected by the arbitrator that is located closest to Hillsborough County, New Hampshire.

In connection with binding arbitration, you agree that:

(i) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;

(ii) The arbitration hearing will be conducted within 180 days of the demand for arbitration;

(iii) The arbitrator will render written findings of fact and conclusions of law;

(iv) Except as may be otherwise required or prohibited by this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance will the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid; and

(~~iv~~v) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

(b) **Consent to Jurisdiction and Venue – You agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within Hillsborough County, New Hampshire, or the county closest to Hillsborough County, New Hampshire. You do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, we, at our election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking our enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where you reside.**

(c) Acknowledgment as to Cross-Default – You acknowledge and agree that a breach of this Agreement by you will constitute a material event of default under the Franchise Agreement, permitting us, among other things, to terminate the Franchise Agreement in accordance with the terms thereof.

8. Miscellaneous.

(a) If either party hires an attorney or files suit against the other party in relating to and alleging a breach of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.

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

(c) Any claim, defense, or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

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

(e) We may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery will be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice will be delivered in the manner and to the address listed in the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date set forth below.

Owner/Spouse:	**Owner/Spouse:**
_____	_____
Signature	Signature
_____	_____
Print Name	Print Name
_____	_____
Date	Date

Franchise Agreement – Exhibit 2
Confidentiality Agreement

[THIS EXHIBIT IS FOR REFERENCE PURPOSES ONLY AS A SAMPLE FORM CONFIDENTIALITY AGREEMENT THAT FRANCHISOR MAY APPROVE FOR USE BY FRANCHISEE. BEFORE USING WITH AN EMPLOYEE OR CONTRACTOR, FRANCHISEE SHOULD HAVE THIS AGREEMENT REVIEWED AND APPROVED BY AN INDEPENDENT LOCAL ATTORNEY.]

CONFIDENTIALITY AGREEMENT (*sample*)

This Confidentiality Agreement (the "Agreement") is entered into by the undersigned ("you") in favor of:

[Insert on the line below the name of Franchisee that owns and operates the PAINT CORPS franchised business.]

_____ ("us,", "our," or "we")

Recitals and Representations

WHEREAS, we are the owners of a licensed PAINT CORPS Business (the "PAINT CORPS Business") that we independently own and operate as a franchisee;

WHEREAS, you are or are about to be an employee, independent contractor, officer, or director of a PAINT CORPS Business that we independently own and operate;

WHEREAS, in the course of your employment, independent contractor relationship, or association with us, you may gain access to Confidential Information (defined below) and you understand that it is necessary to protect the Confidential Information and for the Confidential Information to remain confidential;

WHEREAS, our franchisor, PAINT CORPS Franchise Group LLC, is not a party to this Agreement and does not own or manage the PAINT CORPS Business, but is an intended third party beneficiary of this Agreement; and

WHEREAS, this Agreement is not an employment agreement and is only a confidentiality agreement relating to the information, materials, and access that may be provided to you in connection with the PAINT CORPS Business.

NOW THEREFORE, you acknowledge and agree as follows:

1. Recitals and Representations. The foregoing Recitals and Representations are true and accurate, will constitute a part of this Agreement, and are hereby incorporated into the main body of this Agreement.

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

"**Business Management System**" means the software or Internet-based system or systems, point of sale system or systems and customer relationship management system or systems as used in connection with the operations of the PAINT CORPS Business.

"**Business Management System Data**" means the forms, data, customer information, inventory information, sales information, and other information entered or maintained on the Business Management System of the PAINT CORPS Business.

"**Confidential Information**" means (a) non-public methods, specifications, standards, policies, procedures, information, concepts, programs, and systems relating to the development, marketing, and operation of the PAINT CORPS Business; (b) information concerning customers, database lists, product

sales, operating results, financial performance, and other financial data of the PAINT CORPS Business; (c) customer lists and information related to the PAINT CORPS Business; (d) Business Management System Data; (e) information contained in the Operations Manual, and (f) procedures that are not disclosed to the public but used by the PAINT CORPS Business.

"**Digital Media**" means any interactive or static electronic document, application, or media including, without limitation, websites, social media platforms, applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, ~~Snapchat~~SnapChat, YouTube, and internet-based directories and local directories that refer in any way to the PAINT CORPS Business or other PAINT CORPS businesses.

"**Licensed Marks**" means the word marks, trademarks, service marks, and logos, now or hereafter utilized in the operation of a PAINT CORPS Business, including, without limitation, the "PAINT CORPS" word mark, associated logos, and any other trademarks, service marks, or trade names that we designate for use in a PAINT CORPS Business.

"**Operations Manual**" means the confidential materials made available to the PAINT CORPS Business by PAINT CORPS Franchise Group LLC or as we otherwise designate. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, Internet-based list-servs, Internet-accessed databases, computer media, webinars, and other materials as may be modified, replaced, or supplemented.

"**Trade Dress**" means the PAINT CORPS designs, images, marketing materials, packaging, or branding images used in connection with the operation of the PAINT CORPS Business.

3. Your Access to Confidential Information. In addition to the representations and acknowledgments contained in the Recitals and Representations above, you acknowledge and represent that in your capacity as an employee, independent contractor, officer, or director of the PAINT CORPS Business that you will be gaining access to the Confidential Information. You acknowledge that the terms of this Agreement are fair and reasonable.

