FRANCHISE DISCLOSURE DOCUMENT

PatchitUP Franchise Group LLC
A Texas limited liability company
1331 Broadway Street, Suite J
Pearland, TX 77581
713-512-5870
info@patchitup.com
www.patchitup.com

The franchise offered is for the establishment and operation of a comprehensive residential and commercial drywall repair and finishing business that will offer drywall repair, drywall installation and other finishing services for residential and commercial structures.

The total investment necessary to begin operation of a PatchitUP franchise is $108,750 to $511,000. This includes $94,500 to $285,500 that must be paid to the franchisor or affiliate based on the number of service areas purchased.

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 the 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 format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mark Collins at 1331 Broadway Street, Suite J, Pearland, TX 77581 and 713-512-5870.

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

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

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

Issuance Date: May 27, 2026

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
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 B 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 PatchitUP 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 PatchitUP franchisee?	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

<u>Business model can change</u>. 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.

<u>Supplier restrictions</u>. 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.

<u>Operating restrictions</u>. 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.

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

<u>Renewal</u>. 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.

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Texas. 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 Texas than in your own state.

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

NOTICE REQUIRED BY
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.

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

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its terms 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 or under similar circumstances. This section does not require a renewal provision.

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

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

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

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

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

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

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

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

The fact 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 the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

TABLE OF CONTENTS

Item **Page**

ITEM 1	THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
ITEM 2	BUSINESS EXPERIENCE	2
ITEM 3	LITIGATION	2
ITEM 4	BANKRUPTCY	2
ITEM 5	INITIAL FEES	3
ITEM 6	OTHER FEES	4
ITEM 7	ESTIMATED INITIAL INVESTMENT	8
ITEM 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	12
ITEM 9	FRANCHISEE'S OBLIGATIONS	14
ITEM 10	FINANCING	15
ITEM 11	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	16
ITEM 12	TERRITORY	24
ITEM 13	TRADEMARKS	25
ITEM 14	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	27
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	28
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	29
ITEM 17	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	30
ITEM 18	PUBLIC FIGURES	34
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATIONS	34
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION	37
ITEM 21	FINANCIAL STATEMENTS	39
ITEM 22	CONTRACTS	39
ITEM 23	RECEIPTS	40

<u>EXHIBITS</u>:

Exhibit A	List of State Administrators and Agents for Service of Process
Exhibit B	Financial Statements
Exhibit C	Franchise Agreement
Exhibit D	Area Development Agreement
Exhibit E	List of Current and Former Franchisees
Exhibit F	State Addenda and Agreement Riders
Exhibit G	Franchise Operations Manual Table of Contents
Exhibit H	Contracts for use with Franchise
Exhibit I	State Effective Dates
Exhibit J	Receipts

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

To simplify the language in this Franchise Disclosure Document, "PatchitUP Franchise Group LLC," "we," "us," and "our" means PatchitUP Franchise Group LLC, the franchisor. "You" means the person or entity that has been granted the right to develop one or more PatchitUP franchised businesses, the franchisee.

The Franchisor

PatchitUP Franchise Group LLC is a limited liability company formed in the State of Texas on August 2, 2023. Our principal place of business is 1331 Broadway Street, Suite J, Pearland, TX 77581. We do business under our corporate name and the name "PatchitUP".

Our Agent for Service of Process

Our agents for service of process are listed in Exhibit A to this Disclosure Document. The name and address of our Agent for Service of Process in Texas is: Mark Collins, 1331 Broadway Street, Suite J, Pearland, TX 77581.

Our Parents, Predecessors and Affiliates

We are owned by our parent company, The Shaded Oak Group, LLC (d/b/a Elevate Franchise Brands). The Shaded Oak Group, LLC is a Texas limited liability company originally formed on June 28, 2020. Its principal business address is 1331 Broadway Street, Suite J, Pearland, TX 77581. The Shaded Oak Group, LLC has never offered or sold PatchitUP businesses. The Shaded Oak Group, LLC has never owned or operated a PatchitUP business. Except as stated herein, The Shaded Oak Group, LLC does not offer or sell franchises in any other line of business or provide products or services to our franchisees.

Through common control with or common management by The Shaded Oak Group, LLC or its affiliates, we are affiliated with 1-800-Services, LLC. 1-800-Services, LLC is a Texas limited liability company originally formed on March 6, 2015. Its principal office address is 1331 Broadway Street, Suite J, Pearland, TX 77581. It has offered franchises for the establishment of businesses specializing in providing plumbing products and services, and heating, ventilation, and air conditioning (HVAC) products and services to residential and commercial customers under the name and mark 1-800-Plumber+Air since April 2015. It has not operated any businesses of the type being franchised. As of December 31, 2025, it had 57 franchises in operation.

We do not have a predecessor. We do not have any affiliates that provide products or services to franchisees. We do not operate a PatchitUP business, but our affiliate(s) do.

Our Business & the Franchise Offered

We offer two franchise models. The PatchitUP Field Builder model authorizes the operation of one (1) PatchitUP Business in a single Service Area under a single Franchise Agreement. The PatchitUP Market Builder model authorizes the development of two (2) to five (5) PatchitUP Businesses in a designated Development Area under an Area Development Agreement, with a separate Franchise Agreement executed for each PatchitUP Business as it is developed. Both models are described in greater detail in Items 5, 7, 12, and 17 of this Disclosure Document.

We grant franchises to qualified individuals and business entities to establish and operate a comprehensive residential and commercial drywall repair and finishing services under the name "PatchitUP" and certain other trademarks, service marks, trade names, and logos we designate from time to time (collectively referred to as the "Marks") within a designated service area (the "Service Area"). A PatchitUP franchisee will offer drywall repair, drywall installation and other finishing services for residential and commercial structures (the "Services"). The distinguishing characteristics of the franchised business include, but are not limited to, our distinctive and uniform trade dress standards, operation procedures, service methods, and methods for management, training, and marketing, all of which may be changed, improved, or further developed by us at any time. We refer to the PatchitUP business you will operate as the "Franchised Business", "PatchitUP Business" or simply your "Business." We began offering franchises in January 2024. We do not offer and have not previously offered franchises in any other line of business.

The Market and Competition

The market for residential and commercial drywall repair and finishing services is developed in most geographic areas and competition will depend upon the number of businesses in your area capable of performing similar services, and the number of people in the area aware of the availability and benefits of such services. You will experience competition from other independent businesses and national franchisors that provide similar services and products. Sales in this market are not seasonal.

Industry-Specific Regulations

You must comply with all federal, state, and local laws and regulations that apply to business providing residential and commercial drywall repair and finishing services. Some states require general contractor's licenses to perform the Services.

California law requires that you obtain a contractor's license of the California Contractors State License Board (CSLB) if the total cost (labor and materials) of one or more contracts on the project is $500 or more. Licenses may be issued to individuals, partnerships, corporations, or joint ventures. The CSLB does not issue licenses to Limited Liability Companies.

ITEM 2: BUSINESS EXPERIENCE

CEO: Mark Collins

Mark Collins has served as our CEO since our inception on August 2, 2023. Since June 28, 2020, he has served as the President of our parent, The Shaded Oak Group, LLC (d/b/a Elevate Franchise

Brands), in Pearland, TX. He has also served as President of 1-800- Plumber+Air in Pearland, TX since March 2015. Since November 2017, he has also served as CEO and President of 1-800-Plumber+Air of Pearland in Pearland, TX. From May 2001 to December 31, 2017, he served as the Operations Manager of D.M. Collins Plumbing in Pearland, TX.

Co-Founder & CGO: Peter Kourounis
Peter Kourounis has served as our Co-Founder & CGO since our inception on August 2, 2023. He has also served as the Director of Franchise Development for 1-800-Plumber+Air in Pearland, TX since October 2020. Since November 2022, he has also served as CEO of PatchitUP, Inc. in Ronkonkoma, NY. Since December 2019, he has also served as Vice President of LPPK Enterprises, Inc. in West Islip, NY. Since December 2019, he has also held the position of CEO for PK Creative Consulting, Inc. in Ronkonkoma, NY. From July 2019 to October 2020, he held the position of Regional Vice President of Franchise Development for Coast 2 Coast Plumbing & HVAC, LLC in Ronkonkoma, NY. From November 2015 to December 2019, he was the CEO of PBJ Productions, Inc. in West Babylon, NY. From November 2009 to December 2019, he was the CEO of Sign Me Up Signs & Advertising, Inc. in Lindenhurst, NY.

Chief Operating Officer: Dennis (Mike) Collins
Mike is currently the Chief Operating Officer of Elevate Franchise Brands, our parent company, in Pearland, TX. He has served as our COO for PatchItUp since October 2024. He has also served as the COO for 1-800-Plumber +Air since January 2018. Mike also is co-owner of 1-800-Plumber +Air of Pearland and serves as the Vice President.

Chief Marketing Officer: Kyle Smith
Kyle is currently the Chief Marketing Officer for Elevate Franchise Brands, our parent company in Pearland, TX. He also has been Chief Marketing Officer since October 2024 for PatchitUP. Since July 2020, he also has served as Chief Marketing Officer for 1-800-Plumber +Air. From June 2013 to July 2020, he was Director, Marketing and Communications, for Brazosport College, a Community College in Lake Jackson, Texas.

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

Initial Franchise Fee

We offer two franchise models: PatchitUP Field Builder and PatchitUP Market Builder. Each model has a different Initial Franchise Fee structure based on the number of Service Areas awarded. The PatchitUP Field Builder model is designed for a single Service Area with one truck at launch. The Initial Franchise Fee for PatchitUP Field Builder is $54,500 for one (1) Service Area. The PatchitUP Market Builder model is designed for two (2) to five (5) Service Areas with multiple trucks at launch. The Initial Franchise Fee for PatchitUP Market Builder varies based on the number of Service Areas awarded, as set forth in the table below in this Item 5. All Initial Franchise Fees are payable by wire transfer or any other payment method approved by us, and must be paid in one lump sum upon execution of the Franchise Agreement (for Field Builder) or upon execution of the Area Development Agreement (for Market Builder). Except for the discounts stated below, the Initial Franchise Fee is uniform and nonrefundable under any circumstances, including if you fail to complete initial training or we terminate the Franchise Agreement before you open for business. Under the PatchitUP Market Builder model, the aggregate Initial Franchise Fee set forth in the table below is paid in one lump sum upon execution of the Area Development Agreement, in lieu of payment of a separate Initial Franchise Fee upon execution of each individual Franchise Agreement signed under the Area Development Agreement.

Your Initial Franchise Fee will depend on the number of Service Areas you are awarded under your Franchise Agreement (for Field Builder) or under your Area Development Agreement (for Market Builder) and is calculated as follows:

Model / Number of Service Areas	Initial Franchise Fee
1 (Field Builder)	$54,500
2 (Market Builder)	$99,000
3 (Market Builder)	$133,500
4 (Market Builder)	$168,000
5 (Market Builder)	$202,500

PatchitUP Startup Package

No later than 2 weeks after signing the Franchise Agreement (for Field Builder) or the Area Development Agreement (for Market Builder), you must purchase from us a PatchitUP Startup Package (which is paid in addition to, and not in lieu of, the Initial Franchise Fee). The current cost for the PatchitUP Startup Package is $40,000 for Field Builder (1 Service Area) or $62,000 to $83,000 for Market Builder (2 to 5 Service Areas), as described in Item 7. The fee for the PatchitUP Startup Package is due in a lump sum, is uniform, fully earned when paid and is non-refundable under any circumstances.

Veteran Program Discount

We currently offer a 10% discount of the initial franchise fee described above for your first franchised location if you are a veteran of the U.S. Armed Forces. For PatchitUP Market Builder franchisees, this discount applies only to the portion of the aggregate Initial Franchise Fee attributable to the first Service Area, and not to the aggregate Initial Franchise Fee as a whole.

“Veteran” means discharged from the U.S. Army, Navy, Air Force, Marines or Coast Guard and can provide proof of veteran or military status by providing a DD214 or military orders.

First Responder Program Discount

We currently offer a $2,500 discount off of the initial franchise fee described above for your first franchised location if you have work experience as a first responder and provide documentation in proof of your work experience. For PatchitUP Market Builder franchisees, this discount applies only to the portion of the aggregate Initial Franchise Fee attributable to the first Service Area, and not to the aggregate Initial Franchise Fee as a whole. "First Responder" means an individual who is trained according to a national standard curriculum set up by the U.S. Department of Transportation to respond to trauma and medical emergencies.

ITEM 6: OTHER FEES

Name of Fee[1]	Amount	Due Date	Remarks
Royalty	The greater of 6% of Gross Revenue or the following: (a) $0 during the first 12 months of operation; (b) $1,000 per month during months 13-24; (c) $1,500 per month during months 25-36; and (d) $2,000 per month beginning in month 37 and continuing through the term of the franchise.	Payable twice a month within 5 days of the close of each reporting period.	This amount is due on all Gross Revenue for services provided by you.
Technology Fee	Currently $200 per month.	Payable on the 10th of each month	Payable by you monthly for our expenses associated with your phone number, email, intranet system, web hosting and other integrations. If you purchase non-contiguous service areas, we reserve the right to charge a Technology Fee for each Service Area, especially where the franchises will operate separately.

Name of Fee[1]	Amount	Due Date	Remarks
Field Management Software	Currently $520 per month for up to three (3) managed technicians, plus approximately $167 per month for each additional managed technician	As incurred	Payable to approved suppliers.
Local Ad Expenditure	The greater of: (a) 5% of your monthly Gross Revenues; or (b) $3,000 multiplied by the number of PatchitUP operating vans with managed technicians that you operate.	As incurred	Payable to third-party suppliers. All advertising must be approved by us.
Brand Development Fund Fee	2% of Gross Revenues	Payable twice a month within 5 days of the close of each reporting period.	Payable to us. The Brand Development Fund Fee supports the Brand Development Fund, which is used to create advertising, run advertisements, support paper industry- specific dues and programs, pay for public relations services, and conduct market research and to reimburse us and our affiliates for salaries and overhead expenses related to advertising.
Bookkeeping Services	$400 per month beginning in the 13th month after signing the Franchise Agreement	Remitted by ACH draft on the 10th of each month	Payable to approved suppliers

Name of Fee[1]	Amount	Due Date	Remarks
Marketing Management Fee (optional)	If elected, $500 per month or 12% of Local Ad Expenditure per month	If elected, payable on the 13th of each month, commencing on the 13th month after the Opening Date. These services are included in the initial start-up bundle for the first 12 months of operation. if incurred.	If you elect to participate in our Marketing Management program, you must pay this fee directly to us or our designated suppliers. The Marketing Management Fee and associated services are optional, but recommended to maintain system-wide consistency in digital presence and lead management.
Ai, Automation and Contact Communication Platform	$428 per month plus actual usage fees	Payable on the 10th of each month	The platform provides AI-powered customer communication tools designed to enhance engagement with leads and drive revenue for PatchitUP businesses.
National Account Program Fee	Currently $0; however, if we provide accounts/jobs through a national or regional accounts program, you will pay an additional 3% of gross revenue for that job booked as part of the national account program (which fee is in addition to, and not in lieu of, the Royalty Fee).	As incurred	Payable to us. Franchisee will be able to determine on a case by case basis if they will undertake a job referred as part of the National Account Program.

Name of Fee[1]	Amount	Due Date	Remarks
Supplier Approval Fee	Our actual costs	As incurred	If we require you to obtain goods, services, or any other materials from only approved suppliers, and you request approval of a new supplier, we may charge this fee. We may charge a fee in the future upon 30 days' notice to you.
Service Area Change Fee	$1,000	When authorized	If you seek to change your Service Area and the request is approved then you must pay us a Service Area Change Fee.
Additional Training	Currently $100 per hour per person plus out of pocket expenses	As incurred	We reserve the right to charge this fee for any additional required or optional training and training of subsequent persons who become your Managing Principal, General Manager and Assistants.
Renewal Fee	$5,000	At the time you sign a franchise agreement for a renewal term	Payable if you enter into a renewal franchise agreement.
Transfer Fee	$15,000	On the closing of any approved transfer	Payable when your interest in the Franchise Agreement, a material portion of your PatchitUP Business' assets, or an interest in you is transferred.

Name of Fee[1]	Amount	Due Date	Remarks
Annual Convention	Currently $699 per person, payable to us	Before the start of our annual convention	To help offset our out-of-pocket expenses for meeting space, meals, av rental, workbooks, speakers, etc. Does not include travel, lodging, or all meals. Location varies, these fees are payable to and imposed and collected by third parties. The annual convention fee shall be due to franchisor whether or not you attend the convention. If you fail to attend the annual convention, you will be required to pay a no-show fee of $1,500 per event missed, in addition to the annual convention fee. Furthermore, all franchisees are required to stay at the designated convention hotel. If you choose to stay at a different hotel or accommodation, you will be required to pay a designated hotel fee of $750 per event.
Out of Service Area Fee	Greater of $5,000 per occurrence or 50% of revenue generated from such infringing activity.	As incurred	Payable if you fail to abide by the Service Area restrictions in the Franchise Agreement, including conducting Services in another franchisee's service area. The fine is in addition to our right to terminate for breach.
Insurance	Varies	As incurred	If you fail to maintain the required insurance, we reserve the right to obtain coverage on your behalf and you will be liable for the cost of such coverage.
Late Payment Fee	$75 per occurrence per late report or fee.	As incurred	Interest and late fees are charged on any overdue amounts

Name of Fee[1]	Amount	Due Date	Remarks
Interest	18% per annum or the highest lawful rate of interest	As incurred	Due on all overdue amounts from the date the amount(s) were originally due.
Non-Compliance Fee	Currently $100 per week per instance of non-compliance	As incurred	Due after any non-compliance with our system specs or any provision of the franchise agreement. If such non-compliance is ongoing, we may charge you $100 per week until you cease such non-compliance.
Liquidated Damages	You must pay us an amount equal to the Royalty Fees and Brand Fund Contributions that would have been payable based on the monthly average of your actual Gross Revenues for the 12 months prior to termination, multiplied by the number of months remaining in the term of your franchise agreement; provided, however, that in no event shall such amount exceed the lesser of (i) an amount equal to 36 months of such average monthly Royalty Fees and Brand Fund Contributions or (ii) $350,000, subject to applicable state law.	As incurred	Payable to us in the event your franchise agreement is terminated due to your default.

Name of Fee[1]	Amount	Due Date	Remarks
Audit Fees and Costs	Our actual costs and expenses	As incurred	We have the right under the franchise agreement to examine your books, records and tax returns pertaining to the franchised business. If an examination reveals that you have understated any gross revenue report by 2% or more, you must pay us the cost of the audit and all travel related expenses, in addition to repaying monies owed and interest on the monies owed.
Audit Fee (Act of Deception)	$20,000	Upon notice of audit following discovery of an Act of Deception	If we discover that you have committed an Act of Deception, you must pay us a $20,000 Audit Fee upon written notice that we have elected to conduct an audit. The Audit Fee will be applied against our actual costs of the audit; if our actual costs are less, we may at our option refund the excess or credit it against amounts you owe us; if our actual costs exceed $20,000, you must pay the excess within 10 days of demand. This Audit Fee is in addition to all liquidated damages, interest, and other amounts due under Section 16.5 of the Franchise Agreement.
Indemnification	Varies	As incurred	You must pay the cost of our defense and the amount of any claims if we are threatened with or found liability as a result of your operations.

Name of Fee[1]	Amount	Due Date	Remarks
Costs and Attorney Fees	Varies	As incurred	Payable upon your breach of any terms or conditions of the franchise agreement or if you do not prevail in a legal action arising out of or related to the franchise agreement.

Notes:

1. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer ("EFT") or other similar means. You are required to complete the Automated Clearing House Payment Authorization Form (in the form attached to this Franchise Disclosure Document in Exhibit H-4. We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

2. <u>Gross Revenue</u>. "Gross Revenues" means, except as set forth below, the total of all receipts derived from the operation of your PatchitUP Business, including all work done by employees or sub-contractors, whether the receipts are evidenced by cash, credit, or checks, or exchanged for services, materials, service charges, property or other means of exchange. Gross Revenue does not include the amount of any tax imposed by any federal, state, provincial, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and in fact paid by you to the appropriate governmental authority. Gross Revenues also does not include the amount of any discounts given to customers, to the extent the customers do not pay such amounts to you. Gross Revenues shall be deemed received by you at the time the Services and Products from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer's personal check) actually has been received; provided, however, if less than 25% of a job is completed at the end of any Reporting Period (as defined below), the Gross Revenues generated by the job will not have to be reported, and the Royalty Fee, as defined above, will not have to be paid, until the following Reporting Period; provided further that any job which is scheduled to extend beyond the second Reporting Period will need to be settled with the customer once during each Reporting Period, the Gross Revenues will have to be reported, and the Royalty Fee and Brand Development Fund Fees paid during each Reporting Period. Gross Revenues consisting of property or services shall be valued at the retail prices applicable and in effect for the Products and Services at the time that they are received. Cash refunded and credit given to customers, and any receivable uncollected from customers more than 120 days after billing, may be deducted in computing Gross Revenues only to the extent that the receivable was previously included in Gross Revenues on which a Royalty Fee was paid.

"Reporting Period" means the period of the 1st day of any month to the 15th day of the same month, or the period of the 16th day of any month to the last day of the same month.

3. Royalties and Brand Development Fund Fees are paid twice a month based on the Gross revenue of your PatchitUP Business during the prior reporting period. The reporting periods are the 1st through the 15th day and the 16th through the last day of each month.

4. Technology Fee. The Technology Fee covers certain technology tools required to operate the business. Currently, these tools include the following: (i) Email Service (up to 2 users); (ii) Business Phone Number (1 included); (iii) Website Hosting; (iv) Review Management; (v) Access to our Intranet Systems; (vi) Access to our Learning Management System (LMS); and (vii) Recruiting Software. Each additional business phone number beyond the one (1) included is $50 per month, and each additional email address beyond the two (2) included is $10 per month. If you purchase non-contiguous Service Areas, we reserve the right to charge a Technology Fee for each Service Area, especially where the franchises will operate separately. We may increase this Technology Fee, and the rates for additional phone numbers and email addresses, upon 30-days written notice.

5. Bookkeeping Services. Our designated vendor provides essential bookkeeping services tailored to your needs, ensuring accurate financial management for your franchise. Priced at $400 a month, this service includes access to your QuickBooks Online account and POS system for seamless reconciliation, batching, posting, and exporting of invoices, guaranteeing proper financial record-keeping. Please note that the service fee is subject to increases over the term of the franchise agreement.

6. Ai, Automation and Contact Communication Platform (Elevate Engine). Elevate Engine is our AI voice agent and customer communication platform. Elevate Engine. The platform enables seamless interactions with customers through text messaging, email, and voicemails, facilitating tasks such as lead engagement, estimate follow-ups, lead and customer nurturing, and appointment scheduling. Additionally, it integrates with our Field Management System and current lead sources to streamline operations and improve efficiency. Usage fees will apply. SMS = .0024 per message. Email = .0001 Calls = .20 per minute

7. National Account Program Fee. We may provide services to national and/or regional accounts that require centralized overview and support, and for purposes of responding to requests and referrals for Services through our franchise system, managing those relationships, answering calls placed to our toll-free number or a national account on-line access system. In that case, we reserve the right to charge you a National Account Program Fee of up to 3% of Gross Revenue generated by the account. The purpose of this fee is to defray the cost of providing national/regional account management services to the franchise system. We do not plan to charge a fee for simple referrals where we do not directly manage the relationship with the customer, but we reserve the right to do so.

8. Managing Principal. A "Managing Principal" is one of your Controlling Principals who meets our requirements and is approved by us to supervise and manage all aspects of your

PatchitUP Business and with whom we and our staff may deal with exclusively for purposes of administering and coordinating the franchise relationship. With our approval, you may hire a "General Manager" to perform the duties of the Managing Principal if none of the Controlling Principals desire or are qualified to serve in the Managing Principal position. An "Assistant" is an individual hired by you who meets our requirements and is approved by us to assist you with the performance of the Services. If required by the municipality or other governmental authority, as applicable, which controls your Service Area, your Assistant must satisfy all licensing requirements at your cost and expense. Under the Franchise Agreement, your initial General Manager and Assistants must attend and complete our initial training program. We reserve the right to charge you a fee for any additional required or optional training and training for other subsequent Managing Principals, General Managers, and Assistants. You must pay all wages and benefits and the cost of transportation, room and board for your Managing Principal, General Manager and any Assistants. We pay no compensation to you or your employees during training, and we will not reimburse you for any expenses associated with training.

9. Out of Service Area Fee. Advertising outside of your Service Area is a default under the Franchise Agreement. Providing services outside of your Service Area and in the Service Area of another franchisee without our prior written permission is a default under the Franchise Agreement. An incident or default for advertising or servicing outside your Service Area will result in a fine of the greater of (a) $5,000 or (b) 50% of revenue generated from the job.

ITEM 7: ESTIMATED INITIAL INVESTMENT

A-1. Franchise Agreement YOUR ESTIMATED INITIAL INVESTMENT[1]					
Type of Expenditure	**Amount Low**	**Amount High**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial Franchise Fee[2]	$54,500	$54,500	Lump Sum	Upon Signing	Us
PatchitUP Startup Package	$40,000	$40,000	Lump Sum	Within 2 weeks of signing	Us
Lease Deposit, rent, utilities	$0	$2,500	As incurred	As incurred	Lessor
Leasehold Improvements	$0	$2,000	As incurred	Before opening	Contractors and Vendors
Computer, Phone, Office Equipment	$0	$5,000	As incurred	Before opening	Contractors and Vendors, Us
Vehicle(s) Down Payment	$250	$2,000	As incurred	Before opening	Approved Vendors
Exterior Signage	$0	$2,000	As incurred	Before opening	Approved Vendors
Initial Supplies	$500	$1,500	As incurred	Before opening	Approved Vendors
Initial Tools and Equipment	$1,000	$3,000	As incurred	Before opening	Approved Vendors
Initial Van and Warehouse Inventory	$500	$6,000	As incurred	Before opening	Approved Vendors
Insurance	$500	$3,000	As incurred	Annually	Approved Vendors
Misc. Pre-Opening Expenses	$500	$5,000	As incurred	Before opening	Third Parties
Permits and Licenses	$0	$1,000	As incurred	Before opening	Governmental Entities
Professional Fees	$0	$3,000	As incurred	As Necessary	Third Parties
Travel, Living While Training	$1,000	$2,500	As incurred	Before opening	Airlines, Hotels, etc.
Additional Funds – 3 months[6]	$10,000	$20,000	As incurred	As incurred	Various Vendors
TOTAL[7]	**$108,750**	**$153,000**			

A-2. PatchitUP Market Builder (2 Service Areas, 2 Truck Launch) YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	**Amount Low**	**Amount High**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Franchise Fee	$99,000	$99,000	Lump Sum	On Signing the Area Development Agreement	Us
PatchitUP Startup Package	$62,000	$62,000	Lump Sum	Within 2 weeks of signing	Us
Lease Deposit, rent, utilities	$2,500	$10,000	As incurred	As incurred	Lessor
Leasehold Improvements	$1,000	$7,500	As incurred	Before opening	Contractors and Vendors
Computer, Phone, Office Equipment	$3,000	$5,000	As incurred	Before opening	Contractors and Vendors, Us
Vehicle(s) Down Payment	$500	$7,500	As incurred	Before opening	Approved Vendors
Exterior Signage	$1,000	$5,000	As incurred	Before opening	Approved Vendors
Initial Supplies	$1,000	$3,000	As incurred	Before opening	Approved Vendors
Initial Tools and Equipment	$2,000	$6,000	As incurred	Before opening	Approved Vendors
Initial Van and Warehouse Inventory	$1,000	$10,000	As incurred	Before opening	Approved Vendors
Insurance	$500	$3,000	As incurred	Annually	Approved Vendors
Misc. Pre-Opening Expenses	$500	$5,000	As incurred	Before opening	Third Parties
Permits and Licenses	$0	$1,000	As incurred	Before opening	Governmental Entities
Professional Fees	$0	$3,000	As incurred	As Necessary	Third Parties
Travel, Living While Training	$1,000	$2,500	As incurred	Before opening	Airlines, Hotels, etc.
Additional Funds – 3 months[6]	$40,000	$60,000	As incurred	As incurred	Various Vendors
TOTAL	**$215,000**	**$289,500**			

A-3. PatchitUP Market Builder (3 Service Areas, 2 Truck Launch) YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	**Amount Low**	**Amount High**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Franchise Fee	$133,500	$133,500	Lump Sum	On Signing the Area Development Agreement	Us
PatchitUP Startup Package	$62,000	$62,000	Lump Sum	Within 2 weeks of signing	Us
Lease Deposit, rent, utilities	$2,500	$10,000	As incurred	As incurred	Lessor
Leasehold Improvements	$1,000	$7,500	As incurred	Before opening	Contractors and Vendors
Computer, Phone, Office Equipment	$3,000	$5,000	As incurred	Before opening	Contractors and Vendors, Us
Vehicle(s) Down Payment	$500	$7,500	As incurred	Before opening	Approved Vendors
Exterior Signage	$1,000	$5,000	As incurred	Before opening	Approved Vendors
Initial Supplies	$1,000	$3,000	As incurred	Before opening	Approved Vendors
Initial Tools and Equipment	$2,000	$6,000	As incurred	Before opening	Approved Vendors
Initial Van and Warehouse Inventory	$1,000	$10,000	As incurred	Before opening	Approved Vendors
Insurance	$500	$3,000	As incurred	Annually	Approved Vendors
Misc. Pre-Opening Expenses	$500	$5,000	As incurred	Before opening	Third Parties
Permits and Licenses	$0	$1,000	As incurred	Before opening	Governmental Entities
Professional Fees	$0	$3,000	As incurred	As Necessary	Third Parties
Travel, Living While Training	$1,000	$2,500	As incurred	Before opening	Airlines, Hotels, etc.
Additional Funds – 3 months[6]	$40,000	$60,000	As incurred	As incurred	Various Vendors
TOTAL	**$249,500**	**$324,000**			

A-4. PatchitUP Market Builder (4 Service Areas, 3 Truck Launch) YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	**Amount Low**	**Amount High**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Franchise Fee	$168,000	$168,000	Lump Sum	On Signing the Area Development Agreement	Us
PatchitUP Startup Package	$83,000	$83,000	Lump Sum	Within 2 weeks of signing	Us
Lease Deposit, rent, utilities	$2,500	$10,000	As incurred	As incurred	Lessor
Leasehold Improvements	$1,000	$7,500	As incurred	Before opening	Contractors and Vendors
Computer, Phone, Office Equipment	$3,000	$5,000	As incurred	Before opening	Contractors and Vendors, Us
Vehicle(s) Down Payment	$500	$10,000	As incurred	Before opening	Approved Vendors
Exterior Signage	$1,000	$5,000	As incurred	Before opening	Approved Vendors
Initial Supplies	$1,500	$4,500	As incurred	Before opening	Approved Vendors
Initial Tools and Equipment	$3,000	$9,000	As incurred	Before opening	Approved Vendors
Initial Van and Warehouse Inventory	$1,000	$10,000	As incurred	Before opening	Approved Vendors
Insurance	$500	$3,000	As incurred	Annually	Approved Vendors
Misc. Pre-Opening Expenses	$500	$5,000	As incurred	Before opening	Third Parties
Permits and Licenses	$0	$1,000	As incurred	Before opening	Governmental Entities
Professional Fees	$0	$3,000	As incurred	As Necessary	Third Parties
Travel, Living While Training	$1,000	$2,500	As incurred	Before opening	Airlines, Hotels, etc.
Additional Funds – 3 months[6]	$60,000	$100,000	As incurred	As incurred	Various Vendors
TOTAL	**$326,500**	**$426,500**			

A-5. PatchitUP Market Builder (5 Service Areas, 3 Truck Launch) YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	**Amount Low**	**Amount High**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Franchise Fee	$202,500	$202,500	Lump Sum	On Signing the Area Development Agreement	Us
PatchitUP Startup Package	$83,000	$83,000	Lump Sum	Within 2 weeks of signing	Us
Lease Deposit, rent, utilities	$2,500	$10,000	As incurred	As incurred	Lessor
Leasehold Improvements	$1,000	$7,500	As incurred	Before opening	Contractors and Vendors
Computer, Phone, Office Equipment	$3,000	$5,000	As incurred	Before opening	Contractors and Vendors, Us
Vehicle(s) Down Payment	$500	$10,000	As incurred	Before opening	Approved Vendors
Exterior Signage	$1,000	$5,000	As incurred	Before opening	Approved Vendors
Initial Supplies	$1,500	$4,500	As incurred	Before opening	Approved Vendors
Initial Tools and Equipment	$3,000	$9,000	As incurred	Before opening	Approved Vendors
Initial Van and Warehouse Inventory	$1,000	$10,000	As incurred	Before opening	Approved Vendors
Insurance	$500	$3,000	As incurred	Annually	Approved Vendors
Misc. Pre-Opening Expenses	$500	$5,000	As incurred	Before opening	Third Parties
Permits and Licenses	$0	$1,000	As incurred	Before opening	Governmental Entities
Professional Fees	$0	$3,000	As incurred	As Necessary	Third Parties
Travel, Living While Training	$1,000	$2,500	As incurred	Before opening	Airlines, Hotels, etc.
Additional Funds – 3 months[6]	$100,000	$150,000	As incurred	As incurred	Various Vendors
TOTAL	**$401,000**	**$511,000**			

Notes:

1. These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your PatchitUP Franchise. We do not offer direct or indirect financing for these items. All expenditures paid to us or our affiliates are uniform and nonrefundable under any circumstances once paid. All expenses payable to third parties are nonrefundable, unless otherwise specified in the individual agreements between you and the third party or as you may arrange for utility deposits and other payments.
2. Initial Franchise Fee. The Initial Franchise Fee is described in greater detail in Item 5 of this Disclosure Document. All expenditures are non-refundable unless specifically noted otherwise.
3. PatchitUP Startup Package. PatchitUP offers a comprehensive Business Startup Package crafted to align with each franchisee's selected investment option, whether the PatchitUP Field Builder model or any of the subsequent Market Builder models. The Startup Package provides essential tools and services to kickstart the franchise venture and includes a range of items such as vehicle wrap and graphics, bookkeeping services for one year, lead spend for up to six months, marketing and sales collateral, B2B collateral, branded apparel, tradeshow displays, office signage (where applicable), iPad(s), minor technician tools and supplies, the creation and onboarding of the AI customer communication tool, and University training, as further described in the Manual. This all-inclusive package aims to streamline the startup process and equip franchisees with the necessary resources for success.
4. Rent. Field Builder franchisees are not required to lease a commercial office space and may operate the PatchitUP Business from a home office so long as your home is located in the Service Area. Market Builder franchisees are required to secure an office and warehouse location at launch, with a minimum of 750 square feet of space, located within the designated Service Area. The office portion must include private workspace for a CSR/Dispatcher, a dedicated meeting and training room, and a break area for staff. The warehouse portion must be suitable for the storage of drywall-related materials and equipment. The amount of your monthly rent will depend on the site's size, condition, and location, your ability to negotiate with the landlord, and the demand for the site among prospective lessees. Your proposed site must be approved by us, which will be subject to our reasonable discretion. Our estimates assume that you will be leasing space and that you will not purchase real property and build your own building for your PatchitUP Business. If you choose to purchase real property and construct a building, we cannot estimate how your initial investment would increase.
5. Vehicle. This estimate is for one vehicle and your expenses will increase incrementally if you purchase any additional vehicles. If you do not currently own a van, truck or other motor vehicle that is adequate to serve as your vehicle for your PatchitUP Business, you must purchase or lease your vehicle from a third party. You must own, purchase or lease at least one vehicle that is operable and meets the requirements in the Operations Manual, defined in Item 11. The vehicle must be in good condition and painted and decaled or wrapped with the signage we specify. Only specific vehicle styles will be allowed. We must approve the style of your vehicle. The cost of purchasing the vehicle is not included

in the estimate. The pricing estimate includes a down payment on a lease or financed option for the vehicle.

6. Professional Fees. We recommend that you have a minimum amount of money available to cover any legal or accounting fees that you may incur in establishing the Business. Your actual costs may vary based on the complexity of services needed.
7. Additional Funds. We recommend that you have a minimum amount of money available to cover operating expenses, including employees' salaries, for the first three months that the Business is open and the portion of the Grand Opening Advertising to be spent after opening. This estimate does not include a salary for you or the Designated Manager.
8. Total. In compiling this chart, we relied on our affiliate's experience operating businesses similar to the one offered in this Disclosure Document. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must develop your business and own or acquire at least one suitable Vehicle and acquire all necessary equipment for your business according to the standards and specifications which we establish and specify in the Franchise Agreement and our Operations Manual. We may modify the standards and specifications from time to time. We will promptly notify you of any such modifications. We formulate and modify these specifications and standards based on research, industry trends and our general business plan.

Required Purchases and Supplies

You must purchase those items described on the Inventory List and periodically purchase certain other items we specify, only from suppliers we designate or approve.

You must use our dispatching and invoicing software and other software programs that you will acquire from our third party vendors. See Item 11 for a further discussion of our software programs and vendors.

You are required to acquire, install and use certain stationary and handheld electronic systems, as specified by us, to collect, compute, store and report your PatchitUP Business' Gross Revenues, other financial data and operating information. These include such items as computers, peripheral equipment and related software programs we specify in the Operations Manual. You must also obtain and utilize services of a credit card processor whom we approve. You must also install and continually maintain a broadband connection that facilitates communication between our computer system and your electronic systems, as specified above, and you must provide us continuing access to your computer system and electronic systems. We currently require franchisees to install Microsoft Office and QuickBooks Online on their computer systems, but we may update our requirements in the future as specified in the Operations Manual.

We currently require you to license or subscribe to certain items from designated suppliers, including ServiceTitan (CRM/field management software), QuickBooks Online (accounting), Microsoft Office 365 (productivity), and the GPS tracking system that we provide. We may designate additional required suppliers from time to time in the Operations Manual, but we reserve the right to designate a supplier for those items in the Operations Manual or otherwise in writing in the future.

We do not currently require you to purchase or lease your vehicle from a designated supplier, but we require your vehicle be of certain model and style requirements. We may require you to purchase decals and signage for your vehicle from a supplier we designate. You may use a vehicle you already own if it is approved by us. You must maintain your vehicle and all of your equipment used in connection with your PatchitUP Business in good order and repair and you must properly replace your vehicle and any equipment as they become worn or damaged, obsolete, out of style, mechanically impaired. You must enter into and maintain preventive maintenance programs in accordance with the guidelines and requirements as further described in the Operations Manual. Your vehicle must remain in good repair and be kept clean and free from rust, dents, scratches or other damage. The purpose of this requirement is to establish quality control standards for the items used in the operation of your PatchitUP Business and to protect, maintain and promote reputation, goodwill and public acceptance of our Marks, the Systems and products. We may also require the purchase of certain brand name products.

The Operations Manual requires that you obtain and install in your PatchitUP Business and vehicle, as applicable, data processing equipment, computer hardware, required dedicated telephone and power lines, modems, printers, and other computer related accessory or peripheral field equipment as well as handheld equipment, that are compatible with our electronic collection and retrieval systems. We reserve the right to designate a supplier for computer hardware in the Operations Manual or otherwise in writing in the future. We may require proprietary operating systems and/or processes relative to the point of service processes in connection with the operation of the PatchitUP Business, and require you to obtain and at all times utilize the services of a credit card processor approved by us. Additionally, we require that you input and maintain in your PatchitUP Business or handheld computer certain software programs, data and information that we prescribe.

We are the sole provider of the PatchitUP Startup Package, the e-mail account, and certain other technology services that you must use in your PatchitUP Business, which we provide to you in exchange for the PatchitUP Startup Package Fee and the Technology Fee. Otherwise, as of the date of this Disclosure Document, neither we nor any affiliate of ours is currently an approved supplier or the sole designate supplier for any goods or services for your PatchitUP Business, although we reserve the right to designate ourselves or an affiliate as an approved supplier or the sole designated supplier for certain goods or services in the future.

We estimate that the purchase and lease of these required items meeting our specifications will be 70% to 80% of your total purchases and leases in establishing your PatchitUP Business. We estimate that purchasing or leasing required items in accordance with our standards and specifications will comprise 30% to 50% of all product and service purchases and leases in operating your PatchitUP Business.

We may derive revenue from the sale of the items we sell to franchisees. We are not currently affiliated with any other approved suppliers, but we may designate our affiliates as approved suppliers in the future. Our CEO and Co-Founder & CGO hold an ownership interest in us.

Otherwise, no officer of ours owns any interest in any of our approved suppliers. During the last fiscal year (ending December 31, 2025), we derived revenues from required purchases by franchisees in the form of Startup Package fees and Technology Fees, totaling approximately $108,500, representing approximately 45% of our total revenues for that fiscal year. Neither our parent nor 1-800-Services, LLC derived any revenue from required purchases by our franchisees during the last fiscal year

Approval of Alternative Suppliers

We reserve the right to designate other specific vendors and suppliers in the future. If you desire to purchase any equipment, supplies or product from a supplier which has not already been approved by us, you must obtain our prior written approval, which may take up to 30 days from our receipt of all requested information, including information regarding the suppliers physical strength, demonstrated customer service, product quality, product safety and a strong regional presence. Additionally, as a condition to granting approval, we may require you to submit the samples of the proposed supplies, products or services and to arrange for us to visit the supplier's facilities. If we elect to test the samples or inspect the proposed supplier's facilities, we may charge a fee for this service, currently in an amount not to exceed the actual cost of such inspection or testing. We do not currently have written criteria for supplier approval, and thus, criteria, when established, will be made available to you upon written request at this time. However, we reserve the right to establish and implement written criteria for supplier approval in the future.

Insurance

You must procure, maintain and provide evidence of insurance in the following amounts, at a minimum.

Commercial General Liability Insurance. You shall maintain insurance for "bodily injury," "property damage," and "personal and advertising injury" with no exclusion or limitation applying to the products/completed operations liability coverage. Limits shall be at least $2,000,000 general aggregate, $2,000,000 products and completed operations aggregate, $1,000,000 personal and advertising injury limit, and $1,000,000 per occurrence limit. Contractual liability coverage including the assumed personal injury endorsement shall be included to cover the indemnity provisions of the Franchise Agreement. The exclusion for employer's liability shall not apply to claims for covered contractually assumed liability claims. PatchitUP Franchise Group LLC shall be named as an additional insured on such policy on a primary and noncontributory basis with ISO Form CG 20 10 and CG 20 37 endorsements (or their equivalents) or an insurer's comparable form.

Automobile Liability Insurance. You shall maintain insurance with a combined single limit, CSL, of $1,000,000 for bodily injury and property damage for all owned or leased vehicles and for hired and non-owned motor vehicles. Additionally, uninsured motorist and under-insured motorist coverage will be equal to the CSL.

Workers' Compensation and Employers' Liability. Statutorily required workers' compensation insurance and employer's liability insurance shall be maintained with limits of at least $500,000 by accident, $500,000 by disease and $500,000 policy limit; or the minimum limit required by your state, whichever is higher. Such policy shall contain a waiver of subrogation endorsement as to claims against PatchitUP Franchise Group LLC. In “Monopolistic States”, such as Ohio, North Dakota, Washington and Wyoming, “Stop Gap” coverage must be purchased separately or added to the CGL policy. “Stop Gap” in Ohio must not contain exclusion with the “substantially certain to occur” language.

<u>Umbrella Liability Insurance</u>. You shall maintain a commercial umbrella liability insurance policy with a limit of at least $2,000,000 per occurrence and aggregate and shall list the commercial general liability, automobile liability and workers’ compensation/employers’ liability policies as scheduled underlying policies.

<u>Other Insurance</u>. You shall maintain compliance with any state, county, local, or other municipal insurance requirements and any other insurance policies we may require.

We may increase or decrease the amounts and types of insurance you must purchase by providing you with 30 days advance written notice of any changes in coverage amounts. All policies of insurance will be with responsible companies qualified to do business and in good standing in the state where your PatchitUP Business is located, and shall be in a form satisfactory to us. All liability insurance policies shall name us as an additional insured to the extent of claims arising out of the operations of your PatchitUP Business. To the extent our preferred insurance provider is licensed and qualified to do business in the state where your PatchitUP Business is located, you must obtain the above-required insurance coverage from our preferred insurance provider, unless we approve an alternate insurance provider for you.

Negotiated Prices

We have not negotiated any prices or purchasing arrangements with any supplier for your benefit. We may do so in the future.

Material Benefits

Except as is described in this Item 8, you do not receive any material benefit from us based on your use of any particular designated or approved sources or your purchase of particular products or services. You do not receive a material benefit from us on your use of any particular designated or approved source.

Cooperatives

We have not arranged any purchasing cooperatives for our franchisees.

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	Article/Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Franchise Agreement ("FA"): Article 4 Area Development Agreement ("ADA"): § 3.1	Items 7, 8, 11
b. Pre-opening purchases/ leases	FA: Articles 5, 7, 8 ADA: Not Applicable	Items 7, 8, 11
c. Site development and other pre-opening requirements	FA: Article 7 ADA: § 3	Items 7, 8, 11
d. Initial and ongoing training	FA: Article 6 ADA: Not Applicable	Items 7, 11
e. Opening	FA: § 7.4 ADA: § 3.2	Item 11
f. Fees	FA: Articles 5 and 12 ADA: § 2	Items 5, 6, 7, 11
g. Compliance with standards and policies/Operating Manual	FA: Articles 9 and 11 ADA: § 7	Items 8, 11, 16
h. Trademarks and proprietary information	FA: Article 15 ADA: Not Applicable	Items 13, 14
i. Restrictions on products/ services offered	FA: Articles 11 and 14 ADA: Not Applicable	Items 8, 16
j. Warranty and customer service requirements	FA: Article 11 ADA: Not Applicable	Item 8
k. Territorial development and sales quotas	FA: Not Applicable ADA: § 4	Item 12
l. Ongoing product/service purchases	FA: Article 14 ADA: Not Applicable	Item 8
m. Maintenance, appearance and remodeling requirements	FA: §§ 11 and 14 ADA: Not Applicable	Items 6, 11
n. Insurance	FA: Article 19 ADA: Not Applicable	Items 7, 8
o. Advertising	FA: §§ 3.3 and 3.4 ADA: Not Applicable	Items 6, 7, 11
p. Indemnification	FA: § 18.6 ADA: § 13	Item 6
q. Owner's participation/ management/staffing	FA: § 11.1 ADA: Not Applicable	Item 15

Obligation	Article/Section in Agreement	Disclosure Document Item
r. Records and reports	FA: Article 16 ADA: Not Applicable	Item 6
s. Inspection and audits	FA: §§ 16.3 and 16.5 ADA: Not Applicable	Items 6, 11
t. Transfer	FA: Article 22 ADA: § 11	Items 6, 17
u. Renewal	FA: §§ 3.3 and 3.4 ADA: § 5	Items 6, 17
v. Post-termination obligations	FA: § 18.5 ADA: § 10	Item 17
w. Non-competition covenants	FA: §§ 20.1, 20.2, and 20.3 ADA: § 12	Item 17
x. Dispute resolution	FA: Article 22 ADA: § 19	Item 17

ITEM 10: FINANCING

If we grant you the right to open and operate a PatchitUP Business for a Service Area, we may offer you financing for a portion of the Initial Franchise Fee if you meet our qualifications. The following table summarizes the financing we may offer you for Initial Franchise Fee for a Service Area. Financing is currently available only for the Field Builder Initial Franchise Fee and is not offered for the aggregate Initial Franchise Fee paid upon execution of the Area Development Agreement by Market Builder franchisees.

Source of Financing	Us
Amount Financed	Up to 40% of the Initial Franchise Fee
Down Payment	Minimum of $17,000
Term	Up to two years
Rate of Interest plus Finance Charge	12% interest
Monthly Payment	Varies depending on amount financed and term. For illustration, if a Field Builder franchisee finances the maximum 40% of the Field Builder Initial Franchise Fee ($21,800 on a $54,500 fee) at 12% APR over 24 months, the monthly payment is approximately $1,026; if financed over 12 months, the monthly payment is approximately $1,936. Your actual monthly payment will depend on the amount financed and the term you select
Prepayment Penalty	None
Security Required	Personal Guaranty

Guaranty	Personal Guaranty
Liability Upon Default	Termination or other loss of franchise; you must also pay entire amount due and our attorneys' fees and court costs in collecting debt
Loss of Legal Rights Upon Default	You must waive presentation for payment, demand, notice of non-payment, protest, and all other demands and notices required by law (statutory or otherwise)

If you would like to finance a portion of the Initial Franchise Fee, and you meet our credit standards, you may do so through a promissory note (the "Note"). You must make a down payment of at least $17,000. We are currently offering an APR of 12%, but reserve the right to adjust the APR being offered up to 17%, based on your credit history. We reserve the right not to extend financing to any particular candidate in our sole discretion, including but not limited to broker-led or broker-referred candidates and candidates whose credit, business experience, or other qualifications, in our judgment, do not warrant financing. We will not adjust APR of the Note once your Franchise Agreement has been signed. A late fee of 5% or $50, per week, whichever sum is greater, will be collected if you fail to make timely payments or your payments are returned to us with non-sufficient funds. The only security we require is a personal guaranty of the Note by you and by all the owners, as well as all respective spouses, of the company. The personal guaranty will require the owners of the franchisee entity to personally guaranty and be personally bound by all of the obligations of the Note, including payment.

The term of the Note will be 12 months to 24 months, as agreed between you and PatchitUP. You may prepay the Note without penalty at any time during its term. If you fail to make any payment, we can call the Note and demand immediate payment of the full outstanding balance. We can also terminate your Franchise Agreement if you fail to make payments as agreed; however, before your Franchise Agreement can be terminated, you will receive a notice of default and have a ten-day period to cure the default. The Note shall survive termination of the Franchise Agreement.

If you enter into the Note, you will agree to waive presentation for payment, demand, notice of non-payment, protest, and all other demands and notices required by law (statutory or otherwise). In the event that you should default under the Note, and legal proceedings are commenced to collect the indebtedness of the note, you agree to pay all costs and expenses, including reasonable attorney fees, incurred in the collection of the Note.

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

Except as listed below, PatchitUP Franchise Group LLC is not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your Business, we will:

1. Designate your Service Area. (Franchise Agreement, Section 4.2 and 8.1).

2. Provide you a list that describes or shows our standards for purchasing or leasing and equipping your PatchitUP Business and vehicle (Franchise Agreement, Section 7.1).

3. Provide you access to our proprietary or approved software, an Internet site for prospective customers, an e-mail account and an intranet site for you and other franchisees. We reserve the right to discontinue providing the e-mail account and intranet site in the future. (Franchise Agreement, Section 8.1)

4. Furnish you the Inventory List, consisting of the equipment, inventory and supplies needed to stock the PatchitUP Business and Vehicles and to perform the Services and a list of any designated or approved suppliers for such items. (Franchise Agreement, Section 8.1).

5. Provide initial training for your Managing Principal, General Manager and one or more Assistants you designate and we approve. (Franchise Agreement, Sections 6.1 and 8.1).

6. Grant you access to the Operations Manual, which is provided solely in digital form via our online portal or other electronic means we designate. (Franchise Agreement, Sections 8.1 and 9.1).

During the Operation of the Business

After the opening of the Business, we will:

1. Provide you advice and assistance as we deem advisable and planning publicity and promotions for your businesses promotion, including advice on print media and display advertising in accordance with the Franchise Agreement.

2. Make our staff accessible to your Managing Principal or General Manager to the extent we deem advisable, for consultation by telephone, fax, written communication, e-mail and other forms of electronic communication.

3. As we deem appropriate, visit your PatchitUP Business or Service Area to conduct reviews and to consult with your Managing Principal or General Manager regarding compliance with our System standards.

4. Grant you access to any additions or supplements to the Operations Manual as they are available and disclose to you any additional trade secrets we develop, if any, that relate to the operation of PatchitUP Businesses.

5. Invite you to attend, at your own expense, all conventions, seminars and franchisee-oriented functions, if any that we plan from time to time and sponsor that are applicable to you or your PatchitUP Business, so long as you are in compliance with your Franchise Agreement. Your attendance at such conventions, seminars another franchisee-oriented functions will be mandatory unless we notify you to the contrary.

6. If created, send to you and your customers periodic online newsletters that we produce from time to time.

7. Upon our recommendation or at your request, conduct additional training programs at a location we designate. We reserve the right to charge a fee for these additional training programs.

8. Make available to you all marketing manuals, advertising designs, advertising campaigns, camera ready artwork, our tactical marketing planner, and budgeting templates for your advertising and promotional programs. We may charge you for these materials.

9. Provide you with access to our proprietary software (if any) and all upgrades, an Internet site for prospective customers, and an Intranet site for you and other franchisees. We reserve the right to discontinue providing the Intranet site.

10. From time to time, research new products, services and methods of doing business and provide you with information concerning developments of this research.

11. Provide you with access to and guidelines related to the centralized call center provided by us or our designated supplier to receive calls and schedule appointments for your PatchitUP Business.

12. From time to time, we may recommend suggested prices for your Products or Services. Any prices that we recommend to you are merely recommendations and you may establish your own prices, which may be higher or lower than our recommended prices.

13. Grant you the right to use the PatchitUP System, subject to any modifications that may be made in accordance with the Franchise Agreement (Sections 2.1 and 15.3).

14. Permit you to use our Marks in accordance with our specifications (Franchise Agreement, Sections 2.1 and 15.1).

Site Selection

If you are a Field Builder franchisee, you are not required to lease a commercial office space and may operate the PatchitUP Business from a home office, provided your home is located within your Service Area. If you are a Market Builder franchisee, you are required to secure an office and warehouse location at launch, with a minimum of 750 square feet of space, located within your designated Service Area. The office portion must include private workspace for a CSR/Dispatcher, a dedicated meeting and training room, and a break area for staff. The warehouse portion must be suitable for the storage of drywall-related materials and equipment. Your proposed site must be approved by us, which approval will be subject to our reasonable discretion. In determining whether a location will be approved, we will consider the population density and other relevant demographics as well as the distance from other franchise locations and the number of additional franchises that may be established in the general area in the future. We will advise you whether your proposed location is approved or disapproved within 30 days of the date we receive written notice of your proposed location. We do not provide assistance with conforming the premises to local ordinances and building codes or obtaining any required permits, and/or constructing, remodeling, or decorating the premises. If you do not submit a site for the location of your business that is approved by us, your franchise may be terminated.

Selection of your vehicle

Within 60 days after signing your Franchise Agreement, you must purchase or lease at least one vehicle that meets our standards and specifications, which are set forth in the Operations Manual. We reserve the right to modify our standard specifications for your vehicle from time to time by changing the Operations Manual. Your vehicle may only be used in the operation of the PatchitUP Business. You must equip, stock and decorate your vehicle within 90 days after signing the Franchise Agreement.

Before opening a business of providing Services you must configure your vehicle in accordance with our standard to specifications, including installing shelving and storage to be able to carry the proper supplies and inventory. You must also install in your vehicle a GPS system provided by us (see Item 8). You must keep your vehicle clean and at all times ensure that your vehicle presents a respectable image of the System. You must maintain your vehicle in good repair and keep your vehicle clean and free from rust, dents, scratches or other damage in accordance with the standards and specifications set forth in the Operations Manual or otherwise in writing. You may not offer, sell or deliver any Services using any vehicle other than the vehicle. All additional vehicles you purchase or lease must be operated and maintained in accordance with standards and specifications set forth in your Franchise Agreement, the Operations Manual, or otherwise in writing by us.

Time for Commencement of Operations

The time that will elapse between the signing of a Franchise Agreement and the opening of your franchise business is typically 60-90 days. The actual time that elapses will vary depending upon individual circumstances and local conditions, such as your ability to obtain (1) any permits or licenses required by your state and local governments; (2) a lease for your PatchitUP Business and financing or building permits for leasehold improvements (if applicable); (3) equipment, fixtures and signs; and (4) when you complete your initial training. You must open your business no later than the required start date assigned to you by us and listed on the Addendum of your Franchise Agreement.

We estimate that 30 to 60 days will elapse from the time you receive approval for your vehicle to the date your PatchitUP Business opens for business and you begin performing the Services.

Training

We will provide one initial training course to you (or your designated owner if you are an entity) and at least one manager, the cost of which is included in your initial franchise fee. You may send additional trainees; however, we require that you and a manager attend training at a minimum. Our training program is mandatory for all new franchisees. If you request that we provide our training program on additional occasions, whether before you open or while it is operating, you must pay our then-current training fee, if any. You must also pay for all expenses your trainees incur while attending the training program, including travel, lodging, meals and applicable wages.

Before a franchisee begins operating a PatchitUP franchised business, the franchisee (and, if the franchisee is an entity, its designated principal operator) must attend and successfully complete our initial training program. The initial training program is approximately forty (40) hours in length and is generally conducted over five (5) consecutive days. The program is led by our experienced instructors and operations personnel and consists of instructor-led classroom sessions, group discussion, video presentations, screen-share demonstrations of our operating systems, hands-on workshops, and scenario-based exercises. The subjects covered in the initial training program, the hours allocated to each subject, and the locations where training is conducted are summarized in the following table:

The material we use for training includes our Franchise Operations Manual as well as any other material that we deem beneficial to incorporate in our training program.

You must train your own employees and other management personnel in accordance with our training guidelines and standards.

The initial training program is overseen and conducted by Mark Collins and Peter Kourounis. Mark Collins has served as our CEO since August 2023, has owned and operated 1-800-Plumber+Air, and has trained 1-800-Plumber+Air and PatchitUP personnel since 2015Peter Kourounis has served as our Co-Founder and CGO since August 2023, has served as the Director of Franchise Development for 1-800-Plumber+Air, LLC since October 2020 and has operated a PatchitUP location in Ronkonkoma, NY since November 2022.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Program Orientation, Brand Foundation & Core Values	2.5	0	Franchisor's designated training facility
Organizational Growth Models & Operational Framework	2.5	0	Franchisor's designated training facility
Service Offerings Overview	1.5	0	Franchisor's designated training facility
Performance Management & KPI Reporting Framework	1.5	0	Franchisor's designated training facility
Technology Systems, Communication & Support Platforms	2.0	0	Franchisor's designated training facility
Community Engagement, Networking & Local Marketing	2.0	0	Franchisor's designated training facility

Marketing Strategy, Digital Lead Generation & Budgeting	3.5	0	Franchisor's designated training facility
Brand Standards, Approval Processes & Vendor Management	2.0	0	Franchisor's designated training facility
Referral and Partnership Development Program	1.5	0	Franchisor's designated training facility
Customer Service Representative Role & Daily Operations	2.0	0	Franchisor's designated training facility
Call Intake, Lead Booking & Dispatch Operations	3.0	0	Franchisor's designated training facility
Field Service Standards & Technician Role Overview	2.0	0	Franchisor's designated training facility
In-Home Customer Experience Methodology	2.5	0	Franchisor's designated training facility
Estimating, Pricing & Mobile Field Software	2.5	0	Franchisor's designated training facility
Job Quality Review & Owner Oversight Standards	1.0	0	Franchisor's designated training facility
Membership / Recurring Revenue Program	0.5	0	Franchisor's designated training facility
Franchisee Leadership Development	2.5	0	Franchisor's designated training facility
Recruiting, Hiring & Team Onboarding	2.0	0	Franchisor's designated training facility
Financial Reporting & Bookkeeping Standards	1.0	0	Franchisor's designated training facility
Q&A, Program Wrap-Up & Graduation	1.5	0	Franchisor's designated training facility
Total	40	0	

Notes:
1. Initial training is generally conducted at our designated training facility. We reserve the right to modify the location, format, schedule, content, and duration of the training program at any time in our reasonable discretion.

2. Hours shown reflect scheduled instructional time and do not include scheduled breaks, meals, or unstructured time. Actual time spent on any given subject may vary based on the experience level and learning pace of the participants.
3. Instruction is delivered primarily through classroom-based, instructor-led methods supplemented by video, screen-share demonstration, and group exercises. We may, in our discretion, supplement classroom instruction with on-the-job training, ride-alongs, field observation, or other practical experience.
4. Our training instructors include members of our executive leadership team and operations staff, each of whom has experience in franchise operations, drywall and related service trades, marketing, or field service management. Instructor assignments may change from session to session.
5. There is no separate fee charged for attendance at the initial training program for the franchisee and one additional principal operator. The franchisee is responsible for all travel, lodging, meals, and other personal expenses incurred in connection with attending training, as well as wages and related costs for any additional attendees.
6. We may, from time to time, require franchisees to attend additional training programs, refresher courses, regional or national conferences, and other meetings or seminars, the content and duration of which will be determined by us.
7. Training is supplemented by reference materials, checklists, process maps, and access to our confidential operations manual and ongoing support resources.

Currently, we do not have planned or scheduled required training programs in addition to the initial training program. We may periodically require you to attend periodic training programs in addition to the initial training which address new developments in the market or changes to the System. You must bear any costs you incur (including any travel and living expenses) in connection with any additional training and we may require that you pay us a fee (as described in Item 6). The instructional materials for any additional training programs may include the Operations Manual or third-party technical manuals.

Advertising and Promotions

Brand Development Fund. We have established the PatchitUP Brand Development Fund (the "Brand Development Fund"). You must contribute 2% of your Gross Revenues to the Brand Development Fund. Your obligation to contribute to the Brand Development Fund begins on the first day of the calendar month following your Opening Date. Payments into the Brand Development Fund are in addition to the minimum Local Ad Expenditure requirements set forth below.

We will use the Brand Development Fund to conduct market research, focus groups and advertising studies and to create advertising and marketing materials for the entire network of businesses located in United States and in other countries (the "Franchise Network") and the Products and Services sold by PatchitUP Businesses, including local advertising material. We may also arrange for, place and run advertisements and promotional materials in local, regional and national media. We use the Brand Development Fund to pay for any public relations services and projects, such as sponsorships that are intended to enhance the goodwill and public image of the System. We may also use the Brand Development Fund to pay for industry-specific dues and programs. We may use the Brand Development Fund to reimburse our or our affiliates' costs for salaries and other overhead expenses related to the activities described above and also for maintaining our website as discussed below. We may use part of the Brand Development Fund contributions to maintain and further develop the website.