4. Protection of the Confidential Information. You will (a) not use the Confidential Information in any business or capacity other than the PAINT CORPS Business; (b) maintain the confidentiality of the Confidential Information at all times; (c) not make unauthorized copies of documents containing the Confidential Information; (d) take such reasonable steps as the we may ask of you from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (e) stop using the Confidential Information immediately at our request or demand. You will not use the Confidential Information for any purpose other than for the performance of your duties on behalf of us and in accordance with the scope of your work with us.

5. Reasonableness of Covenants and Restrictions. You agree that the terms of this Agreement are reasonable and fair and that you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You hereby waive any right to challenge the terms of this Agreement as being overly broad, unreasonable, or otherwise unenforceable.**

6. Breach. Failure to comply with the terms of this Agreement will cause irreparable harm to us and to our franchisor PAINT CORPS Franchise Group LLC, and other PAINT CORPS franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us or PAINT CORPS Franchise Group LLC to injunctive relief. We or PAINT CORPS Franchise Group LLC may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, if the entry of such injunction occurs, will be the dissolution of such injunction, if warranted, upon a hearing duly held (all

claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the amount of the bond will not exceed $1,000. None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages.

7. Miscellaneous.

(a) If we hire an attorney or ~~files~~file suit against you because you have breached this Agreement and if we prevail in such lawsuit, you agree to pay the reasonable attorney fees and costs that we incur.

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

(c) **YOU ACKNOWLEDGE THAT THIS IS NOT AN EMPLOYMENT AGREEMENT.**

(d) **YOU ACKNOWLEDGE AND AGREE THAT OUR FRANCHISOR, PAINT CORPS FRANCHISE GROUP LLC, IS NOT A PARTY TO THIS AGREEMENT BUT IS AN INTENDED THIRD PARTY BENEFICIARY OF THIS AGREEMENT.**

IN WITNESS WHEREOF, you have executed this Agreement as of the date set forth below.

You:

_____
Signature

_____
Print Name

_____
Date

Franchise Agreement – Exhibit 3
Assignment of Telephone Numbers and Digital Media Accounts

ASSIGNMENT OF TELEPHONE NUMBERS AND DIGITAL MEDIA ACCOUNTS

(for the benefit of PAINT CORPS Franchise Group LLC and its assigns)

This Assignment of Telephone Numbers and Digital Media Accounts Assignment (the "Assignment") is entered into between _____ ("Assignor") and PAINT CORPS Franchise Group LLC, its successors, and assigns (collectively, "Assignee").

WHEREAS, Assignee is the franchisor of the PAINT CORPS Business franchise system (the "PAINT CORPS Business Franchise System");

WHEREAS, Assignor, as franchisee, and Assignee, as franchisor, are parties to a PAINT CORPS Business Franchise Agreement (the "Franchise Agreement") pursuant to which Assignor operates a PAINT CORPS Business (the "PAINT CORPS Business");

WHEREAS, "Digital Media" means any interactive or static electronic document, application, or media that is part of a network of computers, servers, or other devices linked by communications software, the Internet (including, without limitation, websites), an application, or a social media platform including, without limitation, social media platforms such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, ~~Snapchat~~SnapChat, YouTube, and internet-based directories and local directories that relate in any way to the PAINT CORPS Business; and

WHEREAS, in connection with Assignor's establishment and operation of the PAINT CORPS Business, Assignor will be utilizing accounts, information, and Digital Media subject to strict requirements set forth in the Franchise Agreement.

NOW THEREFORE, Assignor, in exchange for good and valuable consideration provided and paid by Assignee (receipt of which is hereby acknowledged):

1. Assignor hereby assigns to Assignee all telephone numbers, facsimile numbers, listings, domain names, and Digital Media associated with the PAINT CORPS Business including, without limitation, the following (collectively, the "Media"):

(a) All telephone numbers, facsimile numbers, and directory listings that are associated with the PAINT CORPS Business;

(b) The following telephone and facsimile numbers:

_____

_____; and

(c) All Digital Media, Digital Media accounts, and Digital Media log-in information.

The foregoing will not be construed as Assignee's acknowledgment or agreement that Assignor owns or possesses any ownership interests in the foregoing accounts or Digital Media. Any rights of Assignor in and to same exist subject to a limited license pursuant to the Franchise Agreement which will take precedence and govern. This Assignment is intended by Assignor and Assignee to be an instrument that may be relied upon by all third parties to authorize and permit the assignments and transfers set forth in this Assignment and to facilitate the transfer of accounts and media to the control of Assignee. Nothing

contained in this Assignment will be used to construe or imply that Assignor possesses any ownership interests or rights in the Digital Media and if any inconsistency or conflict between this Assignment and the Franchise Agreement arises, the Franchise Agreement will take precedence and govern.

2. This Assignment will become effective automatically upon the termination or expiration of the Franchise Agreement for any reason. As to all third parties, proof of the expiration or termination of the Franchise Agreement will conclusively exist upon the written declaration of Assignee which will be dispositive and not subject to challenge. Assignor acknowledges that all third parties may rely on this Assignment for the purpose of taking any actions to ensure that access to and control of the Media is maintained by Assignee.

UTILIZATION OF THIS ASSIGNMENT WILL EXIST AT THE SOLE DISCRETION OF ASSIGNEE AND FOR THE SOLE BENEFIT OF ASSIGNEE.