We will provide you with specimens or proofs of advertisements and promotional material paid for by the Brand Development Fund. If you wish to acquire and use these materials, you must pay for them. You must pay to reproduce, place and run any materials we developed using the Brand Development Fund for any local advertising campaign you pursue.

We may allocate the Brand Development Fund as we see fit. We do not guarantee that your PatchitUP Business will benefit equally from the Brand Development Fund compared with other PatchitUP Businesses. PatchitUP Businesses that we or our affiliates own will contribute to the Brand Development Fund in the same amounts and manner as similarly situated businesses.

Upon written request, we will make available to you, no later than 120 days after the end of each calendar year, an annual unaudited financial statement for the Brand Development Fund that shows how the Brand Development Fund proceeds have been spent.

We may establish the Brand Development Fund as a non-profit corporation or other appropriate entity. If we establish a separate entity to administer the Brand Development Fund, and if we require it of you, you must become a member of the entity, sign a participation agreement and take other steps that we specify.

We did not collect any Brand Development Fund contributions during the last fiscal year (ending December 31, 2025).

Local Advertising and Marketing Management. In addition to the Brand Development Fund contributions, you must spend the greater of (i) 5% of your Gross Revenue or (ii) $3,000 per PatchitUP operating van with a managed technician per month on local marketing and promotion. All local advertising and promotion must be implemented in a format and using materials and designs approved by us as your Local Advertising expenditure. If you elect to have us manage your leads and profiles, you must pay us a Marketing Management Fee equal to the greater of (i) $500 per month or (ii) 12% of your Local Advertising expenditure, payable on the 10th day of each month. If you elect this service, the Marketing Management Fee obligation commences on the thirteenth (13th) month after your Opening Date, as the initial start-up bundle includes the Marketing Management Fee for the first twelve (12) months of operation. The Marketing Management Fee covers our services in managing your leads and profiles. You must notify us in writing at least 30 days before the end of your initial twelve (12) month period if you elect not to utilize our lead and profile management services.

Before using any promotional and advertising materials, you are required to submit to us or to our designated agency, for our prior written approval, all information pertaining to promotional materials and advertising initiated by you, including written advertisements, radio and television scripts, Internet sites, social media advertising, or any promotional creative materials. If we do not give you our written approval or disapproval of any advertising and promotional material submitted to us by you within seven days from the date the information is received by us, the materials will be deemed approved as submitted.

You will submit to us a local advertising and marketing expenditure report accurately reflecting expenditures, in a form and by methods as required by us in the Operations Manual or otherwise.

You may only use gift certificates that have been approved by us.

Local Advertising Group. We may require you to join a local advertising group that includes other franchisees in your market area (a "Local Advertising Group"). If so, we may direct you to pay all or part of your minimum local ad expenditure, if applicable, to the Local Advertising Group. The membership, rules and regulations of a Local Advertising Group, including how advertising fees are to be spent, will be determined by the Local Advertising Group's members, but must be approved in advance by us. The Local Advertising Group must operate based on written governing documents, and those documents will be available for review by franchisees. A Local Advertising Group must provide quarterly financial reports to us, and those reports will be available for review by franchisees at our headquarters. We can require Local Advertising Groups to be changed, dissolved or merged. If a Local Advertising Group is established in a market area where company-owned and affiliated-owned PatchitUP Businesses are operating, if any, they will join and contribute to the Local Advertising Group on the same basis as franchisees

Franchisee Advertising Council. We do not currently have a franchisee advertising council that advises on advertising policies. We may form a franchisee advertising council in the future on terms we establish, but we have no obligation to do so. Once a franchise advertising council is created, we may disband or terminate the council in our sole discretion.

Our Website

We may establish and maintain a website on the Internet to advertise and promote the Franchise Network and the Products and Services that PatchitUP Businesses offer (the "Website"). We may, at our option, expand the Website to include and facilitate the sale of franchises for PatchitUP Businesses, or combine, link or otherwise connect the Website with other website(s) used to promote PatchitUP Businesses located within or outside of the United States or to promote the sale of franchises. We have complete ownership and control over the Website's design and contents. We reserve the right to modify or discontinue the Website at any time, provided that we will make reasonable efforts to maintain its availability for the benefit of the Franchise Network.

We may include a series of interior pages on the Website that identify participating PatchitUP Businesses by address. At your request and upon your execution of a terms of use agreement on a form we provide, we may include on our Website one or a series of interior pages containing dedicated information about your PatchitUP Business. You can recommend the content of these page(s) in accordance with our guidelines, but the content must be developed by us or our webmaster at your expense, using a template that we provide, and will be subject to our approval prior as to form, content and programming quality. You will not have the capability to modify your page(s) except in corroboration with our webmaster and in compliance with our standards. You have no right, license or authority to use any of the Marks on or in connection with the Website, except as we provide and as is set forth in the Franchise Agreement. Other than our Website, you may not promote your business on or use any other website without our express written consent.

Our current website is www.patchitup.com. We may establish additional Websites in the future.

PatchitUP Intranet

We may establish and maintain an Intranet through which franchisees may communicate with each other and with us, and through which we may disseminate updates and supplements to the Operations Manual and other information. We reserve the right to maintain, dismantle or modify the Intranet at our sole discretion, without any liability to you.

If we establish an Intranet, we will establish policies and procedures for its use. These policies and procedures and other terms of use will address issues we deem relevant, including restrictions on the use of abusive, slanderous or otherwise offensive language communications; restrictions on communications between or among franchisees that encourage breach of any franchise agreement; confidential treatment of materials that we transmitted via the Intranet; password protocols and other security precautions; confidential treatment of materials that we transmitted via the Intranet; grounds and procedures for us to suspend or revoke a franchisee's access to the Intranet; and a privacy policy governing our access to and use of the electronic communications that franchisees post on the Intranet. As a condition of your access to the Intranet, you will acknowledge and agree that we can access and view any communication that anyone posts on the Intranet, and that the Intranet facility and all communications posted to it will become our property.

On the receipt of notice that we have established an Intranet, you must purchase and install all necessary additions to your PatchitUP Business' Information Systems (defined below) and establish and continually maintain an electronic connection with the Intranet that allows us to send messages to and receive messages from you.

We may use part of the Brand Development Fund contribution to develop, maintain and further expand the Intranet.

We may suspend your access to the Website and/or the Intranet for any breach of the Franchise Agreement.

National Accounts

We reserve the exclusive right to enter into agreements with customers under which Products and Services will be delivered to multiple locations ("National Accounts") at rates negotiated by us ("National Account Rates"). We may enter into National Accounts within and outside of your Service Area, We reserve the right to bill and collect on such National Accounts. We have the sole discretion whether to execute a national account agreement with a particular customer, the manner of negotiation of that agreement, and the terms and conditions of that agreement. You may, but are not obligated to, provide Services to our National Accounts. However, we reserve the right to make participation in any National Accounts program a mandatory part of the System, in which event you will be required to participate in the program.

At our request, you must notify us in writing whether you wish and intend to service a National Account in accordance with the terms of the National Account agreement, including but not limited to your acceptance of the applicable National Account Rates. If you inform us that you do not wish to participate in the National Account or if you fail to comply with the terms for the National Account Program, we will have the right to provide or authorized others to provide Products and Services within your Service Area in accordance with the National Account agreement. If we have billed and collected on a National Account, we will remit to you all amount due in accordance with the procedures described in the Operations Manual.

Computer Hardware and Software

General

You must acquire, install and use certain stationary and handheld electronic systems to collect, compute, store and report your PatchitUP Business' Gross Revenues, other financial data and operating information. These include such items as computers, peripheral equipment and related software programs we specified in the Operations Manual (the "Information Systems"). You must also install and continually maintain a broadband connection that facilitates communication between our computer system and your electronic systems, as specified above, and you must provide us continuing access to computer system and electronic systems. We currently require franchisees to install Microsoft office and QuickBooks Online on their computer systems, but we may update our requirements from time to time as specified in the Operations Manual. We estimate that the total cost of purchasing the necessary handheld computers ranges from $300 to $600 per vehicle, and the cost to purchase the necessary personal computer and software will range from $500 to $1,000. You must also acquire and use our CRM program from our designated vendor, currently Service Titan, currently at a cost of $500 per month per revenue producing employee.

We may electronically poll your PatchitUP Business' hardware and software system to obtain Gross Revenues data, as well as other financial and operating information through the PatchitUP Intranet, including having access to your QuickBooks Online reports and data, which will be available to us 24 hours per day, seven days per week. You must maintain continual data network access to your PatchitUP Business' software system for our use. There are no contractual limitations on our right to access any information or data.

We will provide an e-mail account to you. You are required to use only the e-mail account provided by us in the operation of your PatchitUP Business. You may not use the e-mail account for any purpose not related to the operation of your PatchitUP Business. You are required to check this email account throughout the business day and to respond to any e-mail messages promptly. We reserve the right to discontinue providing this e-mail account in the future, in which event you will be required to maintain an e-mail account to be used in the operation of your PatchitUP Business. You must pay us the Technology Fee for the e-mail account, the Website and Intranet sites, and other technology expenses we incur.

You must accept credit and debit cards from customers of your PatchitUP Business and, if required by us, use a merchant vendor approved by us. The Payment Card Industry ("PCI") requires all companies that process, store, or transmit credit or debit card information to protect the cardholders' information by complying with the PCI Data Security Standard ("PCI DSS"). Therefore, you must be PCI compliant by following and adhering to the then-current PCI DSS, currently found at www.pcisecuritystandards.org, or any similar or subsequent standard for the protection of cardholder data throughout the term of your Franchise Agreement.

Except as described below, you do not have any obligation to obtain ongoing maintenance, repairs, upgrades or updates for your computers. We may require you to maintain, upgrade, and update all electronic systems that are used to collect, computer, store and report a PatchitUP Business' Gross Revenues, financial data, and other operating information, such as cash registers and other point-of-sale systems, computers, peripheral equipment and related software programs we specify in the Operations Manual. Except as described above, there are no contractual limitations on the frequency and the cost of your obligation to maintain, upgrade, and update your computer systems.

<u>GPS</u>

We currently require that you use a GPS provided by us. We will provide you with one GPS within the PatchitUP Startup Package; however, you will be responsible for enrolling in and maintaining service for each GPS. Any additional Vehicles in use by you must use a GPS that will be purchased from us or an approved supplier. You must have one GPS for each Vehicle you own and operate.

Operations Manual

We provide access to one or more digital manuals, technical bulletins, memoranda, or other supplemental materials, in electronic form only, prepared by or on behalf of us for use by franchisees generally or you in particular covering the proper operating and marketing techniques of a PatchitUP Business (the "Operations Manual"). The Operations Manual is made available solely through electronic means, and no physical copies of the Operations Manual will be provided. Access to the Operations Manual will be granted to you during the term of your franchise and may be revoked upon termination or expiration of your franchise agreement. The table of contents of our Operations Manual is set forth in Exhibit G. The Operations Manual is 119 total pages.

ITEM 12: TERRITORY

We grant you the right pursuant to the Franchise Agreement to operate one PatchitUP Business and perform Services within the Service Area specified in the Franchise Agreement. If you are a Market Builder, you will sign a separate Franchise Agreement for each Service Area awarded to you under your Area Development Agreement, and you will acquire a separate Service Area for each Franchise Agreement. The Service Area will have a maximum population of 400,000. If you wish to operate within a geographic area whose population exceeds 400,000, you must acquire a separate franchise (or, in the case of Market Builder, a separate Service Area under your Area Development Agreement) for each contiguous area of up to 400,000 in population, sign a separate Franchise Agreement, and pay the applicable Initial Franchise Fee. Provided you are in good standing and in full compliance with all terms and conditions of your Franchise Agreement, you will retain rights to your Service Area, regardless of any population increase.

We will grant you the right to operate your PatchitUP Business within designated zip codes, or street, city, county or state boundaries, which constitute the Service Area. You may not directly solicit business from outside of your Service Area. However, you may accept and perform work outside your Service Area if such business opportunities arise from unsolicited referrals, including referrals from membership plan customers or vendors located within your Service Area. For clarity, "unsolicited" means the customer or referral source initiated contact with you without any direct marketing, advertising, or solicitation efforts on your part targeted outside your Service Area. We may, in our sole discretion, grant you express written permission to actively solicit business and provide Services within an adjacent service area that has not been awarded to another franchisee (an "Adjacent Service Area"). Any such permission, if granted, will be temporary and revocable upon notice from us, will not constitute a grant of any territorial rights to the Adjacent Service Area, and will not entitle you to any reduction in the Royalty Fee, Brand Development Fund Fee, or other fees attributable to revenues earned in the Adjacent Service Area. While we currently have not established a National Account with any national customer, we reserve the right to do so in the future. If we establish a National Account program, your rights to your Service Area will be subject to that National Account program as described in Item 11 above. If you elect to not participate in the National Account program, we can perform, or grant to our affiliates or another franchisee of ours the right to perform, the services to the National Account in your Service Area. Based on the above, we are required to state the following. 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.

Your rights under the Franchise Agreement include: (i) authorization to operate your PatchitUP Business under the Marks and in accordance with the System; (ii) authorization to provide Services in the Service Area and, with respect to unsolicited referrals only, in areas outside your Service Area (including other franchisees' service areas), provided that such work results from referrals by customers, membership plan holders, or vendors located within your Service Area without any direct solicitation by you outside your Service Area; and (iii) authorization to advertise and promote your PatchitUP Business using the Marks in accordance with the standards and our instructions.

Your use of any of the Marks or any element of the System in the operation of any other business or in any other channel of distribution without our express prior written authorization will constitute willful infringement of our rights in the Marks and the System.

Subject to your full compliance with the Franchise Agreement, and any other agreement between you and us or our affiliates, and except as provided below, we will not establish or authorize a PatchitUP Business to deliver the type of Products and Services your PatchitUP Business offers within your Service Area. However, other franchisees may perform work within your Service Area if such work results from unsolicited referrals from customers, membership plan holders, or vendors located within their respective Service Areas.

We and our affiliates reserve all rights that the Franchise Agreement does not expressly grant to you, including, without limitation:

(i) The right to establish, operate and license others to establish and operate PatchitUP Businesses to be operated anywhere outside of your Service Area, and also within your Service Area to provide any Products or Services that your PatchitUP Business does not provide;

(ii) The right to establish, operate and license others to establish and operate businesses which offer products or services which may be similar or identical to the Products and Services offered in a PatchitUP Business, which businesses are identified by marks other than the Marks, whether or not they are located, operate from premises or deliver Products and Services to customers within or outside the Service Area, although neither we nor any affiliate of ours currently operates, franchises, or plans to operate or franchise such a business;

(iii) The right to service or authorize others to service National Accounts in the Service Area. You have the right to provide Products and Services to National Accounts within the Service Area. If you do not inform us that you wish to participate in the National Account, or you inform us that you do not wish to participate in the National Account, we have the right to provide or authorize others to provide Products and Services within your Service Area in accordance with the National Account agreement;

(iv) The right to advertise and promote the sale of the Products and Services your PatchitUP Business provides on the Internet; and

(v) The right to acquire or be acquired by, or engage in any other transaction with, other businesses (competitive or not) with companies and/or units located anywhere, including arrangements where other units are (or are not) converted to the System or other format, or in which company-owned, franchised or other businesses (including your PatchitUP Business) are (or are not) converted to another format (whether competitive or not), or both, and is maintained as the same concept, as a new concept, or as a separate concept in your Service Area. You must fully cooperate with any of these conversions, at your sole expense.

We and our affiliates may exercise these rights without any compensation to you, even if they involve sales to customers in your Service Area.

If you sign an Area Development Agreement (Market Builder model), the Area Development Agreement grants you the right to develop a designated Development Area, which is the geographic area within which you will be authorized to develop PatchitUP Businesses pursuant to the Development Schedule set forth in your Area Development Agreement. We will not establish, or grant rights to a third party to establish, a PatchitUP Business in the Development Area during the term of your Area Development Agreement, except as provided below. The Development Area may already include existing PatchitUP Businesses operated by other franchisees or by us or our affiliates, in which case you may not develop a PatchitUP Business that infringes on the territorial rights of any then-existing PatchitUP Business. We and our affiliates retain all rights with respect to PatchitUP Businesses, the Marks, and the sale of any goods and services anywhere in the world, including, without limitation, the right to: (i) offer and sell, and grant others the right to offer and sell, products and services offered at PatchitUP Businesses inside or outside the Development Area under trade and service marks other than the Marks; (ii) own, franchise, establish, or license others to establish or operate PatchitUP Businesses outside the Development Area; (iii) use the Marks and the System to sell products or services through alternate channels of distribution inside or outside the Development Area; (iv) engage in transactions, including mergers and acquisitions, with other businesses (whether competitive or not); (v) implement multi-area marketing programs that may permit us or others to solicit or sell to customers anywhere; and (vi) engage in any other business activities not expressly prohibited by the Area Development Agreement. We are not required to pay you compensation for exercising any of these reserved rights, including for soliciting or accepting orders inside the Development Area. Each Service Area awarded to you under your Area Development Agreement remains subject to the Service Area protections described above and is not subject to a separate territorial protection beyond the protection of the Development Area. Upon the expiration or termination of your Area Development Agreement, you will have no further development rights in the Development Area, and we and our affiliates will have the unrestricted right to develop and operate, and to grant others the right to develop and operate, PatchitUP Businesses anywhere within the Development Area, subject to the territorial rights granted to you under your then-existing Franchise Agreements.

If you are a Market Builder, the Area Development Agreement requires that you sign a separate Franchise Agreement for each PatchitUP Business you develop. The Franchise Agreement for the first PatchitUP Business under your Area Development Agreement is the Initial Franchise Agreement, executed concurrently with the Area Development Agreement. Each subsequent PatchitUP Business is established under our then-current form of Franchise Agreement, which may contain terms and conditions that differ materially from the Initial Franchise Agreement; provided, however, that the Royalty Fee rate in each subsequent Franchise Agreement will be the same as the Royalty Fee rate in the Initial Franchise Agreement. No additional Initial Franchise Fee will be due upon execution of any Franchise Agreement signed pursuant to the Area Development Agreement, because the Aggregate Initial Franchise Fee paid at execution of the Area Development Agreement covers the Initial Franchise Fees for all PatchitUP Businesses to be developed under your Area Development Agreement.

You may not relocate your Service Area without our prior written consent and payment of the $1,000 Service Area Change Fee.

Your rights with respect to the Service Area are not contingent upon your achieving a specific sales volume, market penetration, or other performance-based metrics. However, if you are in default of the Franchise Agreement and fail to remedy the default within the specified cure period, we reserve the right to alter or reduce your Service Area as an alternative remedy to terminating your Franchise Agreement.

ITEM 13: TRADEMARKS

We grant you the right to operate a Franchised Business under the name “PatchitUP.”

The following is a description of the principal trademarks and service marks we have registered in the United States:

Mark	Registration Number	Registration Date	Register
PATCHITUP	7534948	October 15, 2024	Principal

Mark	Registration Number	Registration Date	Register
PatchitUP For Every Type of Drywall Damage	7542065	October 22, 2024	Principal

There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board or the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. No affidavits of continued use or renewal filings are presently due. There are no agreements currently in effect which significantly limit our right to use or to license others to use the Marks that could materially affect your use of the trademarks.

You must follow our requirements when you use the Marks. You may not use any Mark (1) in your corporate or legal business name; (2) with any prefix, suffix or other modifying words, terms, designs, or symbols (except for those we license to you); (3) in selling any unauthorized services or products; (4) as part of any domain name, electronic address, or search engine you maintain on any website; (5) in any other way we have not expressly authorized in writing; or (6) that may damage or cause harm to us, our affiliates, the Marks, the System or our principals. You may not make any disparaging remarks related to us, our affiliates, our franchisees, the Marks, the System or our principals.

You must promptly notify us of any suspected unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. We may defend you against any third-party claim, suit or demand arising out of your use of the Marks. If we, in our sole discretion, determine that you have used the Marks in accordance with your Agreement, the cost of the defense, including the cost of any judgment or settlement, will be borne by us. If we determine that you have not used the Marks in accordance with your Agreement, the cost of the defense, including the cost of any judgment or settlement, will be yours. If there is any litigation relating to your use of the Marks, you must sign any and all documents and do any acts as may, in our opinion, be necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except if this litigation is the result of your use of the Marks in a manner inconsistent with the terms of your Agreement, we will reimburse you for your out-of-pocket costs in doing these acts.

There are no superior prior rights or infringing uses actually known to us that could materially affect your use of the Marks in your state or elsewhere.

We reserve the right to substitute different Marks for use in identifying the System and the businesses operating under it, at our sole discretion. We are not required to reimburse you for any costs you incur in relation to any change or substitution, such as the cost of changing stationery or signage, and have no obligation or liability to you as a result of any change or substitution.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents of which we are aware that are material to the PatchitUP Businesses, and there are no patents pending. We own copyrights in the Operations Manual, marketing materials and other copyrightable items that are part of the System. These materials are protected by common-law copyright in addition to any registrations. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Registrar of Copyrights and need not do so to protect them. You may use these items only as we specify while operating the Franchised Business, and you must stop using them if we direct you to do so.

You must promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to take any action but will respond to this information as we think appropriate. We are not obligated to indemnify you for losses brought by a third party concerning your use of this information, but we will take all steps we think are appropriate to protect our copyright in the Operations Manual.

You must operate your PatchitUP Business strictly according to the standards, methods, policies and procedures specified in the Operations Manual, which is comprised of several guides and other documents. Any deviation from these standards, methods, policies and procedures must be approved in writing by us. Access to the Operations Manual is granted to you by us for the term of the Franchise Agreement after you complete our initial training program to our satisfaction.

You must treat the Operations Manual, any other of our manuals that are used in the operation of your PatchitUP Business and the information in them as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part or otherwise give them to any unauthorized person. The Operations Manual will remain our sole property and must be kept in a secure place at the PatchitUP Business.

We may revise the contents of the Operations Manual and you must comply with each new or changed standard within a reasonable period after receiving written notice of such revisions. You must make sure that the Franchise Operations Manual is kept current at all times. In the event of any dispute as to the contents of the Franchise Operations Manual, the terms of the master copy maintained by us at our home office will be controlling.

You must not, during the term of your Agreement or after the term of your Agreement, communicate, divulge, or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the PatchitUP Business which may be communicated to you, or which you may learn because of your operation under the terms of your Agreement, without our express written consent.

You may divulge this confidential information only to those of your employees who have access to and who operate your PatchitUP Business. The term "Confidential Information" includes System standards, market research, advertising and promotional campaigns, approved suppliers, operating results of PatchitUP Businesses, proprietary software (if we choose to develop proprietary software for the System), the terms of your Agreement with us, the Operations Manual, graphic designs and other intellectual property, and your client database.

At our request, you must require your general manager and any personnel having access to any of our confidential information to sign agreements that say that they will maintain the confidentiality of information they receive in connection with their employment by you at your PatchitUP Business. The agreements must be in the form provided by us.

If you, your owners, managers or employees develop any ideas, techniques, services and products in the operation or promotion of the PatchitUP Business, you must receive our prior written approval and give us all necessary information, free of charge. You, your owners, managers and employees must acknowledge that any of these ideas, techniques, services and products will become our sole and exclusive property and we may give the information to other franchisees.

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

You must appoint a Managing Principal from among your Controlling Principals who meets our requirements and is approved by us to supervise and manage all aspects of your PatchitUP Business and to deal exclusively with us or our staff, or you must employ a General Manager who is qualified to perform those services. Your Managing Principal or General Manager must satisfy the applicable licensing requirements for the municipalities or other governmental authorities that govern your Service Area. Your Managing Principal or General Manager must meet our standards as described in the Operations Manual as updated occasionally. If you are an individual, we recommend, but do not require, your personal participation in the operation of the PatchitUP Business. You may hire one or more Assistants to assist you in providing Services, but you are not obligated to do so. Depending on the laws, rules, regulations, ordinances and codes applicable to a PatchitUP Business, your Assistants may also be required to satisfy the applicable licensing requirements for the municipalities or other governmental authorities that govern your Service Area.

Before rendering services to your PatchitUP Business, the Managing Principal or General Manager, any Assistants, and any replacements for the Managing Principal or General Manager, or Assistants must attend and complete, to our satisfaction, initial training conducted by us.

You are responsible for recruiting, appointing, hiring, firing, and supervising your Assistants and other employees, independent agents, and other representatives. You will have sole authority and control over the day-to-day operations of the PatchitUP Business and its employees and representatives. You are solely responsible for implementing training and other programs for your employees and representatives related to the legal, safe, and proper performance of their work, regardless of the fact that we may provide advice, suggestions, and certain training programs. The advice, suggestions, and training we provide are to protect our brand and the Marks and not to control the day-to-day operation of your PatchitUP Business.

You must hire or engage at least one experienced customer service representative who meets our qualifications and standards to assist in the answering of your phones, booking of jobs with customers, assisting with employment applications, paperwork check-in, and other similar customer service and office duties.

You, or the Managing Principal or General Manager are required to devote substantial full time and best efforts on a daily basis, in person, to the supervision and conduct of the PatchitUP Business, which must not be less than 40 hours per week. If you wish to operate another business, including any e-commerce business which operates over the Internet, our prior approval, which we may grant or deny in our sole discretion, will be required. If you wish to operate another business with your PatchitUP Business, the other business must be a complimentary, non-competing enterprise; for example, a maid service.

If you are a corporation, limited liability company or partnership, or other entity, your Managing Principal must be one of your Controlling Principals unless we agree otherwise. If you hire a General Manager, he or she is not required to be a Controlling Principal and need not own an equity interest in the entity. Your Managing Principal, General Manager, Assistants, other employees and all of your officers, directors, partners, shareholders, and members (and, if you are an individual, your spouse) must agree to be bound by the nondisclosure and noncompetition provisions of the Franchise Agreement, by signing our form of Nondisclosure and Noncompetition Agreement attached to this Disclosure Document. You must provide us a copy of each Nondisclosure and Noncompetition Agreement at the time it is signed and thereafter upon our request. We make no other recommendations and have no other requirements regarding employment or other written agreements between you and your employees.

Unless waived by us, each individual who owns, directly or indirectly, an interest in the franchisee entity and each of their respective spouses, and any other individuals that we designate, must sign the Guaranty and Assumption of Franchisee's Obligations assuming and agreeing to discharge all of your obligations and comply with all restrictions under the Franchise Agreement.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer all products and perform all services that we periodically require for PatchitUP Businesses and you are not permitted to offer any products or services that we have not approved. All suppliers, products and services approved by us must be offered for sale on a continuous basis from your PatchitUP Business at the time and in the manner required by us. No sale of any product or service except those products and services from approved suppliers may be solicited, accepted or made at or from your PatchitUP Business. If requested by us with at least 30 days' notice, the marketing of a product or service may be discontinued. If we notify you that a specific product or supplier is no longer approved, you must immediately stop purchasing that product and/or stop purchasing and/or refrain from further contracts with that supplier. Our System standards may regulate required and authorized vendors, products and services and product and service categories. We periodically may change required and/or authorized vendors, products and services and product and service categories. There are no limitations on our rights to make changes to the required services and products offered by you.

You may elect not to perform services for any one or more of the national accounts ("national accounts" includes any account which contracts with PatchitUP for services in more than one franchised area) located in the Service Area, subject to our prior written approval. (See Items 11 and 12) In addition, a national account may elect not to do business with you or we could determine you may no longer service an account. In any of these events, we, another franchisee or a third party designated by us may provide services for the national account in the Service Area. Neither we nor any other franchisee will be liable or obligated to pay you any compensation for doing so and neither we nor any franchisee will be considered in breach of any provision of the Franchise Agreement or any other agreement between us and you. We may retain a referral or processing fee with respect to any national account you service. If any multi-location account requests that you perform services outside the Service Area, you must refer the business to us.

Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales. Otherwise, we place no restrictions upon your ability to serve customers provided you do so from the location of your PatchitUP Business in accordance with our policies.

While we may periodically provide guidance on the prices you charge for the products and services offered by your PatchitUP Business, the ultimate decision on pricing rests with you. If you choose to follow any pricing advice we provide, we make no guarantees or warranties that offering the products or services at the recommended price will enhance your sales or profits.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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.

FRANCHISE AGREEMENT		
Provision	**Article in Franchise Agreement**	**Summary**
a. Length of the franchise term	3.1	10 years
b. Renewal or extension of the term	3.3 and 3.4	If you are in good standing you can renew for up to 2 additional terms of 10 years each after the initial term.

FRANCHISE AGREEMENT		
Provision	**Article in Franchise Agreement**	**Summary**
c. Requirements for franchisee to renew or extend	3.3 and 3.4	The term "renewal" refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. Between 120 and 180 days' notice; sign the current form of the Franchise Agreement (which may contain terms and conditions materially different from your original Franchise Agreement); be in compliance with current Franchise Agreement; be current in payments; satisfy current standards for new franchisees; modify your PatchitUP Business and operations to conform with current Operations Manual; pay renewal fee; execute a Renewal Franchise Rider (which includes, except where prohibited by law, a release).
d. Termination by franchisee	18.4	Upon our breach of the Franchise Agreement, if you provide us with written notice within 30 days of the breach and a reasonable opportunity to cure of not less than 90 days.
e. Termination by franchisor without cause	18.3	We can terminate at our option if there is a force majeure event that prevents us from performing our obligations under the Franchise Agreement and continues for longer than six months.
f. Termination by franchisor with cause	18.1 and 18.2	We can terminate if you commit any one of several listed violations. A termination of the Franchise Agreement due to a default by you may permit us to terminate all other agreements you have with us.

FRANCHISE AGREEMENT		
Provision	**Article in Franchise Agreement**	**Summary**
g. "Cause" defined – curable defaults	18.2	You have 7 days to cure the filing of a legal action in violation of the dispute resolution terms in the Franchise Agreement; 10 days to cure misuse of Marks, non-payment of fees, non-submission of reports, failure to meet minimums; or failure to answer the business phone in compliance with our standards; 30 days to cure the offering or sale of unauthorized products or services or any other default not listed in Section 18.1 or 18.2. If we provide you with a notice of default, we and our affiliates may suspend services to you until each default is cured.
h. "Cause" defined – non-curable defaults	18.1	Non-curable defaults include: unauthorized disclosures, repeated defaults even if cured, abandonment, bankruptcy, criminal conviction, unapproved transfers, repeated unauthorized sales activity in the Service Area of another PatchitUP Business after notice and payment of the Out-of-Service-Area Fee, sexual harassment or discrimination, under-reporting of Gross Revenues or two or more occasions, breach of related agreement, a guaranty becomes unenforceable or inadequate, failure to complete the initial training program, condemnation or loss of the Office, contesting our ownership of the Marks, unauthorized entity action (merger, consolidation, dissolution or liquidation without our consent), improper business practices (including fraud, false advertising, and misrepresentation), an Act of Deception as defined in the Franchise Agreement, and violation of Executive Order 13224 or the Patriot Act; others.