Assignee: PAINT CORPS Franchise Group LLC	**Assignor:**
_____	_____
Signature	Signature
_____	_____
Print Name	Print Name
_____	_____
Title	Title

Franchise Agreement – Exhibit 4
ACH Authorization Form

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Telephone No.
Franchisee Mailing Address (city, state, ZIP code)	
Contact Name, Address, and Telephone Number (if different from above)	
Franchisee Facsimile No.	Franchisee Email Address

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, ZIP code)		
Bank Account No.	[ ] Checking [ ] Savings (check one)	Bank Routing No.
Bank Telephone No.		

Authorization:
Franchisee hereby authorizes PAINT CORPS Franchise Group LLC ("Franchisor") to initiate debit entries to Franchisee's account with the financial institution listed above and authorizes the financial institution to debit the amount of such entries from Franchisee's account. Each debit will be made in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee and to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee will be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the financial institution a reasonable opportunity to act. Franchisee will notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____ Date: _____

Name: _____ Federal Tax TD No.: _____

Title: _____

NOTE: FRANCHISEE MUST ATTACH A VOIDED ACCOUNT CHECK.

Franchise Agreement – Exhibit 5
General Release

GENERAL RELEASE

TO ALL TO WHOM THESE PRESENTS WILL COME OR MAY CONCERN, KNOW THAT:

_____, as RELEASOR, in consideration of good and valuable consideration received from **PAINT CORPS Franchise Group LLC**, as RELEASEE, receipt of which is hereby acknowledged, releases and discharges RELEASEE, RELEASEE's heirs, officers, members, agents, executors, administrators, successors, and assigns from all claims, actions, causes of action, suits, debts, dues, reckonings, bonds, bills, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, and demands whatsoever in law, admiralty, or equity which RELEASOR, RELEASOR'S heirs, executors, administrators, successors, and assigns ever had, now have, or hereafter may have for any matter, cause, or thing whatsoever from the beginning of the world to the day of the date of this RELEASE against RELEASEE. The words "RELEASOR" and "RELEASEE" include all releasors and releasees under this Release. This Release may not be changed orally.

IN WITNESS WHEREOF, RELEASOR has hereunto set RELEASORS hand and seal on the date set forth below.

~~[The following additional language should be used with Washington franchisees]~~

~~*This General Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws nor is it intended to relieve RELEASEE, directly or indirectly, from liability imposed by the Washington Franchise Investment Protection Act or the rules adopted thereunder.*~~

Releasor:

_____
Signature

_____
Name

_____
Date

NOTARY SIGNATURE, SEAL AND INFORMATION: On _____before me, the undersigned, personally appeared _____ personally known to me or proven to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity/capacities, and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Signature and Seal

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT F
LIST OF FRANCHISEES

~~Franchisees as of December~~FRANCHISEES AS OF DECEMBER 31, ~~2022~~2023			
State	**Territory**	**Franchisee**	**Telephone Number**
Arizona	PAINT CORPS of Phoenix North	James Wolfenden	602-313-0781
	PAINT CORPS of The West Valley (Outlet Not Yet Open)	Freddy Alvarez Doug Ostrander	602-722-9950 518-965-3303
Florida	PAINT CORPS of Kissimmee	Burgess Perry * Francisco Olivera~~Kelly Boynton~~	813-520-6096 813-764-7618~~407-930-9837~~
	PAINT CORPS of Wesley Chapel	David Dawson	813-906-8215
~~Ohio~~	PAINT CORPS of ~~Delaware~~Sarasota – Bradenton	Brandon Brubacher **	~~419-789-4124~~719-588-9456
Ohio	PAINT CORPS of Hamilton	Dustin Broek & Louis Pohorence	513-622-9799
Tennessee	PAINT CORPS of Hendersonville	Angel Colom	615-667-3063
Texas	PAINT CORPS of Katy	Dale Smith	210-303-5659
	PAINT CORPS of Pearland	Rawn Wilson & Luis Ramirez	832-461-9545

* Outlet owned in part by Burgess Perry, CEO and Co-Founder of PAINT CORPS. Outlet is operated as a franchised unit.
** Transferred from Ohio to Florida in 2023.

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT G
LIST OF FRANCHISEES THAT HAVE LEFT THE SYSTEM

~~There are no franchisees to report in this Exhibit.~~

FRANCHISEES THAT LEFT THE SYSTEM AS OF DECEMBER 31, 2023		~~FRANCHISE DISCLOSURE DOCUMENT~~ ~~**EXHIBIT H**~~ ~~STATE SPECIFIC ADDENDA~~	
Pennsylvania	PAINT CORPS of Westminster	Brian & Kaitlyn Starrs	410-970-2407
Florida	PAINT CORPS of Kissimmee	Kelly Boynton	407-930-9837

Deleted Cells

~~California FDD Amendment~~
~~Amendments to the PAINT CORPS~~
~~Franchise Disclosure Document~~

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT H
STATE SPECIFIC ADDENDA

Inserted Cells

California FDD Amendment
Amendments to the PAINT CORPS
Franchise Disclosure Document

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

1. Item 17 "Renewal, Termination, Transfer and Dispute Resolution: The Franchise Relationship," is supplemented by the addition of the following:

A. 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.

B. The franchisor, any person or franchise broker in Item 2 of the FDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

C. California Business and Professions Code Sections 20000 through 20043 establish the rights of the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

D. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Sec. 101 *et seq*.).

E. 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.

F. The franchise agreement requires binding arbitration. The arbitration will occur in New Hampshire with the costs being borne by the franchisee and franchisor.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

G. The franchise agreement requires application of the laws of the State of New Hampshire. This provision may not be enforceable under California law.