FRANCHISE AGREEMENT		
Provision	**Article in Franchise Agreement**	**Summary**
i. Franchisee's obligations on termination/non-renewal	18.5	On termination: discontinue use of Marks and complete de-identification; return of proprietary materials, including the Operations Manual; payment of amounts due; if terminated due to your default, payment of an amount equal to the Royalty Fees and Brand Fund Contributions based on an amount equal to your actual average Gross Revenues for the 12 months prior to the date of termination multiplied by the number of months remaining on the term of the Franchise Agreement had it not been terminated, but not to exceed 36; inspection of books; assign all pending and contract business to us; others. See also item "r" below.
j. Assignment of contract by franchisor	17.1	We may transfer any or all of our rights and obligations under the Franchise Agreement or any ownership interest in us without your consent.
k. "Transfer" by franchisee – defined	17.2	Includes transfer of contract or assets or ownership change.
l. Franchisor approval of transfer by franchisee	17.2 and 17.3	We must approve all transfers prior to any transfer or attempted transfer.

FRANCHISE AGREEMENT		
Provision	**Article in Franchise Agreement**	**Summary**
m. Conditions for franchisor approval of transfer	17.3	Our consent to a Transfer may be conditioned on the following: full compliance with the Franchise Agreement and all other agreements with us or our affiliates; return of the Operations Manual and all proprietary materials; transferee meets our qualifying criteria for a new franchisee; you furnish us with a copy of the contract of sale; we determine that the transferee can satisfy any debt obligations and still derive a profit; transferee signs our current form of Franchise Agreement, which may contain terms and conditions that are materially different from the original Franchise Agreement; transferee upgrades the PatchitUP Business and Vehicles to our then-current standards; new Owners sign a Personal Guaranty and Nondisclosure and Noncompetition Agreement; transferee and its Managing Principal (or General Manager) and any Assistants complete our training program; you provide a written transfer request containing such information and materials as we designate; Transfer Fee paid; and you provide a general release of claims you may have against us or our affiliates.
n. Franchisor's right of first refusal to acquire franchisee's business	17.5	We reserve the right to match any offer for your business within a 30-day period.
o. Franchisor's option to purchase franchisee's business	18.10	Upon termination of your Franchise Agreement, we have the option (but not the obligation) to purchase your PatchitUP Business, or any portion thereof, including any or all of your Vehicles, equipment, supplies or inventory.
p. Death or disability of franchisee	17.4	Your estate or legal representative must apply to us for the right to transfer to the next of kin within 180 days.

FRANCHISE AGREEMENT		
Provision	**Article in Franchise Agreement**	**Summary**
q. Non-competition covenants during the term of the franchise	20.1 and 20.3	You and your Controlling Principals are prohibited from owning, operating or performing service for a competing business (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	20.2 and 20.3	No competing business for 24 months within 100 miles of the former Service Area or of the service area of any other PatchitUP Business (including after assignment) (subject to state law).
s. Modification of the Agreement	23.1	Operations Manual is subject to change at any time; the Franchise Agreement may be modified by a writing signed by both parties and, at our option, upon approval of 75% of our franchisees affected by the modification (subject to state law).
t. Integration/Merger Clause	23.2	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). No other representations or promises will be binding. Notwithstanding the foregoing, nothing in any franchise agreement or in any other related written agreement is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	22	Except for certain claims, all disputes must be arbitrated in Houston, Texas (subject to state law). If a claim can be brought in court, both you and we agree to waive our rights to a jury trial.
v. Choice of forum	22.5	All actions must be brought in state or federal court in Harris County, Texas (subject to state law).
w. Choice of law	22.5	The Franchise Agreement is governed by and enforced in accordance with the laws of the State of Texas (subject to state law). The Texas Deceptive Trade Practices-Consumer Protection Act does not apply.

AREA DEVELOPMENT AGREEMENT		
Provision	**Article in Area Development Agreement**	**Summary**
a. Length of the franchise term	6	Length of Development Schedule.
b. Renewal or extension of the term	5	The Area Development Agreement does not include any renewal rights. Upon expiration, you may apply to enter into our then-current form of area development agreement, which may contain materially different terms and conditions.
c. Requirements for franchisee to renew or extend	Not applicable.	Not applicable.
d. Termination by franchisee	Not applicable.	The Agreement does not provide for this, but you may seek to terminate on any grounds available to you at law.
e. Termination by franchisor without cause	Not applicable.	Not applicable.
f. Termination by franchisor with cause	9	We can terminate if you or any of your affiliates materially default under the Area Development Agreement, any individual Franchise Agreement, or any other agreement with us, if you commit any one of several listed violations.
g. "Cause" defined – curable defaults	9.2	If you use the Marks or System without our consent; participating in a Competitive Business; failure to pay money to us when due; you begin developing an outlet before all of your pre-development obligations are met; failure to obtain our consent when required; you open any outlet before a Franchise Agreement for that outlet has been signed by us and all fees have been paid. Cure period is 30 days from receipt of notice from us.
h. "Cause" defined – non-curable defaults	9.1	Failure to meet your development schedule; failure to comply with applicable laws; if all of your outlets stop operating; unauthorized transfer; you make a material misrepresentation to us; conviction by you or

AREA DEVELOPMENT AGREEMENT		
Provision	**Article in Area Development Agreement**	**Summary**
		your owners of an indictable offense; bankruptcy or insolvency; if a Franchise Agreement with us is terminated according to its terms (this is a cross-default provision).
i. Franchisee's obligations on termination/non-renewal	10	You must stop selecting sites for outlets, and you may not open any more outlets.
j. Assignment of contract by franchisor	11.1	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	11.2	Includes transfer of any interest in the Area Development Agreement.
l. Franchisor approval of transfer by franchisee	11.2	You may not transfer the Area Development Agreement or any rights to the Development Territory without our prior written consent.
m. Conditions for franchisor approval of transfer	11.2	You may not transfer the Area Development Agreement or any rights to the Development Area without our consent; our consent may be conditioned on requirements substantially similar to those applicable to Franchise Agreement transfers under Franchise Agreement Section 17.3, as summarized in row m of the Franchise Agreement table above.
n. Franchisor's right of first refusal to acquire franchisee's business	Not applicable.	Not applicable.
o. Franchisor's option to purchase franchisee's business	Not applicable.	Not applicable.
p. Death or disability of franchisee	Not applicable.	Not applicable.
q. Non-competition covenants during the term of the franchise	12.1	You are prohibited from diverting business or operating a Competitive Business anywhere, subject to applicable state law.

AREA DEVELOPMENT AGREEMENT		
Provision	**Article in Area Development Agreement**	**Summary**
r. Non-competition covenants after the franchise is terminated or expires	12.2	No competing business for 24 months within 100 miles of the former Service Area or of the service area of any other PatchitUP Business (including after assignment) (subject to state law).
s. Modification of the Agreement	18.2	No modifications except by mutual agreement of the parties.
t. Integration/Merger Clause	18.1	Only the terms of the Area Development Agreement are binding (subject to state law).
u. Dispute resolution by arbitration or mediation	19	Except for certain claims, all disputes must be arbitrated in Houston, Texas (subject to state law). If a claim can be brought in court, both you and we agree to waive our rights to a jury trial.
v. Choice of forum	19.5	All actions must be brought in state or federal court in Harris County, Texas (subject to state law).
w. Choice of law	19.5	The Area Development Agreement is governed by and enforced in accordance with the laws of the State of Texas (subject to state law). The Texas Deceptive Trade Practices-Consumer Protection Act does not apply.

ITEM 18: PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

This Item 19 sets forth certain historical financial performance information for: (a) two PatchitUP businesses owned and operated by our affiliate, PatchitUP, Inc. (the "Affiliate-Owned Locations"), each of which operated for the full 2024 and 2025 fiscal years; and (b) up to four PatchitUP businesses owned and operated by our franchisees (the "Franchised Locations"), each of which operated during all or part of the 2024 and 2025 fiscal years. The information presented below is grouped into two parts and presented separately: Part A presents data for our Affiliate-Owned Locations; Part B presents data for our Franchised Locations.

PART A: AFFILIATE-OWNED LOCATIONS

Part A presents the historical financial performance for the two PatchitUP businesses operated by our affiliate, PatchitUP, Inc., during the 2025 fiscal year. The Affiliate-Owned Locations are located in Nassau County and Suffolk County, New York. Each of the Affiliate-Owned Locations operates within three (3) contiguous service areas, whereas a Franchised Location operates within one (1) service area (and a Market Builder area developer may operate up to five (5) service areas). The financial performance of the Affiliate-Owned Locations therefore reflects the aggregate performance across three service areas per location, and is not directly comparable on a per-service-area basis to a single-territory Franchised Location. You should consider this difference when evaluating the data below.

Section 1: Nassau, NY (Affiliate-Owned, 3 Service Areas)

Nassau, NY commenced operations on January 1, 2023. The data below covers the full 2025 fiscal year (January 1, 2025 through December 31, 2025).

Nassau, NY — Fiscal Year 2025 Monthly Financial Performance

Metric	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Average
Revenue	$14,427	$29,424	$24,715	$33,237	$62,063	$52,290	$52,715	$34,126	$44,854	$32,640	$48,331	$19,909	**$448,731**	**$37,394**
Sales	$27,223	$23,101	$65,675	$32,316	$70,816	$33,879	$43,563	$36,856	$30,265	$47,971	$24,953	$25,649	**$462,267**	**$38,522**
# of Opportunities (Jobs)	47	39	51	48	68	56	60	53	75	50	57	36	**640**	**53**
# of Sold Jobs	19	23	32	26	37	35	35	39	45	27	39	20	**377**	**31**
Opportunity Job Size	$307	$754	$485	$692	$913	$934	$879	$644	$598	$653	$848	$553	-	**$688**
Average Invoice	$759	$1,279	$772	$1,278	$1,677	$1,494	$1,506	$875	$997	$1,209	$1,239	$995	-	**$1,173**
Conversion Rate	40.0%	59.0%	63.0%	54.0%	54.0%	63.0%	58.0%	74.0%	60.0%	54.0%	68.0%	56.0%	-	**58.6%**
# of Technicians	1.75	2.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.25	1.50	-	**2.67**
Sales Per Tech/Month	$15,556	$9,240	$21,892	$10,772	$23,605	$11,293	$14,521	$12,285	$10,088	$15,990	$11,090	$17,099	-	**$14,453**
Revenue Per Tech/Month	$8,244	$11,770	$8,238	$11,079	$20,688	$17,430	$17,572	$11,375	$14,951	$10,880	$21,480	$13,273	-	**$13,915**
Cost of Material	$1,023	$2,296	$1,617	$3,074	$5,843	$3,533	$3,592	$5,385	$1,893	$682	$3,249	$1,664	**$33,851**	**$2,821**
COM %	7.09%	7.80%	6.54%	9.25%	9.41%	6.76%	6.81%	15.78%	4.22%	2.09%	6.72%	8.36%	-	**7.57%**

Section 2: Suffolk, NY (Affiliate-Owned, 3 Service Areas)

Suffolk, NY commenced operations on January 1, 2024. The data below covers the full 2025 fiscal year.

Suffolk, NY — Fiscal Year 2025 Monthly Financial Performance

Metric	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Average
Revenue	$18,718	$13,283	$25,312	$13,581	$17,919	$33,347	$16,580	$58,065	$31,690	$63,193	$37,671	$34,810	**$364,169**	**$30,347**
Sales	$13,440	$26,940	$13,787	$19,656	$28,050	$51,124	$27,520	$30,565	$66,656	$33,318	$25,145	$26,617	**$362,818**	**$30,235**
# of Opportunities (Jobs)	27	28	31	49	30	48	40	54	39	61	43	39	**489**	**41**

# of Sold Jobs	13	9	11	21	19	26	18	30	25	39	27	24	**262**	**22**
Opportunity Job Size	$693	$474	$817	$277	$597	$695	$415	$1,075	$813	$1,036	$876	$893	-	**$722**
Average Invoice	$1,440	$1,476	$2,301	$647	$943	$1,283	$921	$1,936	$1,268	$1,620	$1,395	$1,450	-	**$1,390**
Conversion Rate	48.0%	32.0%	35.0%	43.0%	63.0%	54.0%	45.0%	56.0%	64.0%	64.0%	63.0%	62.0%	-	**52.4%**
# of Technicians	1.25	1.50	1.00	1.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	-	**1.77**
Sales Per Tech/Month	$10,752	$17,960	$13,787	$13,104	$14,025	$25,562	$13,760	$15,283	$33,328	$16,659	$12,573	$13,309	-	**$16,675**
Revenue Per Tech/Month	$14,974	$8,855	$25,312	$9,054	$8,960	$16,674	$8,290	$29,033	$15,845	$31,597	$18,836	$17,405	-	**$17,070**
Cost of Material	$2,818	$2,253	$1,448	$1,478	$2,605	$3,950	$3,646	$1,440	$2,939	$2,014	$3,115	$2,655	**$30,361**	**$2,530**
COM %	15.06%	16.96%	5.72%	10.89%	14.54%	11.85%	21.99%	2.48%	9.28%	3.19%	8.27%	7.63%	-	**10.65%**

Affiliate-Owned Locations Combined Summary

Affiliate-Owned Locations — Combined 2024 vs. 2025 Summary

Metric	2024 Combined	2025 Combined	% Change
# of Affiliate-Owned Locations Operating Full Year	2	2	0.0%
Total Revenue	$702,110	$812,900	+15.8%
Average Revenue per Location	$351,055	$406,450	+15.8%
Total Sold Jobs	475	639	+34.5%
Total Opportunities	979	1,129	+15.3%
Aggregate Conversion Rate	48.52%	56.60%	+8.08 pp

Combined Affiliate-Owned Locations — Fiscal Year 2025 Annual Statement of Operations

The following table presents the actual unaudited annual total sales, cost of goods sold, operating expenses, and net income of our two (2) Affiliate-Owned PatchitUP locations (Nassau, NY and Suffolk, NY) for the fiscal year ended December 31, 2025 (January 1, 2025 through December 31, 2025). Both Affiliate-Owned Locations operated for the entire twelve (12)-month period covered. The Combined Unit Total column presents the arithmetic sum of the two Affiliate-Owned Locations' actual figures. The Combined Avg Unit % column presents the combined dollar figure expressed as a percentage of combined Total Revenue. Each Affiliate-Owned Location operates within three (3) contiguous service areas, as further described in Part A above.

Table 4: 2025 Actual Annual Total Sales of Our Affiliate-Owned PatchitUP Business

2025 Actual Annual Total Sales of Our Affiliate-Owned PatchitUP Business						
Chart of Account	**Affiliate Unit 1**	**% of Income**	**Affiliate Unit 2**	**% of Income**	**Combined Unit Total**	**Combined Avg Unit %**
Revenue						
Drywall Repair/Installation Revenue – Residential	$415,226.00	91.26%	$356,665.00	98.76%	$771,891.00	94.58%
Drywall Repair/Installation Revenue – Commercial	$33,506.00	7.36%	$4,470.00	1.24%	$37,976.00	4.65%
Sales – Memberships	$6,250.00	1.37%	$2,500.00	0.69%	$8,750.00	1.07%
Total Revenue	**$454,982.00**	**100.00%**	**$361,135.00**	**100.00%**	**$816,117.00**	**100.00%**
Costs of Goods Sold						
Supplies & Materials	$33,849.41	7.44%	$30,361.93	8.41%	$64,211.34	7.87%
Technician Wages	$159,578.58	35.07%	$111,120.33	30.77%	$270,698.91	33.17%
Subcontracted Work	$0.00	0.00%	$26,746.42	7.41%	$26,746.42	3.28%
Technician Commissions	$17,949.28	3.95%	$11,863.60	3.29%	$29,812.88	3.65%
Total Cost of Goods Sold	**$211,377.27**	**46.46%**	**$180,092.28**	**49.87%**	**$391,469.55**	**47.97%**
Gross Profit	**$243,604.73**	**53.54%**	**$181,042.72**	**50.13%**	**$424,647.45**	**52.03%**
Operating Expenses						
Lead Generation	$61,557.58	13.53%	$34,277.90	9.49%	$95,835.48	11.74%

Other Marketing – Networking/Chamber	$348.46	0.08%	$1,409.00	0.39%	$1,757.46	0.22%
Merchant Account Fees	$2,875.94	0.63%	$3,565.08	0.99%	$6,441.02	0.79%
Auto Insurance	$4,909.58	1.08%	$5,201.88	1.44%	$10,111.46	1.24%
Workers' Compensation Insurance	$9,725.54	2.14%	$5,296.98	1.47%	$15,022.52	1.84%
Liability Insurance	$3,966.00	0.87%	$3,146.25	0.87%	$7,112.25	0.87%
Accounting/Bookkeeping Fees	$4,320.00	0.95%	$4,320.00	1.20%	$8,640.00	1.06%
Labor – Support Labor/After-Hours Labor	$12,000.00	2.64%	$12,000.00	3.32%	$24,000.00	2.94%
Payroll Taxes	$14,471.22	3.18%	$10,472.60	2.90%	$24,943.82	3.06%
Bank Charges	$240.00	0.05%	$240.00	0.07%	$480.00	0.06%
Accounting/Payroll Software	$2,260.94	0.50%	$2,984.45	0.83%	$5,245.39	0.64%
GPS Software	$528.00	0.12%	$396.00	0.11%	$924.00	0.11%
Tablet Internet Service	$745.55	0.16%	$665.66	0.18%	$1,411.21	0.17%
Lead Communication Software	$5,136.00	1.13%	$5,136.00	1.42%	$10,272.00	1.26%
Field Management Software License	$6,000.00	1.32%	$6,000.00	1.66%	$12,000.00	1.47%
Auto Expenses/Service/Maintenance/Washes	$2,112.99	0.46%	$3,001.49	0.83%	$5,114.48	0.63%
Auto Lease	$13,805.76	3.03%	$9,398.89	2.60%	$23,204.65	2.84%
Vehicle Gas & Fuel	$7,058.55	1.55%	$5,054.07	1.40%	$12,112.62	1.48%
Total Operating Expenses	**$152,062.11**	**33.42%**	**$112,566.25**	**31.17%**	**$264,628.36**	**32.43%**
Net Income	**$91,542.62**	**20.12%**	**$68,476.47**	**18.96%**	**$160,019.09**	**19.61%**
Known Franchisee Expenses That Are Not Paid by the Affiliate						
Royalty (6% of Gross Revenue)	$27,298.92	6.00%	$21,668.10	6.00%	$48,967.02	6.00%
Technology Fee ($200 per month)	$2,400.00	0.53%	$2,400.00	0.66%	$4,800.00	0.59%
Brand Development Fee (2% of Gross Revenue)	$9,099.64	2.00%	$7,222.70	2.00%	$16,322.34	2.00%
Total Known Franchisee Expenses Not Paid by the Affiliate	**$38,798.56**	**8.53%**	**$31,290.80**	**8.66%**	**$70,089.36**	**8.59%**
Net Income After Known Franchisee Expenses	**$52,744.06**	**11.59%**	**$37,185.67**	**10.30%**	**$89,929.73**	**11.02%**

Notes to Table 4 (2025 Affiliate-Owned Annual Statement of Operations).

1. Reporting Period and Outlets Included. The figures in Table 4 reflect the actual unaudited results of operations of the two (2) Affiliate-Owned PatchitUP Locations (Nassau, NY and Suffolk, NY) for the fiscal year January 1, 2025 through December 31, 2025. Both Affiliate-Owned Locations operated for the entire 2025 fiscal year and are owned and operated by our affiliate, PatchitUP Operations, LLC. No other outlets, and no franchised outlets, are included in Table 4. Although three (3) franchised PatchitUP locations (Lansdale, Pennsylvania; Saginaw, Texas; and West Houston, Texas) operated during all or a portion of the 2025 fiscal year, only the Affiliate-Owned Locations are included in Table 4. The historical financial performance of the franchised locations is presented separately in Part B below.

2. Data Source and Method of Preparation. The financial information presented in Table 4 was compiled from the books and records of our affiliate, which are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States as applied by management to internal management reports. The figures have not been audited. We have written substantiation in our possession to support the figures shown in Table 4 and the calculations of the percentages presented. Substantiation will be made available to you upon reasonable written request.

3. Calculation of Percentages. "% of Income" and "Combined Avg Unit %" columns express the corresponding dollar figure as a percentage of Total Revenue for that column. The Combined Unit Total column is the arithmetic sum of the dollar figures reported for Affiliate Unit 1 and Affiliate Unit 2. The Combined Avg Unit % is the Combined Unit Total dollar figure divided by Combined Total Revenue and is not a simple average of the two unit percentages. Individual percentages may not foot to 100% due to rounding.

4. Similarity of Outlets. As required by 16 C.F.R. § 436.5(s)(3)(ii)(C) and the NASAA 2017 Franchise Commentary on Financial Performance Representations, you should be aware that the two Affiliate-Owned Locations included in Table 4 are substantially similar to the type of business we offer through this Disclosure Document. Each Affiliate-Owned Location offers the same primary services (drywall repair and installation and PatchitUP membership sales), operates under the PatchitUP brand, and uses the system,

methods, training, and technology described in this Disclosure Document. There are, however, material differences between an Affiliate-Owned Location and a franchised location that you should consider. These differences include, without limitation, that: (a) the Affiliate-Owned Locations are located in established metropolitan markets in Nassau and Suffolk Counties, New York, and may benefit from market awareness, density of population, household income levels, and operating history not present in your market; (b) each Affiliate-Owned Location operates within three (3) contiguous Service Areas, whereas the franchise we offer is for a single (1) Service Area, which may materially affect revenue, operating leverage, and overhead absorption; (c) the Affiliate-Owned Locations are not required to pay (and did not pay) initial franchise fees, royalty fees, brand development fund contributions, technology fees, transfer fees, renewal fees, or other fees of the type described in Items 5, 6, and 7; (d) the Affiliate-Owned Locations enjoy operational economies of scale, shared services, and management expertise from our affiliate group that you, as a franchisee, may not have; and (e) the Affiliate-Owned Locations were established before the franchise program was offered to the public. Your results will likely differ from those shown in Table 4.

5. Fees Borne by Franchisees but Not by the Affiliate. The "Known Franchisee Expenses That Are Not Paid by the Affiliate" section of Table 4 illustrates the principal recurring fees a franchisee would have owed to us under our current franchise agreement if the franchisee had achieved Total Revenue equal to the Total Revenue of each Affiliate-Owned Location during the 2025 fiscal year. These amounts are presented for illustrative purposes only and represent: (a) the 6% continuing royalty fee disclosed in Item 6; (b) the $200 per month technology fee disclosed in Item 6; and (c) the 2% brand development fund contribution disclosed in Item 6. The Affiliate-Owned Locations did not pay any of these amounts in 2025 because they are not franchisees.

6. Expenses and Items Not Reflected in Table 4. Table 4 does not reflect, and you will or may incur, additional or different expenses that the Affiliate-Owned Locations did not incur during 2025, including, without limitation: (a) the initial franchise fee disclosed in Item 5; (b) initial training travel and lodging expenses; (c) Local Marketing expenditures required under the franchise agreement to the extent in excess of those reflected as Lead Generation or Other Marketing above; (d) costs to obtain, build out, and equip your premises; (e) costs and fees for any third-party financing, debt service, interest, principal repayment, capital lease obligations, or owner draws; (f) depreciation and amortization expense on real or personal property; (g) federal, state, and local income taxes and franchise or business privilege taxes; (h) owner compensation, owner health insurance, and owner retirement contributions; (i) legal, accounting, professional, and registration fees relating to the formation, qualification, and operation of your franchised business; (j) transfer fees, renewal fees, audit fees, non-compliance fees, and other fees disclosed in Item 6; (k) the cost of any additional insurance coverage required by Item 8; and (l) all other costs of operating your franchised business that are described elsewhere in this Disclosure Document or that may otherwise apply. The Affiliate-Owned Locations also did not pay rent during the 2025 fiscal year because the premises were owned by an affiliated entity; you will incur rent or occupancy cost.

7. Cautionary Statement. Some outlets have sold and earned the amounts shown above. Your individual results may differ. There is no assurance that you will sell or earn as much. The financial performance representation in Table 4 reflects historical performance of two (2) Affiliate-Owned Locations operating in Nassau and Suffolk Counties, New York during the 2025 fiscal year, and is not a projection or forecast of any franchisee's future financial performance. Many factors, including your business judgment, management ability, work effort, capitalization, the demographics and competitive conditions of your Service Area, general and local economic conditions, weather conditions in your market, the size of your Service Area, your hiring and retention of qualified technicians, and your compliance with the System, will affect your actual results.

8. Written Substantiation. Written substantiation for the financial performance representation contained in Table 4, including the underlying chart of accounts data of each Affiliate-Owned Location and the calculations of percentages, will be made available to a prospective franchisee upon reasonable written request. Other than the financial performance representations included in this Item 19, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any financial performance 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 any projection of your future income, you should report it to our management by contacting PatchitUP Franchise Group LLC at 1331 Broadway Street, Suite J, Pearland, TX 77581 and 713-512-5870, the Federal Trade Commission, and the appropriate state regulatory agencies.

PART B: FRANCHISED LOCATIONS

Part B presents the historical financial performance for our Franchised Locations during 2025 fiscal year. As of the issuance date of this Disclosure Document, only the Lansdale, Pennsylvania franchised location operated for a full twelve-month fiscal year (calendar year 2025). The Saginaw, Texas and West Houston, Texas franchised locations opened during 2025 and operated only for portions of that fiscal year (8 months and 4 months, respectively). A fourth franchised location in Charlotte, North Carolina executed a franchise agreement during 2025 but had not commenced operations as of December 31, 2025, and is therefore excluded from this Item 19. Each Franchised Location operates within one (1) service area.

Section 3: Lansdale, PA (Franchised, 1 Service Area)

The Lansdale, Pennsylvania franchised location commenced operations on September 1, 2024. Accordingly, this location operated for four (4) months in fiscal year 2024 (September 1, 2024 through December 31, 2024) and for the full twelve (12) months of fiscal year 2025. The 2025 data presented below represents the only full twelve-month operating period for any single-service-area Franchised Location and is the most directly comparable historical data for a prospective franchisee considering a Field Builder franchise.

Lansdale, PA — Fiscal Year 2025 (Full Year) Monthly Financial Performance

Metric	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Average
Revenue	$17,304	$10,626	$9,410	$13,965	$67,766	$23,871	$25,235	$32,102	$23,742	$25,649	$9,650	$17,671	**$276,991**	**$23,083**
Sales	$15,482	$33,030	$48,774	$34,944	$22,704	$8,101	$29,362	$26,672	$38,023	$22,740	$26,110	$13,836	**$319,778**	**$26,648**
# of Opportunities (Jobs)	21	19	20	18	40	30	35	31	37	32	15	31	**329**	**27**
# of Sold Jobs	12	8	6	8	21	12	16	19	22	17	9	16	**166**	**14**
Opportunity Job Size	$824	$559	$471	$776	$1,694	$796	$721	$1,036	$642	$802	$643	$570	-	**$794**
Average Invoice	$1,442	$1,328	$1,568	$1,746	$3,227	$1,989	$1,577	$1,690	$1,079	$1,509	$1,072	$1,104	-	**$1,611**
Conversion Rate	57.0%	42.0%	30.0%	44.0%	53.0%	40.0%	46.0%	61.0%	59.0%	53.0%	60.0%	52.0%	-	**49.8%**
# of Technicians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	**1.00**
Sales Per Tech/Month	$15,482	$33,030	$48,774	$34,944	$22,704	$8,101	$29,362	$26,672	$38,023	$22,740	$26,110	$13,836	-	**$26,648**
Revenue Per Tech/Month	$17,304	$10,626	$9,410	$13,965	$67,766	$23,871	$25,235	$32,102	$23,742	$25,649	$9,650	$17,671	-	**$23,083**
Cost of Material	$329	$478	$2,007	$615	$54	$440	$237	$2,916	$2,107	$1,955	$970	$1,650	**$13,758**	**$1,146**
COM %	1.90%	4.50%	21.33%	4.41%	0.08%	1.84%	0.94%	9.08%	8.87%	7.62%	10.05%	9.34%	-	**6.66%**

Section 4: Saginaw, TX (Franchised, 1 Service Area)

The Saginaw, Texas franchised location commenced operations on May 1, 2025. Accordingly, this location operated for eight (8) months in fiscal year 2025 (May 1, 2025 through December 31, 2025).

Saginaw, TX — Fiscal Year 2025 (Partial — May–Dec, 8 months) Monthly Financial Performance

Metric	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Average
Revenue	$9,042	$11,537	$14,510	$9,705	$9,030	$8,204	$7,772	$8,733	**$78,533**	**$9,817**
Sales	$5,652	$18,198	$1,387	$1,225	$9,218	$7,204	$8,770	$17,925	**$69,579**	**$8,697**
# of Opportunities (Jobs)	20	28	25	27	35	18	24	16	**193**	**24**
# of Sold Jobs	8	20	17	12	13	10	11	7	**98**	**12**
Opportunity Job Size	$452	$412	$580	$359	$258	$456	$324	$546	-	**$423**
Average Invoice	$1,130	$577	$854	$809	$695	$820	$707	$1,248	-	**$855**
Conversion Rate	40.0%	71.0%	68.0%	44.0%	37.0%	56.0%	46.0%	44.0%	-	**50.8%**
# of Technicians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	**1.00**
Sales Per Tech/Month	$5,652	$18,198	$1,387	$1,225	$9,218	$7,204	$8,770	$17,925	-	**$8,697**
Revenue Per Tech/Month	$9,042	$11,537	$14,510	$9,705	$9,030	$8,204	$7,772	$8,733	-	**$9,817**
Cost of Material	$1,619	$852	$2,256	$1,755	$420	$377	$319	$400	**$7,998**	**$1,000**
COM %	17.90%	7.39%	15.55%	18.08%	4.65%	4.60%	4.10%	4.58%	-	**9.61%**

Section 5: West Houston, TX (Franchised, 1 Service Area)

The West Houston, Texas franchised location commenced operations on September 1, 2025. Accordingly, this location operated for four (4) months in fiscal year 2025 (September 1, 2025 through December 31, 2025).

West Houston, TX — Fiscal Year 2025 (Partial — Sep–Dec, 4 months) Monthly Financial Performance

Metric	Sep	Oct	Nov	Dec	Total	Average
Revenue	$3,820	$4,151	$14,707	$11,254	**$33,932**	**$8,483**
Sales	$6,146	$13,919	$12,212	$4,513	**$36,790**	**$9,198**
# of Opportunities (Jobs)	19	19	22	26	**86**	**22**
# of Sold Jobs	5	6	5	9	**25**	**6**
Opportunity Job Size	$201	$218	$669	$433	-	**$380**
Average Invoice	$764	$692	$2,941	$1,250	-	**$1,412**
Conversion Rate	26.0%	32.0%	23.0%	35.0%	-	**29.0%**
# of Technicians	1.00	1.00	1.00	1.00	-	**1.00**
Sales Per Tech/Month	$6,146	$13,919	$12,212	$4,513	-	**$9,198**
Revenue Per Tech/Month	$3,820	$4,151	$14,707	$11,254	-	**$8,483**
Cost of Material	$1,204	$2,468	$1,051	$551	**$5,274**	**$1,318**
COM %	31.52%	59.45%	7.15%	4.90%	-	**25.75%**

PART C: AFFILIATE-OWNED LOCATION GROWTH AND SYSTEMWIDE PERFORMANCE

Part C presents three additional summary tables: (1) a multi-year growth summary for our Affiliate-Owned Locations from 2023 through 2025; (2) key performance indicators for our Affiliate-Owned Locations measured over the trailing twelve (12) months ended December 31, 2025; and (3) total systemwide revenue (Affiliate-Owned Locations and Franchised Locations combined) for fiscal years 2023 through 2025.

Table 1: Affiliate-Owned Locations Multi-Year Revenue Growth (2023-2025)

Flagship Location Growth							
Year	**# of Affiliate Locations Opened For Full Year**	**Affiliate 1 Revenue**	**% of Growth**	**Affiliate 2 Revenue**	**% of Growth**	**Total Revenue**	**Total % of Growth**
2023	1	$383,498	-	-	-	**$383,498.00**	-
2024	2	$407,563	6.28%	$294,546	-	**$702,109.06**	83.08%
2025	2	$454,982	11.63%	$361,135	22.61%	**$816,117.12**	16.24%

Table 2: Affiliate-Owned Location Key Performance Indicators (Trailing 12 Months Ended December 31, 2025)

The figures in Table 2 reflect the simple average of the monthly Avg Revenue, Average Opportunity Size, Average Invoice, Revenue per Tech per Month, Technician Closing/Close Rate, Cost of Materials, and number of sold jobs across both Affiliate-Owned Locations for the twelve calendar months ended December 31, 2025. Where a metric is expressed as a percentage or per-unit ratio, the figure shown is the simple monthly mean of the underlying monthly ratios and is not an aggregation of annualized totals. See Definitions in this Item 19 for additional methodology.

Flagship KPIs (12 Months)	
Avg Revenue Per Month	**$33,870.83**
Average Opportunity Size	**$704.98**
Avg Invoice	**$1,281.73**
Avg Revenue per month per tech	**$15,492.22**
Avg Technician Closing Rate	**55.51%**
Avg Monthly Cost of Materials	**$2,675.47**
Avg Monthly Cost of Materials %	**9.11%**
Average Technician Close Rate %	**55.51%**
Average # of sold jobs per month	**26.63**

Table 3: Systemwide Revenue (2023-2025)

Systemwide Revenue		
Year	**Systemwide Revenue**	**% of Growth**
2023	$416,088.54	-
2024	$757,808.43	45.09%
2025	$1,202,355.61	36.97%

Definitions

1. **Revenue.** Gross revenues from drywall repair, drywall installation, finishing, and related services invoiced and collected during the calendar month indicated. "Revenue" is presented before deductions for any expenses, including without limitation cost of materials, payroll, royalty fees, brand development fund fees, technology fees, marketing expenditures, taxes, and any other operating costs.
2. **Sales.** The aggregate dollar value of jobs sold or scheduled during the calendar month indicated, regardless of when the related Revenue is invoiced or collected. A job is "sold" when at least one estimate has been accepted by the customer and the job has been scheduled. Sales and Revenue may differ in any given month due to timing differences between when a job is sold and when it is completed and invoiced.
3. **# of Opportunities (Jobs).** The number of customer inquiries received during the month that constituted Sales Opportunities (i.e., jobs that have the potential to become closed jobs, excluding No Charge jobs). Membership opportunities and pure-No-Charge jobs are excluded.
4. **# of Sold Jobs.** The number of completed jobs invoiced during the month for which the invoice subtotal of at least one sold estimate met the sold-job threshold of $1.00.
5. **Opportunity Job Size.** Calculated as Revenue divided by # of Opportunities (Jobs) for the month indicated. This metric reflects the average dollar value of revenue generated per opportunity received.
6. **Average Invoice.** Calculated as Revenue divided by # of Sold Jobs for the month indicated. This metric reflects the average dollar value invoiced per completed job.
7. **Conversion Rate.** Calculated as # of Sold Jobs divided by # of Opportunities (Jobs) for the month indicated, expressed as a percentage. This metric measures the percentage of opportunities that converted to invoiced sold jobs in the month.
8. **# of Technicians.** The average number of revenue-producing technicians employed at the location during the month indicated. Fractional values reflect technicians who started or terminated employment mid-month, or who were employed on a part-time basis.
9. **Sales Per Tech/Month.** Calculated as Sales divided by # of Technicians for the month indicated.
10. **Revenue Per Tech/Month.** Calculated as Revenue divided by # of Technicians for the month indicated.
11. **Cost of Material.** Cost of materials and consumables used in performing customer jobs during the month indicated. This figure does not include payroll, vehicle expenses, royalty fees, marketing expenditures, taxes, insurance, or other operating expenses.
12. **COM %.** Calculated as Cost of Material divided by Revenue for the month indicated, expressed as a percentage.
13. **Total.** The sum of the monthly figures for the period indicated. The "Total" column is provided for Revenue, Sales, # of Opportunities (Jobs), # of Sold Jobs, and Cost of Material only. For ratio metrics, the "Total" cell shows "-" because aggregating monthly ratios does not produce a meaningful annual figure.

14. **Average.** For Revenue, Sales, Cost of Material, # of Opportunities (Jobs), and # of Sold Jobs, the Average column shows the simple monthly mean (Total ÷ number of months in the period). For ratio metrics (Conversion Rate, COM %, Opportunity Job Size, Average Invoice, Sales Per Tech/Month, Revenue Per Tech/Month, # of Technicians), the Average column shows the simple monthly mean of the monthly values.

Notes

a. We have a reasonable basis for, and substantiation in our possession to support, each financial performance representation made in this Item 19. Substantiation will be made available to you upon reasonable written request.

b. The Affiliate-Owned Locations and Franchised Locations described in this Item 19 are substantially similar to the type of business for which we offer franchises in this Disclosure Document, except that each Affiliate-Owned Location operates within three (3) contiguous service areas (rather than one (1) service area as a single-service-area Field Builder franchisee would operate). Affiliate-Owned-Location performance therefore reflects the combined output of three service areas. Your individual results, particularly under the single-service-area Field Builder model, may differ materially from the Affiliate-Owned Location data shown above and would more closely resemble the per-service-area performance of the Lansdale, Pennsylvania Franchised Location.

c. Our Affiliate-Owned Locations described in Part A of this Item 19 do not currently pay to us any Royalty Fees, Brand Development Fund Fees, Technology Fees, Field Management Software Fees, National Account Program Fees, or other fees that a franchisee is required to pay under the Franchise Agreement. Our Affiliate-Owned Locations are also not subject to the Local Advertising Expenditure required of franchisees under the Franchise Agreement. Had the Affiliate-Owned Locations been required to pay the Royalty Fee (6% of Gross Revenues, subject to monthly minimums), the Brand Development Fund Fee (2% of Gross Revenues), the Technology Fee, the Field Management Software Fee, and the other fees described in Items 5 and 6 of this Disclosure Document, and to expend the Local Advertising Expenditure (the greater of 5% of Gross Revenues or $3,000 per operating van), the net financial performance of the Affiliate-Owned Locations would have been correspondingly lower. The aggregate of these fee-equivalent and expenditure-equivalent obligations represents at least 13% of Gross Revenues plus the applicable monthly minimums, and would have reduced the figures shown in Part A by that amount or more (and likely materially more after taking into account the Local Advertising Expenditure floor and Technology Fee). You should adjust the figures shown in Part A of this Item 19 accordingly when evaluating the Affiliate-Owned Location data for purposes of considering your own potential performance as a franchisee.

d. The figures presented above reflect Revenue, Sales, and Cost of Material for the periods indicated. The figures do not reflect the full operating costs incurred at any location, and do not include payroll (other than as reflected in technician staffing levels), vehicle costs, fuel, insurance, rent, utilities, payment-processing fees, professional fees, depreciation, interest, income or other taxes, royalty or brand-development-fund fees (in the case of the Affiliate-Owned Locations), or other operating, administrative, or financing costs.

Some outlets have earned the amounts shown above. Your individual results may differ. There is no assurance that you will earn as much.

Written substantiation for these financial performance representations is available upon reasonable request.

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

Other than the preceding financial performance representation, 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 PatchitUP Franchise Group LLC at 1331 Broadway Street, Suite J, Pearland, TX 77581 and 713-512-5870, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

ITEM 20 TABLE NO. 1
System-wide Outlet Summary
For Years 2023 to 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	0	0	0
	2024	0	1	+1
	2025	1	4	+3
Company-Owned	2023	0	2	+2
	2024	2	6	+4
	2025	6	6	0
Total Outlets	2023	0	2	+2
	2024	2	7	+5
	2025	7	10	+3

ITEM 20 TABLE NO. 2

Transfers of Franchised Outlets to New Owners
(other than the Franchisor)
For Years 2023 to 2025

State	Year	Number of Transfers
Totals	2023	0
	2024	0
	2025	0

ITEM 20 TABLE NO. 3

Status of Franchised Outlets
For Years 2023 to 2025

State	Year	Outlets at Start of the Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Opera-tions-Other Reasons	Outlets at End of the Year
Pennsylvania	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	1	0	0	0	0	2
Texas	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	2	0	0	0	0	2
Total	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	3	0	0	0	0	4

ITEM 20 TABLE NO. 4
Status of Company-Owned Outlets
For Years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
New York	2023	0	2	0	0	0	2
	2024	2	4	0	0	0	6
	2025	6	0	0	0	0	6
Total Outlets	2023	0	2	0	0	0	2
	2024	2	4	0	0	0	6
	2025	6	0	0	0	0	6

ITEM 20 TABLE NO. 5
Projected Openings as of December 31, 2025

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	1	0
Florida	0	1	0
Illinois	0	1	0
Maryland	0	1	0
New York	0	1	0
North Carolina	5	5	0
Pennsylvania	0	0	0
Texas	2	2	0
Virginia	0	1	0
Washington	0	1	0
Total	7	14	0

Attached as Exhibit E to this Disclosure Document is a list of the PatchitUP franchisees as of the date of this Disclosure Document. Attached as Exhibit E is a list of PatchitUP franchisees who have been terminated, cancelled or otherwise ceased to do business under the Franchise Agreement during the year ended December 31, 2025 or who have not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy a PatchitUP franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Confidentiality Agreements

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the PatchitUP franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. During the last 3 fiscal years, we have not required any franchisees to sign confidentiality clauses.

Trademark-Specific Franchisee Organizations

As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with the PatchitUP system that we have created, sponsored, or endorsed, and there are no independent trademark-specific franchisee organizations that have asked to be included in our Disclosure Document.

ITEM 21: FINANCIAL STATEMENTS

We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission. Attached to this Disclosure Document as Exhibit B are our audited financials for the fiscal years ended December 31, 2025 and December 31, 2024. Our fiscal year end is December 31.

ITEM 22: CONTRACTS

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

Exhibit C	Franchise Agreement
Exhibit D	Area Development Agreement
Exhibit F	State Addenda and Agreement Riders
Exhibit C, Exhibit II	Guaranty and Assumption of Franchisee's Obligations
Exhibit C, Exhibit III	Statement of Ownership
Exhibit C, Exhibit IV	Collateral Assignment of Telephone Numbers, Telephone Listings, Internet Addresses, and Social Media Websites
Exhibit H	Contracts for use with Franchise (including Promissory Note, ACH Authorization Form, Release, Confidentiality and Non-Competition Agreement, and Successor Franchise Rider, as applicable)

ITEM 23: RECEIPTS

Two copies of an acknowledgement of your receipt of this Disclosure Document appear at the end of the Disclosure Document under Exhibit J. Please return one signed copy to us and retain the other copy for your records.

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Securities Unit 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	NYS Department of Law	Secretary of State

	Investor Protection Bureau 28 Liberty St., 21st Floor New York, NY 10005 (212) 416-8222	99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex–69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Director of the Division of Insurance 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division PO Box 9033 Olympia, WA 98507 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, WI 53701 (608) 266-2801	Securities And Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue, Suite 300 Madison, WI 53703

EXHIBIT B

FINANCIAL STATEMENTS

PATCHITUP FRANCHISE GROUP LLC

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

December 31, 2025

PATCHITUP FRANCHISE GROUP LLC

Table of Contents

	Page
Independent auditor's report	3
Balance sheet	5
Statement of operations	6
Statement of member's equity	7
Statement of cash flows	8
Notes to the financial statements	9

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

Independent Auditor's Report

To the Members
PatchitUP Franchise Group LLC
Pearland, TX

Opinion

We have audited the accompanying financial statements of PatchitUP Franchise Group LLC, which comprise the balance sheet as of December 31, 2025, and the related statements of operations, member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PatchitUP Franchise Group LLC as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that 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 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, including omissions, 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 the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Kezos & Dunlavy

St. George, Utah
May 11, 2026

PATCHITUP FRANCHISE GROUP LLC

BALANCE SHEET

As of December 31, 2025

		2025
Assets		
Current assets		
Cash and cash equivalents	$	52,695
Accounts receivable		179,176
Deferred commissions, current		11,526
Total current assets		243,397
Non-current assets		
Deferred commissions, non-current		98,897
Total non-current assets		98,897
Total assets	$	342,294
Liabilities and Member's Equity		
Current liabilities		
Accounts payable	$	72,164
Deferred revenue, current		21,750
Total current liabilities		93,914
Non-current liabilities		
Deferred revenue, non-current		185,910
Total non-current liabilities		185,910
Total liabilities		279,824
Member's equity		62,470
Total liabilities and member's equity	$	342,294

The accompanying notes are an integral part of these financial statements

PATCHITUP FRANCHISE GROUP LLC

STATEMENT OF OPERATIONS

For the year ended December 31, 2025

		2025
Operating revenue		
Royalty revenue	$	20,977
Franchise fee revenue		94,206
Startup bundle revenue		108,500
Advertising fund fees		9,057
Technology fees		7,897
Total operating revenue		240,637
Operating expenses		
General and administrative		32,175
Marketing and advertising		67,151
Legal and professional fees		51,796
Commissions		51,482
Total operating expenses		202,604
Net income	$	38,033

The accompanying notes are an integral part of these financial statements

PATCHITUP FRANCHISE GROUP LLC
STATEMENT OF MEMBER'S EQUITY
For the year ended December 31, 2025

Balance as of January 1, 2025	$	24,437
Net income		38,033
Balance as of December 31, 2025	$	62,470

The accompanying notes are an integral part of these financial statements

PATCHITUP FRANCHISE GROUP LLC

STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

		2025
Cash flows used in operating activities:		
Net income	$	38,033
Adjustments to reconcile net income to net cash provided by operating activities:		
Change in operating assets and liabilities:		
Accounts receivable		(150,676)
Accounts payable		65,592
Deferred revenue		157,932
Deferred commissions		(96,156)
Net cash provided by operating activities		14,725
Net change in cash and cash equivalents		14,725
Cash and cash equivalents at beginning of period		37,970
Cash and cash equivalents at end of period	$	52,695
Supplemental disclosures of cash flow		
Cash paid for interest	$	-

The accompanying notes are an integral part of these financial statements

PATCHITUP FRANCHISE GROUP LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

PatchitUP Franchise Group LLC (the "Company") was formed on March 2, 2023, as a Texas Limited Liability Company. The Company operates a comprehensive residential and commercial drywall repair and finishing business that offers drywall repair, drywall installation and other finishing services for residential and commercial structures.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission ("SEC"), superseding existing FASB, American Institute of Certified Public Accountants, Emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase.

(e) Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and marketing fees. These receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts. When determining the allowance for doubtful receivable, the Company has adopted ASC 326, *Financial Instruments—Credit Losses*. This standard requires that management utilize the Current Expected Credit Losses ("CECL") model to recognize the appropriate allowance for doubtful receivables. This model requires entities to estimate and recognize expected credit losses over the life of the financial instrument. For trade receivables, management has elected to apply a simplified approach, based on historical loss experience and adjustments for current and forecasted economic conditions. Management regularly evaluates individual customer receivables, considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received.

As of December 31, 2025, the Company had no allowance for uncollectible accounts.

(f) Revenue Recognition

The Company has adopted ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue. For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the various components of the transaction price and the Company's performance obligations.

The Company's revenues consist of initial franchise fees, royalties, and advertising fund fees based on a percentage of gross revenues, startup bundle revenue and technology fees.

Royalties and advertising fund fees

Upon evaluation of the five-step process, the Company has determined that royalties and advertising fund fees are to be recognized in the same period as the underlying sales.

Startup bundle revenue

The Company provides a startup bundle to new franchisees upon execution of the franchise agreement. This bundle includes branded promotional and operational materials, such as business cards, apparel, and vehicle magnets, etc. intended to support initial business launch activities. Upon evaluation of the five-step process, the Company has determined that this revenue is to be recognized in the same period as the products are provided.

Technology fees

The Company provides ongoing technology services to franchisees, including access to proprietary systems and platforms that support operations. Franchisees are charged a recurring technology fee, typically on a monthly basis, for these services. Technology fee revenue is recognized over time as the services are provided, consistent with the Company's performance obligations under the franchise agreements.

Initial Franchise Fees

The Company is required to allocate the transaction price associated with initial franchise fees between the franchise license and associated performance obligations. In identifying the associated performance obligations, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. In addition, the practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation, which the Company has elected to adopt. These pre-opening services include the following (which the Company may or may not provide all of):

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

In determining the allocation of the transaction price (the initial franchise fee) between the license and the pre-opening services, the Company allocates a portion of the initial franchise fee to the pre-opening services based on their relative standalone selling price, with the remaining balance allocated to the franchise license. The portion allocated to pre-opening services is recognized as revenue when those services have been completed (which generally occurs upon commencement of the associated franchised location's operations), while the portion allocated to the license is recognized as revenue over the term of the franchise agreement.

(g) *Income Taxes*

The entity is structured as a limited liability company ("LLC") under the laws of the State of Texas. A limited liability company is classified as a partnership for federal and state income tax purposes and, accordingly, the income or loss of the Company will be included in the income tax returns of the member. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under ASC 740, *Accounting for Uncertainty in Income Taxes*. ASC 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2025, the 2024, 2023, and 2022 tax years were subject to examination.

(h) *Advertising Costs*

The Company expenses advertising costs as incurred. Advertising expenses for the fiscal year ended December 31, 2025, were $66,317.

(i) *Financial Instruments*

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses, the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

(j) *Concentration of Risk*

The Company maintains its cash in bank deposit accounts which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Franchise Agreements

The Company's franchise agreements generally provide for payment of initial fees as well as continuing royalties and marketing fees to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to use the PatchitUP system for a period of 10 years. Under the Company's revenue recognition policy, the Company allocates a portion of the initial franchise fee to pre-opening services, which is recognized when those services are performed (generally when the franchisee begins operations). The remainder is deferred, and the revenue is amortized over the life of the contract. In addition, the Company defers related contract costs such as broker commissions over the same period and records them as deferred contract costs.

Disaggregated franchise fee revenue based on the satisfaction of performance obligations in the Company's contracts with franchisees is as follows for the years ended December 31:

	2025
Performance obligations satisfied at a point in time	$ 87,800
Performance obligations satisfied over the life of the contract	9,204
Total initial franchise fee revenue	$ 97,004

For the year ended December 31, 2025, the change in the Company's deferred commissions is as follows:

		2025
Beginning deferred commissions	$	14,267
Additions		150,500
Expenses recognized		(54,344)
Ending deferred commissions	$	110,423
Deferred commissions, current	$	11,526
Deferred commissions, non-current		98,897
Total deferred commissions	$	110,423

The following table represents the activity of the Company's deferred revenue for the year ended December 31, 2025:

		2025
Beginning deferred revenue	$	49,728
Additions		252,138
Revenue recognized from beginning deferred revenue		(23,652)
Revenue recognized from contracts executed in the current year		(70,554)
Ending deferred revenue	$	207,660
Deferred revenue, current	$	21,750
Deferred revenue, non-current		185,910
Total deferred revenue	$	207,660

(3) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC 450, *Contingencies*, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(4) Subsequent Events

Management has reviewed and evaluated subsequent events through May 11, 2026, which is the date the financial statements were issued.

PATCHITUP FRANCHISE GROUP LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2024

PATCHITUP FRANCHISE GROUP LLC

TABLE OF CONTENTS

	Page
Independent Auditor's Report	3
Balance Sheets	5
Statements of Operations	6
Statements of Changes in Members' Equity	7
Statements of Cash Flows	8
Notes to Financial Statements	10

Independent Auditor's Report

To the Members
PatchitUP Franchise Group LLC
Pearland, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheets of PatchitUP Franchise Group LLC as of December 31, 2024, and 2023 and the related statement of operations, members' equity and cash flows for the year ended December 31, 2024, and the period from August 2, 2023 (Inception) through December 31, 2023, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PatchitUP Franchise Group LLC as of December 31, 2024, and 2023 and the results of their operations and their cash flows for the year ended December 31, 2024 and the period from August 2, 2023 (Inception) through December 31, 2023 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PatchitUP 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 PatchitUP Franchise Group LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

REESE CPA LLC

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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PatchitUP 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 PatchitUP 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.

Reese CPA LLC

Ft. Collins, Colorado
June 12, 2025

PATCHITUP FRANCHISE GROUP LLC
BALANCE SHEETS

	AS OF DECEMBER 31, 2024	AS OF DECEMBER 31, 2023
ASSETS:		
CURRENT ASSETS		
Cash and equivalents	$ 37,970	$ 6,932
Accounts receivable, net	28,500	-
Deferred commission cost, current	1,450	-
TOTAL CURRENT ASSETS	67,920	6,932
NON-CURRENT ASSETS		
Deferred commission costs	12,817	-
TOTAL ASSETS	$ 80,737	$ 6,932
LIABILITIES AND MEMBERS' EQUITY:		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 6,572	$ -
Non-refundable deferred franchise fees, current portion	26,450	-
TOTAL CURRENT LIABILITIES	33,022	-
LONG-TERM LIABILITIES		
Non-refundable deferred franchise fees, less current portion	23,278	-
TOTAL LIABILITIES	56,300	-
MEMBERS' EQUITY (DEFICIT)		
Member contributions	15,479	14,984
Accumulated earnings (deficit)	8,958	(8,052)
TOTAL MEMBERS' EQUITY (DEFICIT)	24,437	6,932
TOTAL LIABILITIES AND MEMBERS' EQUITY (DEFICIT)	$ 80,737	$ 6,932

The accompanying notes are an integral part of these financial statements.

PATCHITUP FRANCHISE GROUP LLC
STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND THE
PERIOD FROM AUGUST 2, 2023 (INCEPTION) THROUGH DECEMBER 31, 2023

	2024	2023
REVENUES		
Franchise sales	$ 65,272	$ -
Royalty fees	2,931	-
Advertising revenue	977	-
Other revenue	1,800	-
TOTAL REVENUE	70,980	-
OPERATING EXPENSES		
Franchise related costs	24,440	-
Professional fees	13,076	7,384
Advertising	9,860	422
General and administrative	6,594	246
TOTAL OPERATING EXPENSE	53,970	8,052
OPERATING INCOME (LOSS)	17,010	(8,052)
OTHER INCOME (EXPENSE)	-	-
NET INCOME (LOSS)	$ 17,010	$ (8,052)

The accompanying notes are an integral part of these financial statements.

PATCHITUP FRANCHISE GROUP LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024 AND THE
PERIOD FROM AUGUST 2, 2023 (INCEPTION) THROUGH DECEMBER 31, 2023

	Member Contributions	Accumulated Earnings (Deficit)	Total Members' Equity
BALANCE, AUGUST 2, 2023 (INCEPTION)	$ -	$ -	$ -
Member contributions	14,984	-	14,984
Net (loss)	-	(8,052)	(8,052)
BALANCE, DECEMBER 31, 2023	**14,984**	**(8,052)**	**6,932**
Member contributions	495	-	495
Net income	-	17,010	17,010
BALANCE, DECEMBER 31, 2024	**$ 15,479**	**$ 8,958**	**$ 24,437**

The accompanying notes are an integral part of these financial statements.

PATCHITUP FRANCHISE GROUP LLC
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND THE PERIOD FROM AUGUST 2, 2023 (INCEPTION) THROUGH DECEMBER 31, 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 17,010	$ (8,052)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Recognition of non-refundable deferred franchise fees	(30,772)	
Recognition of deferred commission costs	233	
Change in assets and liabilities:		
Accounts receivable	(28,500)	
Deferred commissions	(14,500)	
Accounts payable and accrued expense	6,572	
Non-refundable deferred franchise fees	80,500	
Net cash provided (used) by operating activities	30,543	(8,052)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
Net cash (used) by investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Member contributions	495	14,984
Net cash provided by financing activities	495	14,984
NET INCREASE IN CASH	31,038	6,932
CASH, beginning of year	6,932	-
CASH, end of year	$ 37,970	$ 6,932
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	$ -	$ -
Cash paid for taxes	$ -	$ -

The accompanying notes are an integral part of these financial statements.

PATCHITUP FRANCHISE GROUP LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PatchitUP Franchise Group LLC ("the Company") was formed on March2, 2023, (Inception) in the State of Texas as a limited liability company. The Company grants franchises to qualified persons or business entities for the establishment and operation of a comprehensive residential and commercial drywall repair and finishing business that will offer drywall repair, drywall installation and other finishing services for residential and commercial structures.

Parents, Predecessors and Affiliates

The Company is owned in part by our parent company, The Shaded Oak Group, LLC (d/b/a Elevate Franchise Brands). The Shaded Oak Group, LLC is a Texas limited liability company originally formed on June 28, 2020.

Through common control with or common management by The Shaded Oak Group, LLC, or its affiliates, we are affiliated with 1-800-Services, LLC. 1-800-Services, LLC is a Texas limited liability company originally formed on March 6, 2015. It has offered franchises for the establishment of businesses specializing in providing plumbing products and services, and heating, ventilation, and air conditioning (HVAC) products and services to residential and commercial customers under the name and mark 1-800-Plumber+Air.

A summary of significant accounting policies follows:

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

Preparation of the Company's financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2024, and 2023.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. The Company reports these receivables at net realizable value.

Management determines the allowance for doubtful accounts based on historical losses, current expectations, and economic conditions. On a continuing basis, management analyzes delinquent accounts receivable and, once these accounts receivable are determined to be uncollectible, they are written off through a charge against an existing allowance account. The allowance account is reviewed regularly and adjusted against earnings as appropriate. The Company determined that an allowance on outstanding franchisee receivables of $0, and $0 was necessary as of December 31, 2024, and 2023. Franchisee bad debt expense for the year ended December 31, 2024, and the period from August 2, 2023 (Inception) through December 31, 2023, was $0, and $0. Franchisee amounts written off for the year ended December 31, 2024, and the period from August 2, 2023 (Inception) through December 31, 2023, were $0, and $0.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company has no property and equipment as of December 31, 2024, and 2023.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. The Company had no intangible assets as of December 31, 2024, and 2023.

Income Taxes

The members of the Company have elected to be taxed as a “Subchapter S Corporation” under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its members and no provisions for federal or state franchise taxes have been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities. Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company’s member.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition, Non-refundable Deferred Franchise Fees, and Deferred Commission Assets

The Company recognizes revenue under the guidance of ASC 606 "Contracts with Customers".

The Company's revenue is principally generated through franchise agreements with the Company's franchisees. Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation, and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

When a franchisee purchases a franchise, the Company grants the franchisee the right to operate the franchised business in a designated territory and to use the proprietary methods, techniques, trade dress, trademarks, and logos ("symbolic intellectual property" or "IP"). Revenues related to the designated territory and IP are continuing royalties that are 6.0% of monthly actual gross receipts or monthly minimum gross receipts. These revenues will be used to continue the development of the Company's brand, the franchise system and provide on- going support for the Company's franchisees. The royalties are billed weekly and are recognized as revenue when earned.

Revenue from initial fees is allocated to the performance obligations in the franchise agreement that are distinct from the symbolic intellectual property. The amount allocated to each identified performance obligation is determined using the expected cost plus a margin approach. Revenue from initial fees is recognized when the performance obligation is satisfied and control of the goods or service has been transferred to the franchisee. Unearned initial fee revenues will be recorded as non-refundable deferred revenue. Commissions and other direct costs related to unsatisfied performance obligations will be recorded as a contract acquisition asset and are recognized as an expense when the related performance obligation has been satisfied.

Ancillary Franchise Fees

Fees for franchise startup package, technology, software, call center and other products and services as disclosed in the Company's franchise disclosure document are recognized as revenue when control of the related good or service has been transferred to control of the franchisee or customer. All ancillary fees are billed monthly as the service is delivered or available.

Brand Development Fund Fee

The Company has established a national brand development fund to provide regional and national advertising for the benefit of the franchisees. The advertising fees are 2% of monthly actual gross receipts or monthly minimum gross receipts and are recognized as revenue monthly when earned.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising costs for the year ended December 31, 2024, and the period from August 2, 2023 (Inception) through December 31, 2023, were $9,860, and $422.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, franchise receivables. The Company places its temporary cash investments with financial institutions. At times throughout the year the Company may, in the ordinary course of business, maintain cash balances in excess of federally insured limits. Management does not believe the Company is exposed to any unusual risks on such deposits. The Company grants credit to franchisees. The Company's ability to collect the amounts due from franchisees is affected by fluctuations in the economy and the operations of the franchisees.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses. The carrying amounts approximate fair value due to their short maturities.

Recently Adopted Accounting Guidance

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). Management has not yet determined the effect the adoption of the other recently issued ASUs, including those not yet effective, could have on the financial position or results of operations of the Company.

NOTE 2 – CONTRACTS WITH CUSTOMERS

The Company has recognized an asset for the incremental costs and recorded a liability for unearned revenue associated with franchisee acquisition and acceptance performance obligation of the Company's franchise agreement. The account balances and activity are as follows:

	December 31, 2024	December 31, 2023
Deferred Commission Costs:		
Balance beginning of year	$ -	$ -
Deferral of deferred commission costs	14,500	-
Recognition of deferred commission costs	(233)	-
Balance at end of year	$ 14,267	$ -
Deferred Non-refundable Franchise Fees:		
Balance beginning of year	$ -	$ -
Deferral of non-refundable franchise fees	80,500	-
Recognition of non-refundable franchise fees	(30,772)	-
Balance at end of year	$ 49,728	$ -

NOTE 2 – CONTRACTS WITH CUSTOMERS (CONTINUED)

Estimated Recognition of Non-refundable Deferred Franchise Fees and Franchise Acquisition Costs

Estimated revenues and contract acquisition costs to be recognized in future periods related to non-refundable deferred franchise fees as reported at December 31, 2024, is as follows:

	Deferred Commission Costs	Non-refundable Franchise Fees
Year ending December 31:		
2025	$ 1,450	$ 26,450
2026	1,450	2,650
2027	1,450	2,650
2028	1,450	2,650
2029	1,450	2,650
Thereafter	7,017	12,678
	$ 14,267	$ 49,728

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2024, and the period from August 2, 2023 (Inception) through December 31, 2023, is as follows:

	2024	2023
Performance obligations satisfied at a point in time	$ 70,408	$ -
Performance obligations satisfied by the passage of time	572	-
Total revenues	$ 70,980	$ -

NOTE 3 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 4- SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through June 12, 2025, the date on which the financial statements were available to be issued.