2. Section 31125 of the California Corporations Code requires us to give you a Disclosure Document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

3. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516).

4. Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043~~.~~).

5. Item 6 "Other Fees," is supplemented by the addition of the following statement: "The highest interest rate allowed by law in the State of California is 10%."

~~6.~~ ~~6.~~ California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees or its agents make to you, (ii) our ability to rely on any representations it makes to you, or (iii) any violation of the law.

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

8. The following URL address is for the franchisor's website: www.PaintCorps.com.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

~~The department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collections of all initial fees from California franchisee util we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.~~

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

Connecticut FDD Amendment
Amendments to the PAINT CORPS
Franchise Disclosure Document

~~DISCLOSURES REQUIRED BY CONNECTICUT LAW~~

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

~~BUSINESS OPPORTUNITY DISCLOSURE~~

~~The following business opportunity disclosure is provided by PAINT CORPS Franchise Group, LLC, a registered business in the State of Connecticut.~~

~~Disclosure Document is dated: March 3, 2023~~

1. Item 3 "Litigation" is supplemented by the addition of the following:

   A. Neither the Franchisor nor any person identified in Items 1 or 2 above has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations.

   B. Neither the Franchisor nor any other person identified in Items 1 or 2 above has during the 10 year period immediately preceding the date of this Disclosure Document, been convicted of a felony or pleaded *nolo contendere* to a felony charge or been held liable in any civil action by final judgment, or been the subject of any material complaint or other legal proceeding where a felony, civil action, complaint or other legal proceeding involved violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations or which was brought by a present or former purchaser-investor or which involves or involved the business opportunity relationship.

   C. Neither the Franchisor nor any person identified in Items 1 or 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state or Canadian franchise, securities, business opportunity, antitrust, trade regulation or trade practice law as a result of concluded or pending action or proceeding brought by a public agency, or is a party to a proceeding currently pending in which an order is sought, relating to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including without limitation, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade.

   D. Neither Company nor any person identified in Item 2 above 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) suspending or expelling these persons from membership in the association or exchange.

2. Item 4 "Bankruptcy" is supplemented by the addition of the following:

   No entity or person listed in Items 1 and 2 of this Disclosure Document has, at any time during the previous 10 fiscal years (a) filed for bankruptcy protection, (b) been adjudged bankrupt, (c) been reorganized due to insolvency, or (d) been a principal, director, executive officer or partner of any other person that has so filed or was adjudged or reorganized, during or within one year after the period that the person held a position with the other person.

If the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract be canceled.

DISCLOSURES REQUIRED BY CONNECTICUT LAW

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

BUSINESS OPPORTUNITY DISCLOSURE

The following business opportunity disclosure is provided by PAINT CORPS Franchise Group LLC, a registered business in the State of Connecticut.

Disclosure Document is dated: March 19, 2024

Hawaii FDD Amendment
Amendments to the PAINT CORPS
Franchise Disclosure Document

Exhibit J "FDD Receipts" is supplemented with the addition of the following:

The Receipt for this Disclosure Document (Exhibit J) is supplemented by the addition of the following:

1. THIS FRANCHISE WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS BEFORE THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

3. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT AND THE CONTRACT OR

AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

4. NO STATEMENT, QUESTIONNAIRE OR ACKNOWLEDGEMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF: (I) WAIVING ANY CLAIMS UNDER ANY APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (II) DISCLAIMING RELIANCE ON ANY STATEMENT MADE BY ANY FRANCHISOR, FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF THE FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

Illinois FDD Amendment
Amendments to the PAINT CORPS
Franchise Disclosure Document

DISCLOSURE REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs 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 rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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

Indiana FDD Amendment
Amendments to the PAINT CORPS
Franchise Disclosure Document

1. Item 8, "Restrictions on Sources of Products and Services" is supplemented by the addition of the following:

Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for

compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted by the franchisee.

2. Item 6, "Other Fees" and Item 9, "Franchisee's Obligations" are supplemented, by the addition of the following:

The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution" is supplemented by the addition of the following:

A. Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

B. Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

C. ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant will have a geographical limitation of the territory granted to Franchisee.

D. ITEM 17(v) is amended to provide that Franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

E. ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

Maryland FDD Amendment
Amendments to the PAINT CORPS
Franchise Disclosure Document

Item 17, "Renewal, Termination, Transfer and Dispute Resolution" is supplemented by the addition of the following:

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

B. A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

C. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

~~D. In the event of a conflict of laws if required by the Maryland Franchise Registration and Disclosure Law, Maryland law will prevail.~~

~~E~~D. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

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

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

Michigan FDD Amendment
Amendments to the PAINT CORPS
Franchise Disclosure Document

1. 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 of your right to join an association of Franchisees.

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

C. A provision that permits us to terminate a franchise before the expiration of this term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure the failure after being given written notice of the failure and a reasonable opportunity, which in no event need be more than 30 days, to cure the failure.

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

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

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

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

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

(ii) The fact that the proposed transferee is our or Sub-franchisor's competitor.

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

(iv) Your or proposed transferee's failure to pay us any sums or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

H. A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants us a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a franchise for the market or appraised value and has failed to cure the breach in the manner provided in Item 17(g).

I. A provision that permits us to directly or indirectly convey, assign or otherwise transfer our obligations to fulfill contractual obligations to you unless a provision has been made for providing the required contractual services.