EXHIBIT C

FRANCHISE AGREEMENT

PATCHITUP FRANCHISE GROUP LLC

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

THIS AGREEMENT ("Agreement") is made effective as of the Effective Date (as set forth on the signature page hereof), between PatchitUP Franchise Group LLC, a Texas limited liability company ("Franchisor"), and the franchisee named on the signature page of this Agreement ("Franchisee"), who, on the basis of the following understandings and in consideration of the following promises, agree as follows:

1. BACKGROUND AND PURPOSE

1.1. **Background**. Franchisor has developed and owns a unique system for establishing, operating and marketing businesses ("PatchitUP Businesses"), that provide a variety of approved residential and commercial drywall repair and finishing services (the "Services"), and sales of approved supplies, materials, equipment and other products (the "Products") under the mark PatchitUP and related service marks, trademarks, logos and trade names (collectively the "Marks") and using Franchisor's unique system for operating the business and related licensed methods of doing business ("System").

1.2. **System**. Franchisor grants the right and license to use the Marks and System to establish and operate PatchitUP Businesses under its System to qualified individuals and entities who meet the franchisor's standards and requirements.

1.3. **Purpose**. Franchisee desires to establish a PatchitUP Business and Franchisor desires to grant Franchisee the right and license to operate PatchitUP Business under the terms and conditions contained in this Agreement.

2. GRANT OF FRANCHISE

2.1. **Grant of Franchise**. Franchisor grants to Franchisee, and Franchisee accepts from Franchisor, (i) a non-exclusive right and license to open and operate a PatchitUP Business, and (ii) a non- exclusive license to use the Marks solely in connection with the establishment and operation of a PatchitUP Business.

2.2. **Scope of Franchise Operations**. Franchisee shall use its best efforts to promote the PatchitUP Business. Franchisee agrees to use the Marks and System, as they may be changed, improved and further developed by Franchisor from time to time, only in accordance with the terms and conditions of this Agreement, including the Addendum to Franchise Agreement ("Addendum"), which is attached as Exhibit I, and the other Exhibits to this Agreement, which are attached to, and incorporated into, this Agreement.

3. TERM AND EXPIRATION

3.1. **Term**. The term of this Agreement is for a period of 10 years from the date this Agreement is executed by Franchisor, unless sooner terminated as provided herein. Franchisee agrees to operate the PatchitUP Business for the entire term of this Agreement.

3.2. **Continuation**. If Franchisee continues to operate the PatchitUP Business with Franchisor's express or implied consent following the expiration or termination of this Agreement, the continuation will be on a month-to-month extension of this Agreement. This Agreement will then be terminable by either party on 30 days written notice. Otherwise, all provisions of this Agreement will apply while Franchisee continues to operate the PatchitUP Business.

3.3. **Successor Franchise**. Provided Franchisee is not in default at either the time of its notice of exercise of its successor franchise rights or at the time of the grant of the successor franchise rights, at the end of the term of this Agreement, Franchisee will have the option to obtain a successor franchise for two additional terms of 10 years each, by acquiring successor franchise rights, provided that Franchisee has met all of the following requirements:

3.3.1. Franchisee executes Franchisor's then current form of Franchise Agreement, which may have terms substantially different than those set forth in this Agreement, within 30 days after Franchisee's receipt of such Franchise Agreement from Franchisor.

3.3.2. Franchisee maintains compliance with all of the provisions of this Agreement during the term, including payment, on a timely basis, of all Royalty Fees, Brand Development Fund Fees, Technology Fees, and other payments due hereunder. "Compliance" means, at a minimum, that Franchisee has not (i) failed to timely cure any breach of this Agreement specified by Franchisor in a written notice to Franchisee; or (ii) received any written notification from Franchisor of breach hereunder more than three times during the 24 month period prior to the expiration of the term of this Agreement, regardless of whether such breaches were timely cured.

3.3.3. Franchisee satisfies the then current standards applicable to all new Franchisor franchisees.

3.3.4. Franchisee maintains or modifies the PatchitUP Business and its operations at Franchisee's sole expense (the necessity of which will be in the sole discretion of Franchisor) to conform to the then current Operations Manual (hereinafter defined).

3.3.5. Franchisee executes a successor franchise rider in the form then in use by Franchisor, which, unless prohibited by law, includes a general release of any and all claims against Franchisor and its affiliates, and their respective officers, directors, employees and agents.

3.3.6. Franchisee pays to Franchisor a renewal fee in the amount equal to $5,000, which is due and payable upon execution of Franchisor's then current Franchise Agreement and will be nonrefundable under all circumstances once paid. Except for the renewal fee described in the preceding sentence, an initial franchise fee will not be charged upon execution of the successor Franchise Agreement and successor franchise rider.

3.4. **Exercise of Option for Successor Franchise**. Franchisee may exercise its option for a successor franchise by giving written notice of such exercise to Franchisor not less than 120 days nor more than 180 days prior to the scheduled expiration of this Agreement, and submits to Franchisor all information requested by Franchisor regarding the operations of the PatchitUP Business and required by this Agreement. Franchisee's successor franchise rights will become effective upon Franchisee's compliance with Section 3.3 above. Franchisor will provide Franchisee with copies of the then current Franchise Agreement and successor franchise rider within 30 days of Franchisee's notice of exercise of its option for a successor franchise. If Franchisee fails to execute and deliver the successor Franchise Agreement and successor franchise rider to Franchisor within 30 days after Franchisee's receipt thereof from Franchisor, then Franchisee shall be deemed to have irrevocably declined to exercise its option for a successor franchise and the Franchisee's option for a successor franchise shall terminate as of such date.

4. SERVICE AREA

4.1. **Office**. Franchisee's PatchitUP Business will be operated from a location selected by Franchisee which may be Franchisee's home ("Office"). Franchisee is solely responsible for selecting and acquiring the premises for its Office. The Office must meet Franchisor's current standards and Franchisee must obtain Franchisor's prior written consent to the Office. The location of the Office is designated in the Addendum. If, as of the date of this Agreement, Franchisee has not chosen a location for its Office that has been approved by Franchisor, the parties shall designate in the Addendum a "Target Area" within which the Office will be located. The designation of the

Target Area does not in any manner grant Franchisee any continuing territorial rights in or to the Target Area. If a Target Area is listed on the Addendum, then the parties will sign the Office Supplement to Franchise Agreement attached to the Addendum as Exhibit I-B, once the Office location has been approved by Franchisor. The Service Area may not be relocated without the prior written consent of Franchisor and payment of a service area change fee in the amount of $1,000.00, which payment is required for each time Franchisee requests to relocate its Office. Franchisee agrees to comply with any additional standards established by Franchisor from time to time regarding Franchisee's Office within 30 days of receipt of written notice from Franchisor of such standards.

4.2. **Service Area**.

4.2.1. Franchisor has designated a protected Service Area as set forth in the Addendum (the "Service Area") in which Franchisor agrees it will not operate or franchise a third party to operate a PatchitUP Business within the Service Area, except as set forth in Sections 4.4 and 14.3 below. The Service Area consists of one or more counties, cities, zip or postal code areas, street boundaries or other designated geographical boundaries as described in the Addendum, and shall contain approximately the population set forth in the Addendum. The Service Area may not be changed or relocated without the prior written consent of Franchisor. This Agreement grants Franchisee rights to one (1) Service Area only. If Franchisee is a Market Builder and has been awarded rights to more than one (1) Service Area under an Area Development Agreement with Franchisor, Franchisee must execute a separate Franchise Agreement for each Service Area pursuant to the Area Development Agreement and pay the Initial Franchise Fee for each such Franchise Agreement.

4.2.2. Franchisee shall primarily operate its PatchitUP Business within the Service Area and shall not actively solicit or market Products and Services to customers' homes and businesses located outside the Service Area or within another franchisee's Service Area. However, Franchisee may (i) service customers who are referred through membership plans or vendor relationships established within Franchisee's Service Area, even if such referrals result in work outside Franchisee's Service Area or within another franchisee's Service Area, provided such referrals were not actively solicited by Franchisee, and (ii) service any other customers outside the Service Area whose business was obtained through unsolicited leads. Additionally, Franchisee may be granted, at Franchisor's sole discretion, express written permission to sell Products or provide select Services to customers located in an unsold service area adjacent to Franchisee's Service Area (an "Adjacent Service Area"), provided it does not infringe on another Franchisee's Service Area. When the Adjacent Service Area is granted to another franchisee by Franchisor, Franchisee will, upon receipt of written notice from Franchisor, cease all of its sales and service efforts within the Adjacent Service Area and deliver all customer and prospect lists relating to the Adjacent Service Area to Franchisor within 10 business days of such notice. Franchisee is prohibited from using other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of the Service Area, without Franchisor's prior written consent.

4.3. **Failure to Respond to Referrals**. If Franchisor or another franchisee of Franchisor operating outside of the Service Area refers a prospective customer to Franchisee, Franchisee shall contact that prospective customer within two business days of receiving the prospective customer's contact information from Franchisor or the other franchisee, as applicable. If Franchisee fails to contact the prospective customer within that time period, Franchisor, at its sole discretion, shall have the right to assign another franchisee the right to contact the prospective customer and perform the services initially requested and all services later requested by the same prospective customer in the future, regardless of the fact that the prospective customer is located within Franchisee's Service Area.

4.4. **Franchisor's Reservation of Rights**.

4.4.1. Franchisee understands and agrees that Franchisor has and retains all rights not specifically granted to Franchisee under this Agreement, including: (i) the right to establish, operate and license others to establish and operate PatchitUP Businesses to be operated anywhere outside of the Service Area, and also within the Service Area to provide any Products or Services that Franchisee's PatchitUP Business does not provide; (ii) the right to establish, operate and license others to establish and operate businesses which offer products or services which may be similar or identical to the Products and Services offered in a PatchitUP Business, which businesses are identified by marks other than the Marks, whether or not they are located, operate from premises or deliver Products and Services to customers within or outside the Service Area; (iii) the right to service or authorize others to service National Accounts in the Service Area in accordance with Section 14.3, below; (iv) the right to advertise and promote the sale of the Products and Services PatchitUP Business provides on the Internet.

4.4.2. Franchisor can acquire or be acquired by, or engage in any other transaction with, other businesses (competitive or not), companies, or units located anywhere, including arrangements where other units are (or are not) converted to the System or other format, or in which company-owned, franchised or other businesses (including PatchitUP Businesses) are (or are not) converted to another format (whether competitive or not), or both, and is maintained as the same concept, as a new concept, or as a separate concept in the Service Area. Franchisee shall fully cooperate with any of these conversions at Franchisee's sole expense.

4.5. **Out of Service Area Fee**. Advertising outside of your Service Area is a default under the Franchise Agreement. Providing services outside of your Service Area and in the Service Area of another franchisee without our prior written permission is a default under the Franchise Agreement. An incident or default for advertising or servicing outside your Service Area will result in a fine of the greater of (a) $5,000 or (b) 50% of revenue generated from the job.

5. INITIAL FEES

5.1. **Initial Franchise Fee**. Franchisee shall pay Franchisor an initial franchise fee in the amount set forth in the Addendum (the "Initial Franchise Fee"), which shall be due and payable as set forth in the Addendum. If Franchisee is a Field Builder, the Initial Franchise Fee is due and payable in one lump sum upon execution of this Agreement. If Franchisee is a Market Builder, the aggregate Initial Franchise Fee covering each Franchise Agreement to be executed under the Area Development Agreement is due and payable in one lump sum upon execution of the Area Development Agreement, and no additional Initial Franchise Fee shall be due upon execution of this Agreement or any other Franchise Agreement signed pursuant to the Area Development Agreement. Franchisee acknowledges and agrees that the Initial Franchise Fee represents payment for the initial grant of the rights to use the Marks and System, that Franchisor has earned the Initial Franchise Fee upon receipt thereof, and that the Initial Franchise Fee is not refundable to Franchisee once paid. If Franchisee is a Market Builder, no Initial Franchise Fee is due under this Agreement, because the Initial Franchise Fee for each PatchitUP Business covered by this Agreement is included in, and was paid as part of, the Aggregate Initial Franchise Fee paid by Franchisee (or its affiliate) at execution of the Area Development Agreement.

5.2. **PatchitUP Startup Package**. Franchisee shall pay Franchisor a PatchitUP Startup Package fee in the amount set forth in the Addendum (the "PatchitUP Startup Package Fee"). Franchisor shall use the PatchitUP Startup Package Fee paid toward the PatchitUP Startup Package to assist Franchisee to purchase items to establish the PatchitUP Business. The Startup Package provides essential tools and services to kickstart the franchise venture and includes a range of items such as vehicle wrap and graphics, bookkeeping services for one year, lead spend for up to six months, marketing and sales collateral, B2B collateral, branded apparel, tradeshow displays, office signage (where applicable), iPad(s), minor technician tools and supplies, the creation and onboarding of the AI customer communication tool, and University training, as further described in the Operations Manual. The amounts paid are not refundable.

6. TRAINING

6.1. **Initial Training Program**. If Franchisee is an individual, Franchisee must attend and complete the initial training program. If Franchisee is an entity, either (i) a managing partner, member or shareholder approved by Franchisor (a "Managing Principal") must attend, or (ii) if Franchisor determines that neither Franchisee nor its principals have adequate business experience (as defined in the Operations Manual), or if they choose not to serve in a management position, a fully trained and qualified general manager (the "General Manager") must attend and, if applicable, shall attend and satisfactorily complete the initial business training program (the "Initial Training Program") prior to opening Franchisee's PatchitUP Business. In addition to the Franchisee, Managing Principal, or General Manager, and with the approval of Franchisor, Franchisee may have one or more other employees (each, an "Assistant") attend the Initial Training Program. Franchisee shall be responsible for all wages, travel and living expenses incurred by itself, its Managing Principal, General Manager, Assistants, and any other employee attending the Initial Training Program. If, under the terms of this Agreement or otherwise, Franchisee needs or desires to have persons attend the Initial Training Program after Franchisee's attendance of the Initial Training Program, then Franchisee must pay the then current tuition charged by Franchisor for those persons, in addition to all wages, travel and living expenses incurred in connection with their attendance at the Initial Training Program. If this Agreement is for Franchisee's second or subsequent franchise, Franchisor may, in its sole discretion, waive some or all of the Initial Training Program.

6.2. **Length of Training**. The Initial Training Program shall be conducted approximately 30 days prior to the opening of Franchisee's PatchitUP Business. The Initial Training Program will consist of approximately seven days of instruction at Franchisor's facilities in the Houston, Texas metropolitan area, or another location designated by Franchisor. Franchisor reserves the right to waive all or a portion of the Initial Training Program or to alter the training schedule, at Franchisor's sole discretion, if Franchisee, its Managing Principal, its General Manager, or its Assistant, as applicable, has sufficient prior experience.

6.3. **Additional Training**.

6.3.1. If Franchisor determines at any time during the term of this Agreement that Franchisee, its Managing Principal, its General Manager, or any of its Assistants requires training in addition to the Initial Training Program, or if Franchisee requests such additional training, then Franchisor will provide notice to Franchisee of such necessary additional training, and Franchisor will conduct such additional training program(s) at a location designated by Franchisor. Franchisee will be responsible for paying the travel, lodging and other costs for Franchisee or its Managing Principal, General Manager, Assistants, or other representatives, and shall pay Franchisor its standard fees for conducting additional training in accordance with Franchisor's standard fee schedule, which fees may be changed from time to time upon 30 days' notice to Franchisee.

6.3.2. From time to time, Franchisor may conduct additional meetings, seminars, conventions, and training programs. Franchisee or its representatives may attend such programs at their own expense and shall attend such programs for which Franchisor has determined that Franchisee's attendance is required. Franchisor will not require Franchisee to attend any such programs lasting more than three days at a time; provided, however, that this limitation shall not include annual conventions or regional training programs or meetings. Franchisor will give Franchisee at least 30 days prior written notice of any ongoing seminar, convention, program or meeting being held at which Franchisee's attendance is required. Franchisee or its representatives as designated by Franchisor will be required to attend Franchisor's annual convention, which may be held at Franchisor's Houston, Texas metropolitan area headquarters or at another location selected by Franchisor. Franchisee and its representatives will be required to stay at the hotel where the primary functions are held, unless Franchisor, in its sole discretion, otherwise agrees.

6.3.3. Franchisor shall not charge a fee or its costs for any additional mandatory meeting, training program, seminar or convention. However, unless Franchisor agrees otherwise, if Franchisee, its Managing Principal, its General Manager, or any of its Assistants fails to attend the applicable mandatory training meeting, training program, seminar or convention, Franchisee shall pay a no show fee as set forth in our then-current schedule, currently $1,500 per missed event. If Franchisee does not stay in the designated hotel, Franchisee shall pay a designated hotel fee as set forth in our then-current schedule, currently $750 per event. Any fees due to missing all or some of a training program, seminar, regional meeting or annual convention or for not staying at the hotel where the primary functions are held, shall be invoiced to Franchisee within 15 days of completion of the applicable program, seminar, meeting or convention and shall be due within 15 days thereafter. If Franchisee or its applicable representative fails to attend a program at which attendance is deemed mandatory by Franchisor, Franchisor may, at its sole discretion, and without waiving any other rights Franchisor may have hereunder, require Franchisee or its applicable representative to attend and complete a make-up or alternative program at a location determined by Franchisor. Franchisee will be responsible for paying all wages, travel, lodging and other costs, and for paying Franchisee's registration fee for the program.

6.3.4. Franchisee will also be responsible for all wages, travel and living expenses associated with the attendance of Franchisee, its Managing Principal, its General Manager, or any of its Assistants, as applicable, and all other persons associated with Franchisee at each training program, seminar, regional meeting or annual convention.

6.4. **Release**. Franchisee, for itself and its agents, heirs, legal representatives, successors and assigns, forever releases, waives, discharges and holds Franchisor and any of its affiliated companies, directors, officers, employees and agents harmless from any and all claims, demands, causes of actions, loss, damage or injury, including attorneys' fees and costs, on account of, arising out of or attributable to Franchisee's attendance at or participation in any seminar, convention, program or meeting, or other company function or activity, including but not limited to the Initial Training Program, any regional meetings, other required or non-required training programs, or annual conventions, held or sponsored by or for Franchisor or the travel to or from such programs.

7. FRANCHISEE'S DEVELOPMENT OBLIGATIONS

7.1. **Computer Equipment and Telephones**. Franchisee shall be required to own and operate a computer with software meeting Franchisor's minimum specifications in the operation of its PatchitUP Business. Franchisor's minimum specifications currently require computer, which may be a PC or Apple MAC or equivalent computer, running a current operating system that is supported by Microsoft or Apple, as applicable (and Franchisee will need to upgrade the operating system to a higher system once its system is no longer supported) and a high speed Internet connection, with the Microsoft Office suite software, QuickBooks Online, and such other CRM and other software required by Franchisor. Franchisee is also required to own and use a smart phone or other device agreed to in writing by Franchisor meeting Franchisor's standards and specifications that can and will be kept on and used to receive and send e-mails throughout the day from any location within the Service Area, including job sites. Franchisor will provide an e-mail account to Franchisee. Franchisee shall be required to use only the e-mail account provided by Franchisor in the operation of its PatchitUP Business, and Franchisee shall not use the e-mail account for any purpose not related to the operation of its PatchitUP Business. Franchisee is required to check such e-mail account throughout the business day using the required mobile device for receiving and sending e-mail messages promptly. Franchisor reserves the right to discontinue providing the e-mail account in the future, in which event Franchisee will be required to maintain an e-mail account to be used in the operation of the PatchitUP Business. Franchisee shall at all times utilize Franchisor's proprietary and/or approved software in the operation of its PatchitUP Business. Franchisee shall purchase and maintain, at Franchisee's sole cost and expense, all required third-party software and hardware upgrades and shall promptly install the software upgrades on all computer equipment used by Franchisee in operating its PatchitUP Business. Franchisee shall add, eliminate, substitute or modify any computer equipment, software, telephones, fax software, and other similar equipment upon notice from Franchisor of changes in Franchisor's specifications and requirements. Franchisor reserves the right to electronically access any of Franchisee's computer or software systems, including being able to access and view Franchisee's QuickBooks Online reports and data, used in the PatchitUP Business and Franchisee's e-mail account.

7.2. **Vehicles; GPS System**.

7.2.1. Franchisee shall acquire at least one truck or other motor vehicle approved by Franchisor from a vendor approved and designated by Franchisor for use in Franchisee's PatchitUP Business (each, a "Vehicle"). Franchisee shall acquire its first Vehicle within 60 days of the Effective Date, and equip, stock and decorate its Vehicle within 90 days of the Effective Date. Franchisee shall acquire additional approved Vehicles for use in Franchisee's PatchitUP Business to respond in a timely manner to customers in accordance with the System. The Vehicles must be in good condition, painted and decaled or wrapped with the signage specified by Franchisor, and kept clean and free from rust, dents, scratches or other damage. The Vehicles must be able to accommodate shelving and the basic inventory of Products, parts and supplies a PatchitUP Business must have at all times, as specified in the Operations Manual or otherwise in writing (the "Inventory List"). Franchisee will be required to continuously maintain its Vehicles in accordance with the manufacturer's recommended maintenance schedule. Franchisee's employees must use a Vehicle each time the employee goes to a customer's sites to perform the Services.

7.2.2. Each Vehicle shall be equipped with a global positioning system ("GPS") provided by, purchased from or approved by Franchisor. Each GPS must be updated to be current with the roads in the Service Area.

7.3. **Authorized Representatives**. Franchisee shall be solely responsible for recruiting, appointing, hiring, firing, and supervising its employees, including its Assistants, and one or more qualified customer service representatives (each, a "CSR") to conduct the Services and the PatchitUP Business, to assist in the answering of its phones, booking of jobs with customers, assisting with employment applications, paperwork check-in, and other similar customer service and office duties, and other authorized representatives of the PatchitUP Business (collectively referred to as "Authorized Representatives"). These Authorized Representatives will be employees or agents of Franchisee, and they are not employees or agents of Franchisor. Franchisee is solely responsible for implementing training and other programs for employees and other Authorized Representatives related to the legal, safe, and proper performance of their work, regardless of the fact that Franchisor may provide advice, suggestions, and certain training programs as described in this Agreement. Such advice, suggestions, and training by Franchisor are provided to protect Franchisor's brand and the Marks and not to control the day-to-day operation of Franchisee's PatchitUP Business. Franchisee will keep Franchisor informed of the names, addresses and telephone numbers of all Authorized Representatives. Franchisee shall cause each Authorized Representative to execute Franchisor's standard Nondisclosure and Noncompetition Agreement.

7.4. **Commencement of Operations**. Franchisee shall be deemed to have commenced operations on the date set forth in Exhibit I-C, which shall in no event be later than 90 days from the Effective Date.

7.5. **Active Operations**. Unless otherwise agreed in writing by Franchisor and Franchisee, once Franchisee has commenced operations as specified above, Franchisee shall actively promote and continue to operate its PatchitUP Business in accordance with the Operations Manual (as defined below) and this Agreement; unless Franchisor gives its prior written consent to Franchisee to temporarily suspend its operations, which consent may be withheld by Franchisor for any reason.

8. DEVELOPMENT ASSISTANCE

8.1. **Franchisor's Development Assistance**. Prior to or simultaneously with the opening of the Franchisee's PatchitUP Business, Franchisor or its designee will provide Franchisee with the following assistance:

8.1.1. Designate Franchisee's exclusive Service Area.

8.1.2. Provide Franchisee with access to Franchisor's proprietary and/or approved software, an e-mail account, an Internet site for prospective customers, and an Intranet site for Franchisee and other franchisees of Franchisor. Franchisor reserves the right to discontinue providing the e-mail account and Intranet site at any time in its sole discretion. Franchisee acknowledges that the Internet site will also include information for prospective franchisees regarding purchasing a PatchitUP Business franchise.

8.1.3. Provide Franchisee with Franchisor's standards for purchasing or leasing and equipping Franchisee's Office and Vehicles.

8.1.4. Provide Franchisee with the Inventory List and specifications of all initial and replacement equipment, inventory and supplies required for the operation of its PatchitUP Business, all as specified in the Operations Manual, and a list of all approved suppliers of any Services, Products, equipment, inventory, supplies and other materials that Franchisor requires Franchise to use.

8.1.5. Provide assistance in running Franchisee's Market Penetration Strategy (as defined in Section 13.2 below) and guidance in implementing other marketing programs, operating and sales procedures. This guidance may include providing Franchisee with a list of information about tasks Franchisee will need to complete to establish its business, and assisting Franchisee in completing those tasks.

8.1.6. Loan Franchisee one copy of Franchisor's Operations Manual in accordance with Article 9 below.

8.1.7. Provide the initial business training in accordance with Sections 6.1 and 6.2 of this Agreement.

9. OPERATIONS MANUAL

9.1. **Operations Manual**. Franchisor agrees to grant Franchisee online access to Franchisor's digital operations manual, which may include electronic documents, technical bulletins, memoranda, and other supplemental digital materials prepared by or on behalf of Franchisor for use by franchisees generally or for Franchisee in particular (all referred to in this Agreement as the "Operations Manual") covering the proper operating and marketing techniques of Franchisee's PatchitUP Business. The Operations Manual exists solely in digital form and is made available to Franchisee exclusively through online access designated by Franchisor. No physical copies of the Operations Manual will be provided to Franchisee. The Operations Manual is designed to protect Franchisor's reputation and the goodwill of the Marks; it is not designed to control the day-to-day operations of Franchisee's PatchitUP Business. Franchisor may modify the Operations Manual at Franchisor's discretion, and all updates and revisions will be made available to Franchisee through the same online access. Franchisee agrees that it will comply with the Operations Manual as an essential aspect of its obligations under this Agreement.

9.2. **Confidentiality of Operations Manual Contents**. Franchisee agrees to use the Marks and System only as specified in the Operations Manual. The Operations Manual is the sole property of Franchisor, and will be used by Franchisee only during the term of this Agreement and in strict accordance with the terms and conditions hereof. Franchisee shall not duplicate, copy, reproduce, record, or otherwise capture any part of the Operations Manual or materials deemed by Franchisor to be part of the Operations Manual, whether in physical or electronic form. Franchisee shall not disclose any contents of the Operations Manual to any person other than its Authorized Representatives or officers who have executed Franchisor's then-current form of confidentiality and non-competition agreement in a form supplied by or approved by Franchisor. Franchisee will return the Operations Manual to Franchisor upon the expiration, termination or assignment of this Agreement, at Franchisee's sole expense.

9.3. **Changes to Operations Manual**. Franchisor reserves the right to revise the Operations Manual from time to time as it deems necessary in its sole discretion. Franchisee, within five business days of receiving any updated information or electronic notifications of such updated information, will update its copy of the Operations Manual as instructed by Franchisor and will conform its operations to the updated provisions. A master copy of the Operations Manual maintained by Franchisor at its principal office, regardless if maintained electronically or otherwise, will be controlling in the event of a dispute regarding the content of any Operations Manual.

10. OPERATING ASSISTANCE

10.1. **Franchisor's Available Services**. Subject to the terms of this Agreement and provided that Franchisee is in full compliance with all terms and conditions hereof, Franchisor or its designee will provide to Franchisee the following assistance and services:

10.1.1. Provide Franchisee advice and assistance as Franchisor deems advisable and planning publicity and promotions for Franchisee's PatchitUP Business promotion, including advice on print media and display advertising.

10.1.2. Make Franchisor's staff accessible to Franchisee or Franchisee's Managing Principal to the extent Franchisor deems advisable, for consultation by telephone, fax, written communication, e-mail and other forms of electronic communication regarding operational questions and issues.

10.1.3. As Franchisor deems appropriate, Franchisor may visit Franchisee's Office or Service Area to conduct reviews and to consult with Franchisee or Franchisee's Managing Principal regarding compliance with Franchisor's System standards.

10.1.4. Loan Franchisee any additions or supplements to the Operations Manual as they are made available and disclose to Franchisee any additional trade secrets Franchisor develops, if any, that relate to the operation of PatchitUP Businesses generally.

10.1.5. Invite Franchisee to attend, at Franchisee's own expense, all conventions, seminars and franchisee-oriented functions, if any that Franchisor may plan from time to time and sponsor that are applicable to Franchisee or Franchisee's PatchitUP Business, so long as Franchisee is in compliance with this Agreement. Some of these events may be held online.

10.1.6. If created, send to Franchisee and Franchisee's customers periodic online newsletters that Franchisor may produce from time to time. Franchisor has no obligation to create any newsletters or, if created, to create them on any regular schedule.

10.1.7. Upon Franchisor's recommendation or at Franchisee's request, conduct additional training programs at a location designate by Franchisor. Franchisor reserves the right to charge a fee for these additional training programs.

10.1.8. Make available to Franchisee all marketing manuals, advertising designs, advertising campaigns, camera-ready artwork, tactical marketing planners, and budgeting templates for Franchisee's advertising and promotional programs. Franchisor may charge Franchisee for these materials.

10.1.9. Provide Franchisee with access to Franchisor's proprietary software (if any) and all upgrades, an Internet site for prospective customers, and an Intranet site for Franchisee and other franchisees. Franchisor reserves the right to discontinue providing the Intranet site.

10.1.10. From time to time, research new products, services and methods of doing business and provide Franchisee with information concerning developments of this research.

10.1.11. Provide Franchisee with access to and guidelines related to the centralized ai call center provided by Franchisor or Franchisor's designated supplier to receive calls and schedule appointments for Franchisee's PatchitUP Business.

10.1.12. From time to time, recommend suggested prices for Franchisee's Products or Services. Any prices that Franchisor recommends to Franchisee are merely suggestions and do not constitute maximum or minimum prices, and Franchisee may establish its own prices, which may be higher or lower than Franchisor's recommended prices. Franchisor makes no representation or warranty that using any recommended prices will result in any particular level of profitability or revenue.

10.2. **Additional Franchisor Services**. Although not obligated to do so, upon the reasonable request of Franchisee, Franchisor may make its employees or designated agents available to Franchisee, either at Franchisor's office or within Franchisee's Service Area, for additional advice and assistance in connection with the ongoing operation of the PatchitUP

Business governed by this Agreement. If Franchisee requests such additional assistance and Franchisor agrees to provide it, Franchisor reserves the right to charge Franchisee for all travel, lodging, living expenses, telephone charges and other identifiable expenses associated with such assistance, plus a fee based on the time spent by each employee on behalf of Franchisee. Any fee will be charged in accordance with the then current published fees being charged by Franchisor for such assistance.

10.3. **Ai, Automation and Contact Communication Platform**. Franchisee shall pay Franchisor or its designated supplier a monthly fee, currently set at Four hundred twenty-eight dollars ($428) per month, plus applicable usage fees, for the Ai, Automation and Contact Communication Platform (the "Platform"). The Platform provides AI-powered customer communication tools designed to enhance engagement with leads and drive revenue for Franchisee's PatchitUP Business. The Platform enables Franchisee to interact with customers through text messaging, email, and voicemails, facilitating tasks such as lead engagement, estimate follow-ups, lead and customer nurturing, and appointment scheduling. The Platform integrates with Franchisor's Field Management System and current lead sources to streamline operations and improve efficiency. Usage fees are as follows: SMS messages at $0.0024 per message; emails at $0.0001 per email; and telephone calls at $0.20 per minute. Franchisor reserves the right to increase the Platform fee and usage fees upon thirty (30) days written notice to Franchisee.