2. If our most recent financial statements are unaudited and show a net worth of less than $100,000, you may request that we arrange for the escrow of initial investment and other funds you paid until our obligations, if any, to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At our option, a surety bond may be provided in place of escrow.

3. THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENFORCEMENT BY THE ATTORNEY GENERAL.

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

5. Any questions regarding this notice should be directed to: State of Michigan, Consumer Protection Division, Attention: Franchise Bureau, 670 G. Mennen Williams Building, Lansing, MI 48913; telephone number (517) 373-3800.

Minnesota FDD Amendment
Amendments to the PAINT CORPS
Franchise Disclosure Document

ADDITIONAL RISK FACTORS:

1. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

AMENDMENT OF FDD DISCLOSURES:

A. Item 6, "Other Fees." Not sufficient funds are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.

B. Item 13, "Trademarks." Item 13 is supplemented by the addition of the following: As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the marks, so long as you were using the marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

C. Item 17, "Renewal, Termination, Transfer, and Dispute Resolution." Item 17 is supplemented by the addition of the following: With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days- notice of termination (with 60 days to cure) and 180 days-notice of non-renewal of the Agreement.

D. Item 17 "Renewal, Termination, Transfer, and Dispute Resolution." Item 17 is supplemented by the addition of the following: Item 17 will not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

E. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

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

New York FDD Amendment
Amendments to the PAINT CORPS
Franchise Disclosure Document

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR ~~SOURCES OF~~SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ~~THAT~~ ANYTHING IN ~~THE~~THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND ~~NEW YORK~~THE APPROPRIATE STATE ~~DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.~~

OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR ~~CANNOT~~CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS ~~WHICH~~THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. ~~———~~ The following is to be added at the end of Item 3:

~~Except as provided above, with regard~~With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. ~~—~~ No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. ~~—~~ No such party has pending actions, other than routine litigation incidental to the business, 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**:

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 one 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 a franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**:"":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder willshall 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. 4. 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.

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

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

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, 10 business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

North Dakota FDD Amendment
Amendments to the PAINT CORPS
Franchise Disclosure Document

---

1. Item 5, "Initial fees." Item 5 is supplemented by the addition of the following:

   Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

2. Item 6, "Other Fees." Item 6 is supplemented by the addition of the following:

   No consent to termination or liquidated damages will be required from franchisees in the State of North Dakota.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution." Item 17 is supplemented by the addition of the following:

   A. Any provision requiring a franchisee to sign a general release upon renewal of the franchise agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

   B. Any provision requiring a franchisee to consent to termination or liquidation damages has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

   C. Covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust and inequitable. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

   D. Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the

North Dakota Franchise Investment Law. The site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee's place of business.

E. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

F. Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

G. Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

H. Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

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

Rhode Island FDD Amendment
Amendments to the PAINT CORPS
Franchise Disclosure Document

Item 17, "Renewal, Termination, Transfer and Dispute Resolution." Item 17 is supplemented by the addition of the following:

A. The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-14 provides that a provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

B. Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

Virginia FDD Amendment
Amendments to the PAINT CORPS
Franchise Disclosure Document

Item 17, "Renewal, Termination, Transfer and Dispute Resolution." Item 17(h) is supplemented by the addition of the following:

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

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

Washington FDD Amendment
Amendments to the PAINT CORPS
Franchise Disclosure Document

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act. Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator o mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonably estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are avoid and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (1) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any

employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

~~In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.~~

~~**Use of Franchise Brokers.** The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchise and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experiences with the franchisor.~~No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Wisconsin FDD Amendment
Amendments to the PAINT CORPS
Franchise Disclosure Document

Item 17, "Renewal, Termination, Transfer and Dispute Resolution." Item 17 is supplemented by the addition of the following:
The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.

STATE SPECIFIC AMENDMENTS TO FRANCHISE AGREEMENT

CALIFORNIA FRANCHISE AGREEMENT AMENDMENT

Amendments to the PAINT CORPS Franchise Group LLC Franchise Agreement

In recognition of the requirements of California Franchise Investment Law, California Corporations Code Sections 31000 through 31516, the undersigned agree to the following modifications to the PAINT CORPS Franchise Group LLC Franchise Agreement (the "Franchise Agreement") signed by Franchisor and Franchisee, as follows:

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

waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have duly executed and delivered this California ~~amendment~~Amendment to the PAINT CORPS Franchise Group LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: **Franchisee:**

PAINT CORPS Franchise Group LLC **Franchisee:**

~~Signature~~	~~Signature~~
~~Print Name~~	~~Print Name~~
~~Title~~	~~Title~~
~~Date~~	~~Date~~

By: _____	_____
Signature	Signature
_____	_____
Name and Title (please print)	Name (please print)
_____	_____
Dated	Dated

HAWAII FRANCHISE AGREEMENT AMENDMENT
Amendments to the PAINT CORPS Franchise Agreement

In recognition of the requirements of the Hawaii Franchise Investment Law, the undersigned agree to the following modifications to the PAINT CORPS Franchise Group LLC Franchise Agreement (the "Franchise Agreement"), as follows:

1. Article 14.C(6). Article 14.C(6), under the Article section titled "Conditions for Approval of Transfer," is supplemented by the addition of the following language:

; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Hawaii Franchise Investment Law, will remain in force; it being the intent of this provision that the non-waiver provisions of the Hawaii Franchise Investment Law be satisfied; and

The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If this Sub-article contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

2. Article 15.B(8). Article 15.B(8), under the Article section titled "Conditions for Renewal," is supplemented by the addition of the following:

; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Hawaii Franchise Investment Law, will remain in force; it being the intent of this provision that the non-waiver provisions of the Hawaii Franchise Investment Law be satisfied; and

The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination, and transfer of the Franchise Agreement. If this article contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

~~3~~3. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. Each provision of this amendment will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Hawaii amendment to the PAINT CORPS Franchise Group LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: PAINT CORPS Franchise Group LLC	**Franchisee:** _____
_____	_____
Signature	Signature
_____	_____
Print Name	Print Name
_____	_____
Title	Title
_____	_____
Date	Date

ILLINOIS FRANCHISE AGREEMENT AMENDMENT

Amendments to the PAINT CORPS Franchise Agreement

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705/1 to 705/45, and Ill. Admin. Code tit. 15, §200.100 et seq., the undersigned agree to the following modifications to the PAINT CORPS Franchise Group LLC Franchise Agreement (the "Franchise Agreement") and, if Franchisor and Franchisee both sign the PAINT CORPS Franchise Group LLC, as follows:

1. Article 18.F of the Franchise Agreement, under the heading "Governing Law," will be amended by the addition of the following statement added after the end of the last sentence of Article 18.F of the Franchise Agreement:

Illinois Addendum: Illinois law governs the Franchise Agreement.

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

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

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

2. Article 18.G of the Franchise Agreement, under the heading "Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction," will be amended by the addition of the following statement added after the end of the last sentence of Article 18.G of the Franchise Agreement:

Illinois Addendum: Illinois law governs the Franchise Agreement.

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

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

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

~~3.~~ 3. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. Each provision of this amendment will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act (815 ILCS 705/1 to 705/45) are met independently without reference to this amendment.

~~[SIGNATURE PAGE TO FOLLOW]~~

IN WITNESS WHEREOF, the parties have duly executed and delivered this Illinois amendment to the PAINT CORPS Franchise Group LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: PAINT CORPS Franchise Group LLC	**Franchisee:** _____
_____	_____
Signature	Signature
_____	_____
Print Name	Print Name
_____	_____
Title	Title
_____	_____
Date	Date

MARYLAND FRANCHISE AGREEMENT AMENDMENT

Amendments to the PAINT CORPS Franchise Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached PAINT CORPS Franchise Group LLC Franchise Agreement (the "Franchise Agreement"), as follows:

1. The 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.

2. 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.

3. Article 18.G. of the Franchise Agreement, under the heading "Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction," will be amended by the addition of the following statement added to Article 18.G. of the Franchise Agreement:

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

4. Article 18.I. of the Franchise Agreement, under the heading "Limitations of Claims," shall be amended by the addition of the following statement added to Article 18.I. of the Franchise Agreement:

> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.
>
> A general release required as a condition of renewal, sale and/or assignment or transfer of a Franchise Agreement shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

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 are met independently without reference to this amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Maryland amendment to the PAINT CORPS Franchise Group LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: PAINT CORPS Franchise Group LLC	**Franchisee:** _____
_____	_____
Signature	Signature
_____	_____
Print Name	Print Name
_____	_____
Title	Title
_____	_____
Date	Date

MINNESOTA FRANCHISE AGREEMENT AMENDMENT

Amendments to the PAINT CORPS Franchise Agreement

In recognition of the requirements of the Minnesota Statutes, Chapter 80C. and Minnesota Franchise Rules, Chapter 2860, the parties to the attached PAINT CORPS Franchise Group LLC Franchise Agreement (the "Franchise Agreement"), as follows:

1. Article 14.C of the Franchise Agreement, under the heading "Conditions for Approval of Transfer," Article 14.C(6) is supplemented with the addition of the following language:

> ; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), will remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and
>
> Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 180 days-notice of non-renewal of this Agreement by Franchisor.

2. Article 15.B of the Franchise Agreement, under the heading "Conditions for Renewal," Article 15.B(8) is supplemented with the addition of the following language:

> ; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), will remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and
>
> Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 180 days-notice of non-renewal of this Agreement by Franchisor.

3. Under Article 11 of the Franchise Agreement, under the heading "Notification of Infringement and Claims," Article 11.C will be supplemented by the addition of the following:

> Franchisor agrees to protect Franchisee, to the extent required by the Minnesota Franchise Act, against claims of infringement or unfair competition with respect to Franchisee's use of the Marks when, in the opinion of Franchisor's counsel, Franchisee's rights warrant protection pursuant to Article 11.E. of this Agreement.

4. Under Article 14 of the Franchise Agreement, under the heading "Conditions for Approval of Transfer," Article 14.C will be supplemented by the addition of the following:

> Franchisor will not unreasonably withhold consent to transfer the franchise agreement.

5. Under Article 16 of the Franchise Agreement, under the heading "Defaults and Automatic Termination Upon Written Notice Without Cure Period," Article 16.A(2). will be supplemented by the addition of the following:

> Article 16.A(2) will not be enforced to the extent prohibited by applicable law.

6. Under Article 16 of the Franchise Agreement, under the heading "Defaults and Automatic Termination After 30 Day Cure Period," Article 16.A(4)(f) will be supplemented by the addition of the following:

Article 16.A(4)(f) will not be enforced to the extent prohibited by applicable law.

7. Under both Articles 16.A(2) and 16.A(4) of the Franchise Agreement, the following is added:

Minnesota law provides a franchisee with certain termination rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 90 days' notice of termination (with 60 days to cure) of this Agreement.

8. Article ~~19~~18.F of the Franchise Agreement, under the heading "Governing Law," will be amended by the addition of the following statement added to the end of the last sentence of Article ~~19~~18.F:

; except to the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.

9. Article 18.G of the Franchise Agreement, under the heading "Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction," will be amended by the addition of the following statement added to the end of the last sentence of Article 18.G of the Franchise Agreement:

; except to the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.

10. Article 18.K of the Franchise Agreement, under the heading "Waiver of Jury Trial," will be supplemented by the addition of the following statement at the end of the sentence contained in Article 18.K of the Franchise Agreement:

; except that nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by the Minnesota Franchise Act.

11. Article 18.I of the Franchise Agreement, under the heading "Limitations of Claims," will be supplemented by the addition of the following statement:

Under the Minnesota Franchise Act, any claims between the parties must be commenced within t3 years of the occurrence of the facts giving rise to such claim, or such claim will be barred.

12. Article 18 of the Franchise Agreement, under the heading "Enforcement and Construction," will be supplemented by the addition of the following new Article 18.Z to the Franchise Agreement:

Any foregoing acknowledgments are not intended to nor will they act as a release, estoppel or waiver or any liability under the Minnesota Franchise Act.

~~13~~13. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

14. Each provision of this amendment will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act are met independently without reference to this amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Minnesota amendment to the PAINT CORPS Franchise Group LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: PAINT CORPS Franchise Group LLC	**Franchisee:** _____
_____	_____
Signature	Signature
_____	_____
Print Name	Print Name
_____	_____
Title	Title
_____	_____
Date	Date

NEW YORK FRANCHISE AGREEMENT AMENDMENT

Amendments to the PAINT CORPS Franchise Agreement

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached PAINT CORPS Franchise Group LLC Franchise Agreement (the "Franchise Agreement"):

1. Under Article 14.C of the Franchise Agreement, under the heading "Conditions for Approval of Transfer," Article 14.C(6) is supplemented with the addition of the following language:

> ; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, will remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

2. Under Article 15.B of the Franchise Agreement, under the heading "Conditions for Renewal," Article 15.B(8) is supplemented with the addition of the following language:

> ; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, will remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

3. Article 18 of the Franchise Agreement and, under the heading "Enforcement and Construction," will be supplemented by the addition of the following new Article 18.Z to the Franchise Agreement:

> Nothing in this Agreement should be considered a waiver of any right conferred upon franchisee by New York General Business Law, Sections 680-695.

4. There are circumstances in which an offering made by PAINT CORPS Franchise Group LLC would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed made in New York if you are domiciled in New York or the Outlet will be opening in New York. PAINT CORPS Franchise Group LLC is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

~~5.~~ 5. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

6. Each provision of this amendment will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law, are met independently without reference to this amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this New York amendment to the PAINT CORPS Franchise Group LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: PAINT CORPS Franchise Group LLC

Signature

Name and Title (please print)

Dated

Franchisee:

Signature

Name (please print)

Dated

NORTH DAKOTA FRANCHISE AGREEMENT AMENDMENT

Amendments to the PAINT CORPS Franchise Agreement

In recognition of the North Dakota Franchise Investment Law, Section 51-19, the parties to the attached PAINT CORPS Franchise Group LLC Franchise Agreement (the "Franchise Agreement") agree as follows:

The North Dakota Addendum is only applicable if you are a resident of North Dakota or if your PAINT CORPS Business will be located within the State of North Dakota.

1. Article 15 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring North Dakota franchisees to sign a general release upon renewal of the franchise agreement are not enforceable in North Dakota."

2. Article 16 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring North Dakota Franchisees to consent to termination or liquidated damages are not enforceable in North Dakota."

3. Articles 6 and 17 of the Franchise Agreement are hereby amended by the addition of the following language: "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

4. Article ~~19~~18 of the Franchise Agreement is hereby amended by the addition of the following language: "Covenants requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota may not be enforceable in North Dakota."

5. Article ~~19~~18 of the Franchise Agreement is hereby amended by the addition of the following language: "for North Dakota Franchisees, North Dakota law will apply."

6. Article ~~19~~18 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring a franchisee to consent to a waiver of trial by jury are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law."

7. Article ~~19~~18 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring the franchisee to consent to a waiver of exemplary and punitive damages are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law."

8. Article ~~19~~18 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring a franchisee to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, for North Dakota franchisees, the statute of limitations under North Dakota Law will apply."

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

Each provision of this amendment will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of North Dakota Law are met independently without reference to this amendment.

~~[SIGNATURE PAGE TO FOLLOW]~~

IN WITNESS WHEREOF, the parties have duly executed and delivered this North Dakota amendment to the PAINT CORPS Franchise Group LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: PAINT CORPS Franchise Group LLC	**Franchisee:** _____
_____	_____
Signature	Signature
_____	_____
Print Name	Print Name
_____	_____
Title	Title
_____	_____
Date	Date

WASHINGTON STATE FRANCHISE AGREEMENT AMENDMENT

Amendments to the PAINT CORPS Franchise Agreement

In recognition of the Washington State Franchise Investment Protection Act, Chapter 19.100 RCW, the parties to the attached PAINT CORPS Franchise Group LLC Franchise Agreement (the "Franchise Agreement") agree as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act. Chapter 19.100 RCW will prevail.

2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator o mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonably estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are avoid and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (1) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

~~8. In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.~~

~~9~~8. Section 16.C(3) of the Franchise Agreement does not apply to Washington franchisees.