11. FRANCHISEE'S OPERATIONAL COVENANTS

11.1. **Business Operations**. Franchisee acknowledges that it is solely responsible for the successful operation of its PatchitUP Business and that the continued successful operation thereof is, in part, dependent upon Franchisee's compliance with this Agreement and the Operations Manual. In addition to all other obligations contained in this Agreement and in the Operations Manual, Franchisee covenants that:

11.1.1. Franchisee shall, consistent with the terms of this Agreement, diligently develop its PatchitUP Business and use its best efforts to market and promote the required Products and Services in the Service Area. Franchisee shall operate the PatchitUP Business and offer the Products and Services during all hours as specified by Franchisor in the Operations Manual.

11.1.2. Franchisee shall strictly comply with all present and future provisions of the Operations Manual as amended by the Franchisor from time to time.

11.1.3. Franchisee, or the General Manager, as applicable, shall devote full time and best efforts on a daily basis, in person, to the supervision and conduct of Franchisee's PatchitUP Business, which supervision must not be less than 40 hours per week. Franchisee may only operate another business, including any e-commerce business which operates over the Internet, with Franchisor's prior approval, which approval may be granted or denied in Franchisor's sole and absolute discretion. If Franchisee wishes to operate another business with Franchisee's PatchitUP Business, the other business must be a complimentary, non-competing enterprise; for example, an electrical service business.

11.1.4. Franchisee, or Franchisee's Managing Principal or the General Manager, and Franchisee's Assistants, as applicable, shall attend and complete the Initial Training Program referred to in Article 6 above. Franchisee, or Franchisee's Managing Principal or the General Manager, and Franchisee's Assistants, as applicable, shall also attend subsequent mandatory training programs, demonstrations and seminars at locations as Franchisor may require. Franchisee shall be bound by the terms of Article 6 of this Agreement in regard to all training programs.

11.1.5. Franchisee shall not sell any service or product except the Services or Products, in conjunction with the operation of its PatchitUP Business, unless Franchisee receives the prior written consent of Franchisor. Franchisee must offer all of the Products and Services that Franchisor requires Franchisee to offer. Franchisor may require Franchisee to participate in new product or service tests, in which case Franchisee must participate. Franchisee must discontinue offering any product or service that Franchisor requires to be discontinued.

11.1.6. Franchisee shall only use in its PatchitUP Business advertising and promotional material, services, equipment, supplies, and logoed clothing that meet Franchisor's standards and specifications. Advertising materials that are produced or approved by Franchisor for use by Franchisee may be used only in the manner and during the period specified by Franchisor.

11.1.7. Franchisee shall purchase and maintain in good operating condition a computer and software meeting Franchisor's minimum specifications, a printer, and fax software. Equipment, signs, Services, Products, supplies and other items must be added, eliminated, substituted and modified by Franchisee as soon as practicable in accordance with changes in Franchisor's specifications and requirements.

11.1.8. All employees must be in logoed clothing approved by Franchisor, and be clean and neat in appearance.

11.1.9. Franchisee shall not alter its PatchitUP Business in any manner that materially affects the image of its PatchitUP Business or the System, except at Franchisor's request or with Franchisor's written approval, and any alterations must strictly conform to the specifications and requirements established or approved by Franchisor.

11.1.10. All Products and Services distributed and sold by Franchisee must comply with all applicable federal, state, provincial, or local codes, laws, ordinances, rules, regulations and other requirements.

11.1.11. The number and type of employees and contractors, as well as the amount and type of Vehicles, Products, equipment, supplies, inventory and other items on hand at Franchisee's PatchitUP Business must be at all times sufficient to efficiently meet the anticipated volume of business.

11.1.12. Franchisee shall pay when due all debts and taxes arising in connection with Franchisee's PatchitUP Business, except those duly contested in a bona fide dispute.

11.1.13. Franchisee shall at all times utilize Franchisor's proprietary and/or approved software in the operation of its PatchitUP Business. Franchisee shall purchase, at Franchisee's sole cost and expense, all required third-party software and hardware upgrades and shall immediately install the software upgrades on all computer equipment used by Franchisee in operating its PatchitUP Business.

11.1.14. Franchisee will use the Franchisor Intranet site in accordance with Franchisor's specifications and the requirements of the System.

11.1.15. Franchisee shall use only the e-mail account provided by Franchisor in the operation of its PatchitUP Business, and Franchisee may not use the e-mail account for any purpose not related to the operation of its PatchitUP Business. Franchisee shall check such e-mail account at least once per business day and respond to e-mail messages promptly (as appropriate) and in all events within one business day. Franchisor reserves the right to discontinue providing this e-mail account or charge a fee for providing the e-mail account. Franchisee shall have a high-speed Internet connection. In the event that high-speed internet is not available, Franchisee shall secure the best available internet connection and notify Franchisor of the situation.

11.1.16. During the term of this Agreement and for three years after the expiration and termination of this Agreement, Franchisee shall notify Franchisor in writing of any change to Franchisee's (or its Managing Principal's) home and business addresses and telephone numbers.

11.1.17. If Franchisee is an individual, Franchisee or the General Manager shall directly supervise the PatchitUP Business. If Franchisee is a corporation or other business entity it shall appoint its Managing Principal or a General Manager to directly supervise Franchisee's PatchitUP Business. If, in Franchisor's sole judgment, Franchisee or its Managing Principal has insufficient experience in a business similar to a PatchitUP Business or insufficient experience in business management in general to operate the PatchitUP Business, Franchisee shall hire a General Manager who shall have direct responsibility for all operations of Franchisee's PatchitUP Business. Any change in the Managing Principal or General Manager shall be subject to the prior written approval of Franchisor, which approval may be granted or denied in Franchisor's sole and absolute discretion.

11.1.18. Franchisee shall become a member of such franchise, trade or other associations or organizations that, in the opinion of Franchisor, are useful in the operation of a PatchitUP Business. Franchisee shall have the option to become a member of all benefit programs that are offered from time to time by Franchisor to all of its franchisees, if any. The costs of participating in such franchise, trade or other associations and benefit programs shall be borne by Franchisee and its employees (if applicable to the employees).

11.1.19. Franchisee will comply with all agreements with third parties related to its PatchitUP Business.

11.1.20. Franchisee will at all times during the term of this Agreement own and control the PatchitUP Business authorized hereunder. Upon request of Franchisor, Franchisee will promptly provide satisfactory proof of such ownership to Franchisor. Franchisee represents that the Statement of Ownership, attached hereto as Exhibit III and incorporated by this reference, is true, complete, accurate and not misleading; and, in accordance with the information contained in the Statement of Ownership, the controlling ownership of the PatchitUP Business is held by Franchisee. Franchisee will promptly provide Franchisor with a written notification if the information contained in the Statement of Ownership changes at any time during the term of this Agreement and will comply with the applicable transfer provisions contained herein. If Franchisee is not an individual, an individual or individuals designated by Franchisor will execute the Guaranty and Assumption of Franchisee's Obligations attached hereto as Exhibit II and incorporated by this reference.

11.1.21. Except as prohibited or limited by law, Franchisee shall fully participate in all promotional campaigns, prize contests, special offers, and other programs, whether national, regional, or local in nature (including the introduction of new Products or Services, or new franchises or other marketing programs directed or approved by Franchisor), which are prescribed from time to time by Franchisor. Franchisee shall be responsible for the costs of such participation. In addition, Franchisee shall honor any coupons, gift certificates or other authorized promotional offers of Franchisor at Franchisee's sole cost unless otherwise specified in writing by Franchisor. From time to time a promotion may not benefit all franchisees in the System; and if the promotion is not offered in the region, or another unknown hardship arises, Franchisor may, at Franchisor's option, exempt Franchisee and/or other franchisees on a case-by-case basis.

11.1.22. Franchisee will at all times employ one or more qualified CSRs to address all customer service concerns for Franchisee's PatchitUP Business. At least one CSR must be appointed by Franchisee within 90 days of the execution of this Agreement. Franchisee shall be responsible for training of all of the CSRs Franchisee employs in its PatchitUP Business.

11.1.23. Franchisee will have its PatchitUP Business' phone answered during regular business hours within three rings by its CSR. Franchisee may enlist the services of an answering service for after-hours calls only.

11.1.24. Franchisee, or its Managing Principal or General Manager, and its Assistants, CSRs, and employees shall at all times present themselves in a professional manner to all customers or clients, and shall refrain from the use of illegal drugs or the consumption of alcohol during normal business hours or during any time that the same are performing services for clients or customers.

11.1.25. Franchisee shall not engage in any activities not covered by Franchisee's liability insurance or workers compensation insurance.

11.1.26. Franchisee shall not engage in any trade, practice or other activity that is harmful to Franchisor's goodwill or reflects unfavorably on Franchisor's reputation, or that constitutes deceptive or unfair competition.

11.1.27. Franchisee must participate in and use Franchisor's operational centralized call center, which provides 24/7 sales and customer support services, including nights and weekends. The call center converts leads from various sources into paying customers and provides centralized lead support and scheduling services. Franchisee shall comply with all requirements of Franchisor and the designated supplier related to the centralized call center, including but not limited to: (a) linking Franchisee's local telephone number to automatically ring into the call center; (b) maintaining current availability schedules in the Field Management System to enable proper appointment scheduling; and (c) utilizing the platform's unified chat, text, and online scheduling features. Franchisee shall pay all charges for the call center services imposed by Franchisor or Franchisor's designated supplier. The designated supplier for the call center services may be changed from time to time, and may be Franchisor or its affiliates.

11.1.28. Franchisee will comply with all laws prohibiting, or otherwise related to, bribery of or other illegal payments to any government, government agency, public international organization, or political party, or any of their officials, employees, candidates, or other representatives.

11.1.29. Franchisee must accept credit and debit cards from customers of its PatchitUP Business and, if required by Franchisor, use a merchant vendor approved by Franchisor. The Payment Card Industry ("PCI") requires all companies that process, store, or transmit credit or debit card information to protect the cardholders' information by complying with the PCI Data Security Standard ("PCI DSS"). Therefore, Franchisee shall be PCI compliant by following and adhering to then-current PCI DSS, currently found at www.pcisecuritystandards.org, or any similar or subsequent standard for the protection of cardholder data throughout the term of this Agreement. Franchisee's PatchitUP Business shall be in compliance with PCI DSS at all times.

11.1.30. Franchisee expressly authorizes Franchisor and its approved suppliers to contact Franchisee by e-mail, telephone, mail, or any other means related to any aspect of the PatchitUP Business, authorized Products and Services, this Agreement, or the System, for so long as this Agreement remains in effect. Franchisee expressly authorizes Franchisor to disclose Franchisee's contact information to Franchisor's approved and designated suppliers to enable such suppliers to contact Franchisee. Franchisee acknowledges that these communications are necessary to facilitate and keep Franchisee updated regarding the ongoing franchise relationship.

11.2. **Requirements for Entity Franchisees**. If Franchisee is a corporation, partnership, limited liability company or other business entity, the following additional conditions must be met, along with any other conditions as may be established by Franchisor for entity franchisees:

11.2.1. Contemporaneously with the business entity acquiring the franchise rights, thereafter upon the issuance or transfer of any ownership interests in the business entity and the appointment or election of any person as director, officer, member or manager of the business entity, and at any other time requested by Franchisor, the shareholders, members, partners, other owners, directors, officers, or managers (as applicable), and any other individuals designated by Franchisor will execute the Guaranty and Assumption of Franchisee's Obligations attached hereto as Exhibit II and incorporated herein by reference, personally guaranteeing full payment and performance of Franchisee's obligations to Franchisor and individually undertaking to be bound, jointly and severally, by all the terms of this Agreement.

11.2.2. No shares in the capital of such corporation or other interest in the business entity shall be issued nor shall Franchisee directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, convey, donate, pledge, mortgage or otherwise encumber any such shares or offer or attempt to do so or permit the same to be done without Franchisor's prior written consent. Such actions shall be deemed a Transfer, as defined in Section 17.2, and subject to the requirements of Article 17 below.

11.2.3. The business entity shall maintain stop transfer instructions against the Transfer of ownership on its records subject to the restrictions of this Agreement and shall have all outstanding certificates of ownership endorsed with the following legend printed conspicuously upon the face of each certificate:

> ***The transfer of the shares represented by this certificate is subject to the terms and conditions of a certain Franchise Agreement with PatchitUP Franchise Group , LLC.***

11.2.4. The articles of incorporation or organization and by-laws, operating agreement or other governing documents of the business entity shall provide that its objectives or business is confined exclusively to the operation of the PatchitUP Business as provided for in this Agreement, and recite that the issuance and Transfer of any ownership interest in the business entity is restricted by the terms of this Agreement. Copies thereof shall be furnished to Franchisor upon request.

11.3. **New Products or Services**. On at least 30 days' prior written notice, Franchisor may specify a new Service or Product as a required Service or Product in Franchisee's market area. The new Service or Product will not be deemed a required Service or Product if Franchisee demonstrates to Franchisor's satisfaction either of the following situations will exist:

11.3.1. Franchisee will incur a substantial capital improvement not contemplated by this Agreement or in the Operations Manual, thereby resulting in a material hardship to Franchisee. For the purposes of this Subsection, the parties agree that a capital improvement in excess of 10 percent of the Franchisee's Gross Revenue for the prior year will be considered a substantial capital improvement; or

11.3.2. Franchisee will incur a material reduction in sales or profitability therefrom. For the purposes of this Subsection, the parties agree that an expected 20 percent decrease in sales from the average sales in the prior 12 months will be considered a material reduction in sales, and a 10 percent reduction in profitability from the average profitability during the previous 12 months will be considered a material reduction in profitability.

11.3.3. Subject to the foregoing, any new or additional required Services or Products introduced into the System by Franchisor must be offered for sale on a continuing basis as part of Franchisee's PatchitUP Business at the time and in the manner required by Franchisor, and all equipment, products, supplies and other items necessary to add new required Services or Products must be acquired, installed, and utilized as required by Franchisor.

12. CONTINUING FEES AND PAYMENTS

12.1. **Royalty Fee**. Franchisee shall pay to Franchisor a continuing royalty fee equal to the greater of (a) six percent (6%) of Franchisee's Gross Revenues, as defined below, or (b) the applicable Minimum Royalty, as defined below (the "Royalty Fee"). The Royalty Fee shall be paid on twice a month, due within five (5) days of the close of each Reporting Period. Franchisee shall not subordinate to any other obligation its obligation to pay the Royalty Fee or any other fee or charge hereunder.

Number of Months Since Commencement of Operations	**Minimum Royalty Fee**
Months 1 through 12	$0 per month
Months 13 through 24	$1,000 per month
Months 25 through 36	$1,500 per month
Months 37 and on	$2,000 per month

12.2. **Brand Development Fund Fees**. Franchisee shall remit two percent (2%) of Franchisee's Gross Revenues (the "Brand Development Fund Fee") to the PatchitUP Brand Development Fund established by Franchisor (the "Brand Development Fund"). All Brand Development Fund Fees are due at the same time and in the same manner as the Royalty Fee.

12.3. **Gross Revenue and Reporting Period Defined**.

12.3.1. "Gross Revenues" means, except as set forth below, the total of all receipts derived from the operation of Franchisee's PatchitUP Business, including all work done by employees or sub-contractors, whether the receipts are evidenced by cash, credit, or checks, or exchanged for services, materials, service charges, property or other means of exchange. Gross Revenue does not include the amount of any tax imposed by any federal, state, provincial, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and in fact paid by Franchisee to the appropriate governmental authority. Gross Revenues also does not include the amount of any discounts given to customers, to the extent the customers do not pay such amounts to Franchisee. Gross Revenues shall be deemed received by Franchisee at the time the Services and Products from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer's personal check) actually has been received by Franchisee; provided, however, if less than 25 percent of a job is completed at the end of any Reporting Period (as defined below), the Gross Revenues generated by the job will not have to be reported, and the Royalty Fee, as defined above, will not have to be paid, until the following Reporting Period; provided further that any job which is scheduled to extend beyond the second Reporting Period will need to be settled with the customer once during each Reporting Period, the Gross Revenues will have to be reported, and the Royalty Fee and Brand Development Fund Fees paid during each Reporting Period. Gross Revenues consisting of property or services shall be valued at the retail prices applicable and in effect for the Products and Services at the time that they are received. Cash refunded and credit given to customers, and any receivable uncollected from customers more than 120 days after billing, may be deducted in computing Gross Revenues only to the extent that the receivable was previously included in Gross Revenues on which a Royalty Fee was paid.

12.3.2. "Reporting Period" means the period of the 1st day of any month to the 15th day of the same month, or the period of the 16th day of any month to the last day of the same month.

12.4. **Technology Fee**. Franchisee shall be assessed the then-current monthly Technology Fee ("Technology Fee"). The Technology Fee covers certain technology tools required to operate the Franchised Business. Currently, these tools include the following: (i) Email Service (up to 2 users); (ii) Business Phone Number (1 included); (iii) Website Hosting; (iv) Review Management; (v) Access to our Intranet Systems; (vi) Access to our Learning Management System (LMS); and (vii) Recruiting Software. Each additional business phone number beyond the one (1) included is $50 per month, and each additional email address beyond the two (2) included is $10 per month. The Technology Fee is paid for so long as Franchisor continues to make such tools available to Franchisee. If Franchisee purchases non-contiguous Service Areas, Franchisor reserves the right to charge a Technology Fee for each Service Area, especially where the franchises will operate separately. The Franchisor has the right to increase this Technology Fee as needed upon 30-days written notice to Franchisee.

12.5. **Payments to Franchisor**.

12.5.1. Franchisee shall pay the Royalty Fees and Brand Development Fund Fees to Franchisor on the fifth day following the end of each Reporting Period, starting with the Reporting Period in which Franchisee first makes a sale through its PatchitUP Business, or at such other frequency as Franchisor may determine in its sole discretion upon written notice to Franchisee, for the immediately preceding Reporting Period. The amount of such payments shall be determined based on the Gross Revenues of Franchisee as calculated based on the information provided through Franchisor's software over the applicable Reporting Period. If any of the reports of Gross Revenues required to be submitted by Franchisee pursuant to Section 16.1.a below reveal an underpayment of Royalty Fees and Brand Development Fund Fees, Franchisee will immediately pay to Franchisor the amount of such underpayment. If any such reports show an overpayment of Royalty Fees and Brand Development Fund Fees, Franchisor will provide a credit to Franchisee's account in an amount equal to the amount of the overpayment.

12.5.2. Franchisee shall pay the Technology Fee once a month in advance no later than the 10th day of each calendar month, and as specified by Franchisor.

12.5.3. Franchisee shall remit all fees and other amounts due to Franchisor hereunder via electronic funds transfer. Franchisee agrees to comply with procedures specified by Franchisor and/or perform such acts and deliver and execute such documents, including authorization for direct debits from Franchisee's checking or savings accounts, as may be necessary to assist in or accomplish payment by such method. Under this procedure, Franchisee shall authorize Franchisor to initiate debit entries and/or credit correction entries to the designated banking account for payments of fees and other amounts payable to Franchisor and any interest charge due thereon. Franchisee shall ensure funds are available for withdrawal by Franchisor via electronic transfer no later than the due date for the payment, and shall at all times maintain a minimum balance of $1,500 in the designated account, which shall be available to Franchisor to cover any required payments to Franchisor. If Franchisee has not timely reported the Gross Revenues to Franchisor or submitted information to Franchisor through its software system as required for any applicable period on which a fee is based, then Franchisor shall be authorized, at Franchisor's option, to debit Franchisee's account in an amount equal to (a) the fees transferred from Franchisee's account for the last applicable period for which a report of the Gross Revenues was provided to Franchisor or for which information was submitted through Franchisor's software system as required hereunder; (b) the amount due based on information retrieved from the computer system approved or required by Franchisor, or (c) the amount due based on the estimate of Gross Revenues prepared by Franchisor under Section 16.4 below. Such payments shall be deemed the minimum amount of fees due for failure to timely remit all fees and file the required reports, and Franchisee shall remain liable for all fees in excess of such amounts once the actual Gross Revenues for the applicable period are determined.

12.6. **Late Fees; Denied ACH Processing; Interest**. To encourage prompt payment and to cover the costs and expenses involved in handling and processing late payments or denied or rejected requests for ACH payments, Franchisee shall also pay to Franchisor, upon demand, a late payment charge of $75 per overdue report or fee owed to Franchisor, and $50 for each check that is not honored or ACH payment request that is denied or rejected by Franchisee's bank or other financial institution, plus interest equal to the lesser of (i) the maximum legal rate of interest then charged on open accounts or (ii) 18% per annum, on all payments due to Franchisor during the period of time said payments are due and unpaid. This same interest rate shall apply as the post-judgment interest rate, regardless of the applicable statutory rate, in the event of any legal actions related to this Agreement. However, if Franchisee fails to pay any fees or other amounts in furtherance of an Act of Deception (as defined in Section 16.5 below), then the interest due shall be computed in accordance with the terms of Section 16.5 below.

12.7. **Testing or Supplier Approval Fee**. If Franchisee requests that Franchisor test or review a new product or supplier for approval, Franchisee shall pay to Franchisor a fee of one thousand dollars ($1,000). If Franchisor approves of the new product or supplier, Franchisor agrees to refund this fee to Franchisee. Nothing in the foregoing will be construed to require Franchisor to approve any particular product or supplier.

12.8. **Non-Compliance Fee**. In the event Franchisee is found to be in non-compliance with any material term of this Agreement and/or the System Standards, Franchisee shall pay to Franchisor a non-compliance fee of one hundred dollars ($100) per week until such non-compliance is cured to Franchisor's reasonable satisfaction. Such fee shall begin to accrue following written notice of non-compliance from Franchisor and expiration of any applicable cure period. We reserve the right to grant you the opportunity to cure the non-compliance prior to imposing the Non-Compliance Fee. We have the right to require any form of verification to determine non-compliance, with or without cause, including but not limited to documentation, photos, video tours, etc. and that you shall be required to furnish such verification within seventy-two (72) hours of our request.

12.9. **Nonrefundable Fees**. Except as specifically contemplated in this Agreement, all fees once paid, shall be nonrefundable in all circumstances.

13. ADVERTISING

13.1. **Approval of Advertising**. Franchisor will make available to Franchisee all advertising and promotion materials for its PatchitUP Business that are developed by or for Franchisor. If Franchisee desires to acquire these materials, Franchisee must pay for them. Franchisor will provide camera-ready artwork to Franchisee. Franchisee may also develop advertising materials for Franchisee's own use, at Franchisee's own cost; provided that if Franchisee uses an outside marketing or advertising company, it must first obtain the prior consent of Franchisor in accordance with Section 14.2 below. Before using any promotional and advertising materials, Franchisee will submit to Franchisor or Franchisor's designated agency, for Franchisor's prior written approval, all information pertaining to such promotional materials and advertising developed by Franchisee; including, but not limited to, Yellow Pages or other telephone related materials, print ads, radio and television scripts, Internet advertising, social media, or any promotional creative materials. In the event written approval or disapproval of any such advertising and promotional material has not been given by Franchisor to Franchisee within seven days from the date such information has been received by Franchisor, the materials will be deemed approved as submitted. Franchisee agrees to comply with all of Franchisor's advertising standards and specifications. In particular, Franchisor may require Franchisee to acquire some or all advertising services and products only from media or advertising agencies or other vendors designated as approved suppliers by Franchisor. Franchisee shall display all required promotional materials, signs and other marketing materials in its PatchitUP Business in the manner prescribed by Franchisor.

13.2. **Local Advertising**. In addition to the Brand Development Fund Fee, Franchisee must spend monthly on local marketing for Franchisee's PatchitUP Business (the "Local Advertising Expenditure") the greater of: (a) five percent (5%) of Franchisee's monthly Gross Revenues; or (b) three thousand dollars ($3,000) multiplied by the number of PatchitUP operating vans with managed technicians that Franchisee operates in its Service Area. Franchisee must spend the Local Advertising Expenditure as Franchisor prescribes in the Operations Manual or otherwise in writing, which may include, without limitation, requirements for placing a certain number of and/or type(s) of media advertisements or engaging certain public figures to assist the Franchisee in promoting its PatchitUP Business. The Local Advertising Expenditure must be spent within Franchisee's Service Area. Franchisee is prohibited from marketing outside of its Service Area. Franchisee acknowledges and agrees that Franchisee's Local Advertising Expenditure must be spent regardless of the amount(s) spent by other franchisees on Local Advertising. Franchisee may spend any additional sums Franchisee wishes on Local Advertising. Franchisee must use only such advertising and promotional materials as have been previously approved by Franchisor. Upon request by Franchisor, Franchisee will submit to Franchisor proof of Franchisee's expenditures on local marketing. Franchisor reserves the right to require Franchisee to purchase advertising and/or marketing materials and services from Franchisor, its affiliates and/or designated third party suppliers at any time. Additionally, if Franchisee elects to have Franchisor manage Franchisee's leads and profiles, Franchisee shall pay Franchisor a Marketing Management Fee equal to the greater of (i) five hundred dollars ($500) per month or (ii) twelve percent (12%) of the Local Advertising Expenditure. When applicable, the Marketing Management Fee is due and payable to Franchisor on the tenth (10th) day of each month, commencing on the thirteenth (13th) month after the Opening Date. The initial start-up bundle includes the cost of the Marketing Management Fee for the first twelve (12) months of operation if Franchisee elects this service at the start of operations. The Marketing Management Fee covers Franchisor's costs associated with managing

Franchisee's leads and profiles. Franchisor may conduct audits of Franchisee's Local Advertising expenditures. In addition to any and all other rights available to Franchisor under this Agreement and applicable law, Franchisor has the right to require Franchisee to pay any and all unexpended amounts directly to Franchisor or its designee. Franchisor and/or its designee, as applicable may expend such amounts on local, regional and/or national marketing, as Franchisor determines in its sole discretion.

13.3. **Local Advertising Group**.

13.3.1. Franchisor may establish a regional advertising cooperative ("Local Advertising Group") in a region that includes Franchisee's Service Area. If a Local Advertising Group is established that includes Franchisee's Service Area, Franchisee shall join and participate in it. Each of Franchisor's company-owned and affiliate-owned operations (if any) offering Products and Services similar to a PatchitUP Business within the region for which the Local Advertising Group is established will make contributions to the Local Advertising Group equivalent to the contributions required of Franchisee.

13.3.2. If Franchisor directs that Franchisee join a Local Advertising Group, Franchisee will pay all or part of its Minimum Individual Marketing Expenditure, if applicable, to the Local Advertising Group as directed by Franchisor.

13.3.3. The rules of the Local Advertising Group must be in writing and established by its members, but must be submitted for prior approval to Franchisor (and shall be deemed approved 30 days after submission if Franchisor takes no action). All Local Advertising Groups shall provide detailed quarterly financial reports to Franchisor, including a breakdown of expenditures and the impact of advertising efforts.

13.4. **Brand Development Fund**.

13.4.1. The Brand Development Fund Fee set forth in Section 12.2 of this Agreement will be deposited in the Brand Development Fund, which shall be a separate bank account, commercial account or savings account. No action taken by Franchisee or any Local Advertising Group shall diminish Franchisee's obligation to pay the Brand Development Fund Fee to the Brand Development Fund.

13.4.2. Advertising materials and services will be provided to Franchisee through the Brand Development Fund. The Brand Development Fund shall be maintained and administered by Franchisor or Franchisor's designee, as follows:

13.4.2.1. Franchisor or its designee, with recommendations, if established by Franchisor, from the Franchisee Advisory Council, as defined below, will oversee and direct all advertising programs and have sole discretion over creative concepts, materials and media used in such programs, including the placement and allocation of advertising. Franchisor or its designee will use the Brand Development Fund to conduct system-wide advertising, and/or, if Local Advertising Groups are developed, to conduct regional or local advertising on Franchisee's behalf. However, Franchisor or its designee cannot and does not ensure that any particular franchisee will benefit directly or pro rata from the placement of advertising.

13.4.2.2. For each of Franchisor's company-owned and affiliate-owned operations (if any) offering Products and Services similar to a PatchitUP Business, Franchisor will make contributions to the Brand Development Fund equivalent to the contributions required of Franchisee.

13.4.2.3. Franchisor or its designee, with recommendation from the Franchisee Advisory Council, if established by Franchisor, will administer and control the Brand

Development Fund and will have the absolute and unilateral right to determine how, when and where the monies in the Brand Development Fund will be spent. The Brand Development Fund will be used to promote the Products and/or Services sold by franchisees and company-owned and affiliate-owned operations for the entire network of PatchitUP Businesses located in the United States and other countries (the “Franchise Network”) and the Products and Services sold by PatchitUP Businesses, and will not be used to sell additional franchises; except that it may include a brief statement that PatchitUP franchise locations are available and the contact information for acquiring information about PatchitUP franchises, and except that the Brand Development Fund may be used for the website which may include information and promotion for the sale of franchises. All sums paid by Franchisee to the Brand Development Fund will be maintained in an account separate from Franchisor’s other funds and shall not be used to defray any of Franchisor’s general operating expenses; except for such reasonable administrative costs and overhead, if any, as Franchisor may incur in activities reasonably related to the administration or direction of the Brand Development Fund and advertising programs including, without limitation, costs incurred in collecting and accounting for assessments for the Brand Development Fund and salaries for marketing support personnel. The Brand Development Fund may be used to maintain and further develop the PatchitUP website, which may include information and promotion for the sale of franchises.

13.4.2.4. If Franchisor places advertising rather than engage an advertising agency for this purpose, Franchisor shall be entitled to receive a reasonable fee for such services, which will not exceed the highest rate charged for similar services by any recognized advertising agency not owned in whole or part by Franchisor or its officers, directors, or employees (in addition to reimbursement for costs incurred).

13.4.2.5. It is Franchisor’s intent that all contributions to the Brand Development Fund will be expended for advertising and promotional purposes during Franchisor’s fiscal year within which contributions are made. However, any monies not expended in the fiscal year in which they were contributed will be applied and used for Brand Development Fund expenses in the following year.

13.4.2.6. Although Franchisor intends the Brand Development Fund to be of perpetual duration, Franchisor has the right to terminate the Brand Development Fund. Franchisor will not terminate the Brand Development Fund, however, until all monies in the Brand Development Fund have been expended for advertising and promotional purposes.

13.4.2.7. An unaudited accounting of the Brand Development Fund contributions and expenditures will be prepared annually and will be made available to Franchisee, no later than 120 days after the end of each calendar year, upon written request. At Franchisor’s option, any such annual accounting may include an audit of the contributions and expenditures of the Brand Development Fund prepared by an independent certified public accountant selected by Franchisor and prepared at the expense of the Brand Development Fund.

13.4.2.8. Franchisor has no fiduciary obligation to Franchisee in connection with the operation of the Brand Development Fund. Franchisor will not be liable for any act or omission with respect to the operation of the Brand Development Fund or the use of the Brand Development Fund that is consistent with this Agreement and is done in good faith.

13.4.2.9. Franchisor may maintain a separate National Brand Fund for its franchisees located in other countries. Franchisor reserves the right, at its sole discretion, to combine the Brand Development Fund with the National Brand Fund for any other country, to be used to promote the

Products and/or Services sold by franchisees on an International basis. The Franchisee Advisory Council, if established by Franchisor, may also be combined with the Franchisee Advisory Council established in any other country or region of the world. Franchisor has the right, in its sole discretion, to choose not to collect a Brand Development Fund Fee from franchisees in other countries or regions of the world, and to not maintain an advertising fund for those franchisees. Franchisor's choice to collect or to not collect a Brand Development Fund Fee or to establish or to not establish an advertising fund in other countries or regions of the world will not in any way affect Franchisee's obligation to pay the Brand Development Fund Fee.