~~10.~~9. Section 10.B of the Franchise Agreement does not apply to Washington franchisees.

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

IN WITNESS WHEREOF, the parties have duly executed and delivered this Washington amendment to the PAINT CORPS Franchise Group LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: PAINT CORPS Franchise Group LLC	**Franchisee:** _____
_____	_____
Signature	Signature
_____	_____
Print Name	Print Name
_____	_____
Title	Title
_____	_____
Date	Date

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT I
STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

Effective Dates	
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT J
RECEIPTS

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all the agreements carefully.

If PAINT CORPS Franchise Group LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate of ours in connection with the proposed franchise sale, ~~of~~for sooner if required by applicable law.

Applicable state laws in New York and Rhode Island require that we give you this document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the signing of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If ~~we do~~PAINT CORPS Franchise Group LLC does not deliver this Disclosure Document on time of if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state administrator identified in Exhibit A of this Disclosure Document. We authorize the respective state agencies identified in Exhibit B of this Disclosure Document to receive service of process for us in the particular state.

The Issuance Date of this Disclosure Document is: March ~~3, 2023~~19, 2024

~~The franchise sellers for this offering are:~~

~~Name~~	~~Principal Business Address~~	~~Telephone Number~~

The franchise sellers for this offering are:

Name	Principal Business Address	Telephone Number
~~Jack S. Child~~	~~3 Executive Park Drive, Suite 281, Bedford, New Hampshire 03110~~	~~(844) 464-3672~~
Jack S. Child	13 Columbia Drive, Suite 19, Amherst, New Hampshire 03031	(844) 464-3672

I received a Disclosure Document issued on March ~~3,~~ 19, 2024~~2023~~ that included the following exhibits:

A. List of State Administrators	F. List of Franchisees
B. List of Agents for Service of Process	G. List of Franchisees Who Have Left the System
C. Operations Manual Table of Contents	H. State Specific Addenda
D. Financial Statements	I. State Effective Dates
E. Franchise Agreement	J. Receipts

Date	**Print Name**	**Signature**

Date	Print Name	Signature

Please sign this copy of the receipt, date your signature, and return it to PAINT CORPS Franchise Group LLC, ~~A. List of State Administrators~~	~~F. List of Franchisees~~
~~B. List of Agents for Service of Process~~	~~G. List of Franchisees Who Have Left the System~~
~~C. Operations Manual Table of Contents~~	~~H. State Specific Addenda~~
~~D. Financial Statements~~	~~I. State Effective Dates~~
~~E. Franchise Agreement~~	~~J. Receipts~~

~~Date~~	~~Print Name~~	~~Signature~~

~~Date~~	~~Print Name~~	~~Signature~~

~~Please sign this copy of the receipt, date your signature, and return it to PAINT CORPS Franchise Group LLC, 3 Executive Park~~13 Columbia **Drive, Suite** ~~281, Bedford~~19, Amherst**, New Hampshire** ~~03110.~~03031

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all the agreements carefully.

If PAINT CORPS Franchise Group LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate of ours in connection with the proposed franchise sale, ~~of~~for sooner if required by applicable law.

Applicable state laws in New York and Rhode Island require that we give you this document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the signing of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

~~If we do~~If PAINT CORPS Franchise Group LLC does not deliver this Disclosure Document on time of if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state administrator identified in Exhibit A of this Disclosure Document. We authorize the respective state agencies identified in Exhibit B of this Disclosure Document to receive service of process for us in the particular state.

The Issuance Date of this Disclosure Document is: March ~~3,~~ 19, 2024~~2023~~

The franchise sellers for this offering are:

Name	Principal Business Address	Telephone Number
Jack S. Child	13 Columbia Drive, Suite 19, Amherst, New Hampshire 03031	(844) 464-3672

~~The franchise sellers for this offering are:~~

~~Name~~	~~Principal Business Address~~	~~Telephone Number~~
~~Jack S. Child~~	~~3 Executive Park Drive, Suite 281, Bedford, New Hampshire 03110~~	~~(844) 464-3672~~

I received a Disclosure Document issued on March ~~3,~~ 19, 2024~~2023~~ that included the following exhibits:

A. List of State Administrators	F. List of Franchisees
B. List of Agents for Service of Process	G. List of Franchisees Who Have Left the System
C. Operations Manual Table of Contents	H. State Specific Addenda
D. Financial Statements	I. State Effective Dates
E. Franchise Agreement	J. Receipts

Date	**Print Name**	**Signature**

Date	**Print Name**	**Signature**

Please sign this copy of the receipt, date your signature, and return it to PAINT CORPS Franchise Group LLC, ~~A. List of State Administrators~~	~~F. List of Franchisees~~
~~B. List of Agents for Service of Process~~	~~G. List of Franchisees Who Have Left the System~~
~~C. Operations Manual Table of Contents~~	~~H. State Specific Addenda~~
~~D. Financial Statements~~	~~I. State Effective Dates~~
~~E. Franchise Agreement~~	~~J. Receipts~~

~~**Date**~~	~~**Print Name**~~	~~**Signature**~~

~~**Date**~~	~~**Print Name**~~	~~**Signature**~~

~~Please sign this copy of the receipt, date your signature, and return it to PAINT CORPS Franchise Group LLC, 3 Executive Park~~13 Columbia Drive, Suite ~~281, Bedford~~19, Amherst, New Hampshire ~~03110.~~ 03031