Once Franchisee makes contributions to the Brand Development Fund, all such monies will be used as required by this Section and will not be returned to Franchisee.

13.5. **Franchisee Advisory Council**. Franchisor may, but has no obligation to, establish a council of current franchisees of Franchisor called the "Franchisee Advisory Council." In Franchisor's sole discretion, Franchisor may establish separate Franchisee Advisory Councils for different countries, or different regions of the world. Unless Franchisor authorizes to the contrary, the Franchisee Advisory Council will advise and make suggestions to Franchisor regarding advertising issues. While Franchisor will consider all recommendations made by the Franchisee Advisory Council, Franchisor shall retain the right to direct and have sole discretion over such advertising decisions. Franchisor reserves the right to establish all rules and regulations related to the Franchisee Advisory Council, and, once established, may terminate the Franchisee Advisory Council, in Franchisor's sole discretion.

14. QUALITY CONTROL

14.1. **Standards and Specifications**. Franchisor will make available to Franchisee, via the Operations Manual, standards and specifications for materials and services used by Products sold through, and Services offered through, Franchisee's PatchitUP Business, which standards and specifications Franchisor reserves the right to change upon 30 days prior written notice to Franchisee. These standards and specifications are designed to protect Franchisor's reputation and the goodwill of the Marks, they are not designed to control the day-to-day operations of Franchisee's PatchitUP Business. Franchisor and Franchisor's representatives will have the right to discuss with Franchisee, or other personnel Franchisee may designate, including the General Manager, all matters that may pertain to compliance with this Agreement and with Franchisor's standards, specifications, requirements, instructions and procedures. Franchisor may take photographs of Franchisee's completed work as it relates to its PatchitUP Business. Franchisee shall in all respects cooperate with Franchisor's rights under this Agreement. Franchisor also reserves the right to contact any or all of Franchisee's customers, independent agents, employees, suppliers and other service professionals for quality control, market research and such other purposes as Franchisor deems appropriate.

14.2. **Restrictions on Services and Materials**. Except if Franchisor has designated exclusive or approved suppliers in the Operations Manual, Franchisee shall have the right to purchase directly from any supplier the equipment, services, and Products required for the operation of its PatchitUP Business; provided that the equipment, services, and Products meet all applicable minimum specifications established by Franchisor. Franchisor reserves the right to require approval of any or all of the Products, supplies, equipment, services, and other materials used in connection with Franchisee's PatchitUP Business, including marketing products and services, or the suppliers of such materials or services. Franchisor may require that Franchisee submit specifications, information or samples of the items for Franchisor's review to determine if they meet Franchisor's specifications and standards set forth in the Operations Manual as to quality, content, composition and service. Franchisor shall notify Franchisee in writing of its approval or rejection of the proposed supplier within a reasonable time, but not to exceed 30 days after Franchisor's completion of its investigation, of the materials or services or the proposed supplier. Franchisor does not currently require that a fee be paid to secure supplier approval; however, Franchisor may require a fee in the future, and in its sole discretion, Franchisor may require the supplier to reimburse Franchisor for any expenses Franchisor incurs in determining if the supplier meets its specifications and standards. Franchisor will provide Franchisee at least 30 days' prior written notice if it is going to charge a fee for supplier approval. Franchisor may revoke its approval of any supplier previously approved by written notice to the supplier and Franchisee, if Franchisee is using that supplier. Franchisee expressly acknowledges and agrees that Franchisor may derive revenue from Franchisee's purchases or leases of equipment from current or future suppliers, and may retain such revenue for Franchisor's use.

14.3. **National Account Program**. Franchisor may solicit business with locations in multiple geographic areas, including within Franchisee's Service Area, to participate in Franchisors "National Account Program." Participation in a National Account Program is optional, but if Franchisee elects to so participate, Franchisee must abide by and comply with the rules of Franchisor's National Account Program by providing Services to National Account Program customers who have locations within the Service Area. Such rules may include requirements related to the types of Services to be performed, additional training, the pricing for the Services, the payment of any fees to Franchisor for additional training, administering the National Account Program, or referring customers, and a quality review by Franchisor of the Services Franchisee provides. These terms may vary depending upon the National Account Program customer. If Franchisee elects not to participate in a National Account Program, or if Franchisee fails to comply with the terms for the National Account Program or if Franchisor determines at any time that Franchisee has not provided a satisfactory level and quality of service to a customer under the National Account Program, then Franchisor or any affiliate of Franchisor may perform any future Services for, or Franchisor MAY appoint another franchisee to perform any future Services for, that customer's locations within the Franchisee's Service Area. Franchisor will have the right to solicit potential customers for the National Account Program within Franchisee's Service Area, including Franchisee's existing customers. Franchisee shall cooperate with and assist Franchisor as requested in such solicitation. Franchisor reserves the unilateral right to make participation in any National Account Program a mandatory part of the System, in which case Franchisee will be obligated to participate in such program.

15. TRADEMARKS, TRADE NAMES AND PROPRIETARY INTERESTS

15.1. **Marks**. Franchisee acknowledges that Franchisor is the exclusive owner of, and Franchisor is the exclusive licensee of, the service mark PatchitUP and all of the other Marks, and that Franchisee's right to use them is derived solely from this Agreement and limited to the operation of its PatchitUP Business in accordance with this Agreement. Franchisee agrees that its usage of the Marks, and any goodwill, reputation, or brand recognition established thereby, shall inure to the exclusive benefit of Franchisor. Franchisee shall not use the Marks in any manner calculated to represent that it is the owner of the Marks. Franchisee agrees not to contest or oppose, nor to assist anyone else to contest or oppose, Franchisor's application for, or registration of, any of the Marks, or the validity or ownership of the Marks. Franchisee agrees not to directly or indirectly do or cause to be done, whether by commission or omission, any act, that may in any way jeopardize or adversely affect the validity or distinctiveness of the Marks, or the title of Franchisor thereto. Franchisee agrees that it will, without charge to Franchisor, upon request by Franchisor or its representatives, do all things and execute all documents that may at any time be necessary or desirable to protect or ensure the validity and distinctiveness of the Marks and to ensure the title of Franchisor thereto.

15.2. **No Use of Other Marks**. Franchisee agrees to use the mark "PatchitUP" as the sole identification of its PatchitUP Business. Franchisee agrees that it shall affix a notice in a conspicuous location in or upon the Office, and on bid sheets, invoices and other documents delivered to customers, with content and format acceptable to Franchisor, that it is an independent Franchisee of Franchisor, and as such, an authorized user of the Marks, and that the owner of the Marks is Franchisor.

15.3. **System**. Franchisee acknowledges that Franchisor owns and controls the distinctive plan for the establishment, operation and promotion of PatchitUP Businesses and all related System. Franchisee acknowledges that much of the information contained in Franchisor's Operations Manual, and any other manual or nonpublic written information about Franchisor, and other confidential information provided to Franchisee by Franchisor, constitutes trade secrets of Franchisor. Franchisee acknowledges that Franchisor has valuable rights in and to such trade secrets. Franchisee further acknowledges that it has not acquired any right, title or interest in the System, except for the right to use the System in the operation of the PatchitUP Business as it is governed by this Agreement.

15.4. **Franchisor's Right to New Ideas**. All enhancements, improvements, and modifications in the System developed by Franchisee, either independently or in collaboration with others, shall become the sole and absolute property of Franchisor. Franchisor may incorporate such improvements or enhancements into the System and shall have the sole and exclusive right to copyright, register or patent such improvements in Franchisor's own name and Franchisee shall have no right to use such enhancements and improvements, except as set forth in this Agreement. Franchisee shall promptly disclose all such enhancements and improvements to Franchisor (whether or not requested by Franchisor) in such detail as Franchisor may from time to time request. Franchisee shall, without further consideration, but at the expense of Franchisor, execute such documents and do such acts as may be necessary for Franchisor to copyright, register or patent the enhancements or improvements in Franchisor's own name in any country.

15.5. **Copyrights**. Franchisee and Franchisor acknowledge and agree that: (a) Franchisor may authorize Franchisee to use certain copyrighted or copyrightable works (the "Copyrighted Works"); (b) the Copyrighted Works are the valuable property of Franchisor; and (c) Franchisee's rights to use the Copyrighted Works are granted to Franchisee solely on the condition that Franchisee complies with the terms of this Section. Franchisee acknowledges and agrees that Franchisor owns or is the licensee of the owner of the Copyrighted Works. Such Copyrighted Works include, but are not limited to, Franchisor's proprietary software programs (if any), the Operations Manual, advertisements, and promotional materials, and may include all or part of the System, trade dress and other portions of a PatchitUP Business. Franchisee acknowledges that this Agreement does not confer any interest in the Copyrighted Works upon Franchisee, other than the right to use them in the operation of its PatchitUP Business in compliance with this Agreement. If Franchisor authorizes Franchisee to prepare any adaptation, translation or work derived from the Copyrighted Works, or if Franchisee prepares any Copyrighted Works such as advertisements, poster or promotional material, Franchisee agrees that such adaptation, translation, derivative work or Copyrighted Work shall constitute a “work made for hire” as that term is defined in the Copyright Act, 17 U.S.C. § 101 et seq., and shall become the property of Franchisor, and Franchisee assigns all its right, title and interest therein to Franchisor (or such other person or entity identified by Franchisor). Franchisee agrees to execute any documents, in recordable form, which Franchisor determines are necessary to reflect such ownership. Franchisee shall submit all such adaptations, translations, derivative works and Copyrighted Works to Franchisor for approval prior to use. Franchisee shall ensure that all Copyrighted Works used hereunder shall bear an appropriate copyright notice as specified by Franchisor and specifying that Franchisor is the owner of the copyrights therein.

15.6. **Infringement**. Franchisee agrees to promptly notify Franchisor in writing of any possible infringement or illegal use by others of a trademark, service mark, logo, or other commercial symbol that is the same as or confusingly similar to any of the Marks, or the Copyrighted Works that comes to its attention. Franchisee acknowledges that Franchisor will have the right, in its sole discretion, to determine whether any action will be taken on account of any possible infringement or illegal use. Franchisor may commence or prosecute such action in Franchisor’s own name or may join Franchisee as a party to the action, in either event at Franchisor’s expense, if Franchisor determines it to be necessary for the continued protection and quality control of the Marks, System or Copyrighted Works. Franchisee agrees that, without a fee or other charge to Franchisor, it shall fully cooperate and participate with Franchisor in any such litigation.

15.7. **Franchisee’s Business Name**. Franchisee acknowledges that Franchisor has a prior and superior claim to the Marks and Franchisor’s corporate name and trade names. Franchisee will not use the designation “PatchitUP,” or any portions thereof, in the legal name of its corporation, partnership or other business entity, nor use any of such names, the Marks or trade names, or portions thereof, as part of an electronic mail address or on any sites on the Internet, without the prior written consent of Franchisor, which consent may be conditioned upon Franchisee conditionally assigning the name to Franchisor exercisable upon a default by Franchisee under, or expiration or other termination of, this Agreement. Any sites established by Franchisee on the Internet and any changes subsequently made to those sites must be approved by Franchisor prior to their establishment or change, which consent may be withheld for any reason. Franchisee also agrees, without limitation, not to register or attempt to register any of the above names, the Marks or the trade names of Franchisor, or any portions thereof as a trademark, service mark, domain name, or any other form of intellectual property on the Internet or elsewhere. During the term of this Agreement, Franchisor reserves the right to require that Franchisee post a sign at its Office, and include a reference on its letterhead, contracts, business cards, and/or other items, stating that it is an “authorized franchisee of PatchitUP Franchise Group LLC,” or any other language as specified by Franchisor from time to time. If local laws require that Franchisee file an affidavit or other registration indicating that it is conducting business under an assumed, fictitious or trade name, Franchisee shall state in such filing or affidavit that the same is made “as an authorized franchisee of PatchitUP Franchise Group LLC.”

15.8. **Change of Marks**. Franchisee shall use and display the Marks and Copyrighted Works only as specified by Franchisor. If it becomes advisable at any time in the opinion of Franchisor for Franchisee to modify or discontinue use of any of the Marks or Copyrighted Works, or to use one or more additional or substitute names, Marks or Copyrighted Works, Franchisee agrees to do so at its cost, and the sole obligation of Franchisor in any event shall be to reimburse

Franchisee for its reasonable out-of- pocket costs of changing the main identifying sign and any other significant signage of its PatchitUP Business used to identify the Office as a PatchitUP franchise.

15.9. **Business Records**. Franchisee acknowledges and agrees that Franchisor has exclusive ownership of all records ("Business Records") pertaining to customers, independent agents, employees, and other service professionals of, and/or related to, Franchisee's PatchitUP Business; including, without limitation, all databases (whether in print, electronic or other form) with customer and potential customers, names, addresses, phone numbers, e-mail addresses, and customer purchase records, and all other records contained in the database. Franchisee further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, Franchisor may access such Business Records, and may utilize, transfer, or analyze such Business Records as Franchisor determines to be in the best interest of the System, in Franchisor's sole discretion.

16. REPORTS, RECORDS AND FINANCIAL STATEMENTS

16.1. **Franchisee Reports**.

16.1.1. Franchisee will engage and maintain at its own expense, using vendors approved in writing by Franchisor, bookkeeping and accounting systems that utilizes an accrual method of accounting and otherwise conforms to the specifications that Franchisor may prescribe from time to time. Franchisee will supply to Franchisor such reports in a manner and form as Franchisor may from time to time require, including monthly balance sheets, profit and loss statements, and cash flow statements in a format prescribed by Franchisor, and, if requested by Franchisor, weekly, semi-monthly and/or monthly reports that are to be typewritten or computer generated and completed on a form and in a format as may be prescribed by Franchisor. Within 20 days of the end of each calendar month, calendar quarter, and calendar year, during the term of this Agreement, Franchisee shall provide Franchisor monthly reports, quarterly reports, and annual reports of Gross Revenues, respectively, as prescribed by Franchisor.

16.1.2. Franchisee shall submit to Franchisor current financial statements and other reports as Franchisor may request to evaluate or compile research and performance data on any operational aspect of its PatchitUP Business. Franchisor may also pull this data from other reports and information provided by Franchisee hereunder. Franchisee authorizes Franchisor to utilize this information to prepare a financial performance representation, to release this information as necessary to substantiate any financial performance representation made by Franchisor, to share such information in summary form as Franchisor deems necessary or desirable to share with other franchisees at any annual franchise meeting or other franchise business meetings, and to use such data in any other manner and with any other parties that Franchisor deems appropriate without obtaining any further written consent of Franchisee. All financial information transmitted by Franchisee to Franchisor pursuant to this Agreement shall be owned by Franchisor as part of the Business Records as defined in Section 15.9 above, with no duty on the part of Franchisor to account to Franchisee with respect to the use and exploitation of the same.

16.1.3. All reports and financial information to be furnished to Franchisor must be signed and verified by Franchisee, unless such requirement is waived in writing by Franchisor, in its sole discretion.

16.2. **Books and Records**. In all instances, the accounting and reporting system, and all statements and reports to be submitted by Franchisee, shall conform to U.S. Generally Accepted Accounting Principles, or other applicable Generally Accepted Accounting Principles if

Franchisee is located outside of the U.S., applied consistently on a year-to-year basis. Franchisee shall retain all invoices, order forms, payroll records, check records, bank deposit receipts, sales tax records and returns, cash disbursements journals, and general ledgers, or any other records as may be specified in the Operations Manual. Franchisee shall advise Franchisor of the location of all original documents and shall not destroy any records without the written consent of Franchisor. Franchisee shall prepare on a current basis, complete and accurate records concerning all financial, marketing and other operating aspects of its PatchitUP Business conducted under this Agreement. Franchisee's records shall include tax returns, daily reports, statements of Gross Revenue profit and loss statements, ledgers and balance sheets.

16.3. **Audit of Books and Records**. From the date Franchisee and Franchisor sign this Agreement and continuing until three years after the expiration or termination of this Agreement, including any successor franchises, Franchisor or Franchisor's authorized agent shall have the right to request, receive, inspect and audit any of the records referred to above and any related records wherever they may be located. Franchisee agrees to maintain all records and reports for a minimum of six years from the date such records are created. Franchisor may also request, receive, inspect and audit the records of any party affiliated with Franchisee, including but not limited to Franchisee's Managing Principal, General Manager, owners, guarantors, officers, directors, or other Authorized Representatives, any immediate family members of Franchisee or of such affiliated parties, or any companies or entities associated with Franchisee or such affiliated parties, that Franchisor in its sole discretion determines may be relevant in determining the business results of Franchisee's PatchitUP Business; such as verifying that Franchisee has paid all fees owed to Franchisor based on the Gross Revenues of Franchisee. Inspections and audits conducted at the Office may take place without prior notice, during normal business hours. Franchisor may also require at any time the records from Franchisee or its affiliated parties be sent to Franchisor's offices or another location to permit the inspection or audit of such records to be conducted at Franchisor's place of business or the other location. If Franchisor notifies Franchisee that documents are to be sent to a location other than the Office for the purpose of conducting an inspection or audit at that location, Franchisee shall provide the requested documents to Franchisor within the time period set forth in Franchisor's notice. Franchisee will be responsible for any expenses associated with collecting and delivering any documents requested by Franchisor for its inspection or audit. Franchisee agrees that Franchisor will have the right to inspect and audit any records of Franchisee or any affiliated party that Franchisor determines to be relevant in its sole discretion, which records may include, in addition to those referred to above, (i) tax returns; (ii) quarterly and/or annual financial statements, including profit and loss statements and balance sheets; (iii) copies of checks, check ledgers and bank statements for checking and savings accounts; (iv) all contracts or agreements entered into by Franchisee and any third parties related to its PatchitUP Business, including but not limited to contracts with customers; and (v) any other documents requested by Franchisor. Franchisor may inspect and audit documents covering a period beginning with the date on which Franchisee first acquired its PatchitUP Business and ending three years after the termination or expiration of this Agreement. All documents provided for Franchisor's inspection or audit must be certified by Franchisee and the appropriate affiliated party, if applicable, as true, complete and correct. Should any inspection or audit disclose a deficiency in the payment of any Royalty Fee, Minimum Individual Marketing Expenditure, Brand Development Fund Fee, Technology Fee, or other amounts required to be paid or spent under this Agreement, Franchisee shall pay to Franchisor the deficiency with the late payment charge and interest as set forth in Section 12.7 within 10 business days of notice thereof, without prejudice to any other remedy of Franchisor under this Agreement. In addition, if the deficiency for any audit period equals or exceeds 2 percent of the correct amount of any Royalty Fee, Minimum Individual Marketing Expenditure, Brand Development Fund Fee, Technology Fee, or other amounts due or required to be spent, or Franchisee does not cooperate with Franchisor in the audit process, Franchisee will also pay to Franchisor the entire cost of the inspection or audit including travel, lodging, meals, salaries and other expenses of the inspecting or auditing personnel within 10 business days of notice thereof. Should the audit disclose an overpayment of any Royalty Fees, Brand Development Fund Fees, Technology Fees, or other amounts due Franchisor, Franchisor shall pay Franchisee or credit to Franchisee's account, in Franchisor's sole discretion, the amount of the overpayment within 30 days of Franchisor's verification of such overpayment by Franchisee. For purposes of this Section, each calendar quarter of each calendar year being audited shall constitute its separate audit period.

16.4. **Failure to Comply with Reporting Requirements**. If Franchisee's records and procedures are insufficient to permit a proper determination of Gross Revenues, Franchisor shall have the right to deliver to Franchisee an estimate, made by Franchisor, of Gross Revenues for the period under consideration, and Franchisee shall pay to Franchisor any amount shown thereby to be owing within five business days of the date of the notice. Any such estimate shall be deemed the minimum amount of fees due for the required reports, and Franchisee shall remain liable for all fees in excess of such amounts once the actual Gross Revenues related to such reports are determined. Additionally, Franchisee shall be liable for all late fees and interest set forth in Section 12.7 of this Agreement for any reports not filed when due. In addition, if Franchisee's failure constitutes an Act of Deception, then Franchisor will have the right to proceed in accordance with Section 16.5.

16.5. **Acts of Deception**. Notwithstanding anything to the contrary contained in this Article, if a breach occurs under Sections 11.1.n, 12.1, 12.2, 12.5, 16.1, 16.2, or 16.3, due to Franchisee failing to pay or report to Franchisor any sales or other financial information or information regarding jobs performed pursuant to the terms established hereunder; if Franchisee underpays any amounts owed to Franchisor, including amounts discovered in an audit of Franchisee's books and records; or provides reports to Franchisor that are incomplete, inaccurate or misleading in any respect, and said breach remains uncured for 25 days or more after notice has been given, said act shall be deemed a deceptive act by Franchisee to prevent Franchisor from receiving its fees based on the Gross Revenues of Franchisee's PatchitUP Business and other fees due Franchisor by Franchisee (an "Act of Deception"). The occurrence of an Act of Deception will result in serious damage to Franchisor and the System in that it would (i) result in Franchisor receiving less compensation than it is entitled; (ii) result in substantial costs to Franchisor in responding to the Act of Deception, based on the need to research Franchisee's activities, contact third parties, coordinate an audit, and/or take other actions; (iii) demand substantial effort and attention of Franchisor's representatives, in turn diverting their attention from their ordinary duties devoted to Franchisor and its services for the Franchisor's franchise system; and (iv) encourage other franchisees of Franchisor to engage in similar acts, thereby contributing to a general atmosphere of noncompliance within the Franchisor's franchise system. At the same time, Franchisor and Franchisee acknowledge and agree that these damages, due to their nature, would be difficult to quantify. Therefore, upon discovery of an Act of Deception by Franchisor, Franchisee shall pay Franchisor as liquidated damages and not as a penalty, 100% of Franchisee's gross income from the entire applicable sale or sales involved in the Act of Deception, together with any late fees in accordance with Section 12.7 of this Agreement, plus interest at the rate of 1.5% per month or the highest rate allowable by applicable law, whichever is less, on such amount from the first date any fees arising from such sales were due to Franchisor. With respect to an Act of Deception, this interest provision shall supersede any other interest provision in this Agreement. This same interest rate shall apply as the post-judgment interest rate, regardless of the applicable statutory rate, in the event of any legal actions related to an Act of Deception under this Agreement. Additionally, once an Act of Deception is discovered, Franchisor or its designated representatives may conduct an inspection or audit of the records of Franchisee or any of its affiliated parties as stated in Section 16.3 above, provided, however, that any inspection or audit conducted as a result of the discovery of an Act of Deception shall be performed at Franchisee's sole cost and expense and shall be conducted at any time of Franchisor's choosing. Franchisor shall provide written notice to Franchisee of its election to conduct an audit of Franchisee's books and records pursuant to this Section and upon receipt of such written notice, Franchisee shall immediately pay to Franchisor $20,000.00 (the "Audit Fee"), which Audit Fee shall be utilized by Franchisor to offset the costs and expenses incurred by Franchisor or its designated representatives in conducting such audit. If the final costs and expenses of the audit are less than the Audit Fee, Franchisor shall either, in its sole discretion, refund the excess portion of the Audit Fee to Franchisee or offset such excess portion of the Audit Fee against other amounts determined to be due to Franchisor or which become due to Franchisor in the future. If the actual cost of the audit exceeds the Audit Fee, Franchisee shall pay Franchisor the excess amount within 10 days of written notice of the deficiency and demand for payment. Failure on the part of Franchisee to pay the excess amount shall be deemed a continuing default of Franchisee under this Agreement.

16.6. **Financial Information from Third Parties**. Franchisee hereby authorizes Franchisor to make inquiries of Franchisee's bank, suppliers and trade creditors concerning Franchisee's PatchitUP Business, and shall direct such persons and companies to provide to Franchisor such information and copies of documents pertaining to its PatchitUP Business as Franchisor may reasonably request.

17. TRANSFER

17.1. **Transfer by Franchisor**. Franchisee acknowledges that Franchisor's obligations under this Agreement are not personal, and Franchisor retains the right to unconditionally transfer, assign or convey, at its sole discretion, this Agreement to another corporation or any other party, including but not limited to the operator of a competing franchise system. Franchisee further acknowledges and agrees that Franchisor may sell its assets, the Marks or the System to any third party of Franchisor's choice; or may terminate or cease to exist or dissolve, in any such case without Franchisee's consent, and provided the transferee expressly assumes and undertakes to perform Franchisor's obligations in all material respects, free of any responsibility or liability whatsoever to Franchisee after the transaction occurs. With regard to any such sale, assignment or disposition, Franchisee expressly and specifically waives any claims, demands, or damages against Franchisor arising from or related to the transfer of the Marks or the System from Franchisor to any other party.

17.2. **Transfer by Franchisee**. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee. Accordingly, Franchisor will not allow or permit any transfer, assignment, subfranchise or conveyance of this Agreement or any interest in this Agreement or all or any part of the business entity that owns it, or all or a substantial portion of the assets of the PatchitUP Business (in each case, a "Transfer"), except in compliance with Section 17.3. The term "Transfer," as used in this Agreement, means and includes the voluntary, involuntary, direct or indirect assignment, sale, gift or other similar disposition. Any unauthorized sale, assignment, transfer or other conveyance, by operation of law or otherwise, or any attempt to do so, shall be deemed void and, at the option of Franchisor, grounds for termination of this Agreement by Franchisor.

17.3. **Pre-Conditions to Franchisee's Transfer**. No Transfer will be approved by Franchisor or be effective unless and until Franchisee and the transferee obtain Franchisor's written consent and all the following conditions are satisfied:

17.3.1. Franchisee is in full compliance herewith (and with any other agreements between Franchisee and Franchisor or its affiliates) and pays to Franchisor all outstanding debts or amounts owing to Franchisor.

17.3.2. At Franchisor's sole discretion, the transferee executes Franchisor's then current Franchise Agreement (which shall have a term, including extensions, equal to the remainder of Franchisee's term, but which may contain provisions substantially different from those contained herein), and such other documents then customarily used by Franchisor to grant franchises, and all other documents as may be requested by Franchisor.

17.3.3. The Franchisee or the transferee pays to Franchisor a transfer fee in the amount of $15,000 (the "Transfer Fee"). The Transfer Fee is nonrefundable in all circumstances once paid.

17.3.4. Except where prohibited by law, Franchisee executes of a general release of Franchisor, including its shareholders, officers, directors, agents and employees, from all claims and potential claims of Franchisee.

17.3.5. The transferee purchases all of Franchisee's assets used in its PatchitUP Business in accordance with all applicable bulk sales rules and regulations and assumes all of the liabilities of the PatchitUP Business, unless such liabilities have been paid prior to the closing of the transaction or unless the sale is a sale of shares in the capital stock of Franchisee.

17.3.6. The transferee completes, to Franchisor's sole satisfaction, Franchisor's then current training program established by Franchisor for franchisees; unless the training is waived by Franchisor in its sole discretion.

17.3.7. The parties to the proposed transaction have entered into a bona fide binding agreement (a "Purchase Offer"), subject only to the rights of Franchisor. Franchisor shall be furnished a copy of this Purchase Offer, and such Purchase Offer shall be subject to Franchisor's written approval, and the Right of First Refusal reserved to Franchisor as specified in Section 17.5 below. Franchisee must advise each prospective transferee of this provision and the other terms of this Agreement. Franchisee shall provide to Franchisor a written transfer request containing any other information and materials that Franchisor may require.

17.3.8. If the transferee is a corporation, partnership, limited liability company or other legal entity, the transferee and its stockholders, partners, members or owners of a beneficial interest in the transferee have complied with Section 11.2 above.

17.3.9. The proposed transferee has demonstrated to Franchisor's satisfaction that it, he or she will meet in all respects Franchisor's standards applicable to new franchisees regarding experience, personal and financial reputation and stability, willingness and ability to devote its, his or her full time and best efforts to the operation of the PatchitUP Business being transferred, and any other conditions as Franchisor may apply in evaluating new franchisees. All required conditions will be provided by Franchisor to the proposed transferee at time of notification of desire to transfer. Franchisor must be provided all information about the proposed transferee as Franchisor may require. No Transfer to a competitor of Franchisor will be permitted.

17.3.10. Franchisee shall upgrade or modify the PatchitUP Business and its operations, including the Vehicles and Office, at Franchisee's sole expense, as deemed necessary by Franchisor in its sole discretion, to conform to the then current Operations Manual.

17.3.11. Franchisee agrees that Franchisor has the right to confer with prospective transferees and furnish them with information regarding Franchisee's PatchitUP Business, this Agreement, and the proposed transfer without being held liable to Franchisee, except for intentional misstatements made to a prospective transferee.

17.4. **Franchisee's Death or Disability**. If Franchisee is an individual, upon the death or permanent disability of Franchisee or its General Manager, or if Franchisee is an entity, upon the death or permanent disability of the Managing Principal, the rights granted by this Agreement may pass to the next of kin or legatees, provided that Franchisee's or its Managing Principal's or General Manager's legal representatives shall within 180 days from the date of death or permanent disability of Franchisee, or the Managing Principal or General Manager, apply in writing to Franchisor for the right to transfer to the next of kin or legatee the rights under this Agreement or the ownership interest of the entity. The proposed transferees must meet each of the requirements set forth in this Article 17 within 30 days of the receipt of a conditional approval for the transfer. For purposes hereof, the term "permanent disability" will mean a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Franchisee, or the Managing Principal or General Manager, from supervising the management and operation of the PatchitUP Business for a period of 180 days from the onset of such disability, impairment or condition.

17.5. **Franchisor's Right of First Refusal**. If Franchisee desires to Transfer, in whole or in part, the PatchitUP Business, Franchisee shall obtain a bona fide, executed, written Purchase Offer from a responsible, arms- length, and fully disclosed purchaser for the PatchitUP Business and other assets used by Franchisee in its PatchitUP Business. Franchisee shall submit an exact copy of the Purchase Offer to Franchisor, which shall, for a period of 30 days from the date of delivery of such offer to Franchisor, have the right, but not the obligation, exercisable by written notice to Franchisee, to purchase all of the PatchitUP Business and the assets of Franchisee (the "Right of First Refusal"), for the price and on the terms set forth in the Purchase Offer, subject to the provisions of this Article 17 and provided that:

17.5.1. there shall be deducted from the purchase price the amount of any commissions or fees that would otherwise have been payable to any broker, agent or other intermediary in connection with the sale of such property to the offeree; and

17.5.2. Franchisor shall have the right to substitute cash for any other form of consideration specified in the Purchase Offer and to pay in full the entire purchase price at the time of closing.

If the sale to such purchaser is not completed within 60 days after delivery of such offer to Franchisor, Franchisor shall again have the Right of First Refusal.

17.6. **Post-Transfer Obligations**. With and after each valid Transfer of this Agreement pursuant to this Article 17, the transferee or transferees of Franchisee shall be deemed to be the Franchisee under this Agreement and will be bound by and liable for all of Franchisee's existing and future obligations. No owner in any business entity that becomes Franchisee shall have any rights under this Agreement by reason of his, her or its ownership.

18. DEFAULT AND TERMINATION

18.1. **Termination by Franchisor – Effective Upon Notice**. Subject to the provisions of applicable state or provincial law governing franchise termination and renewal, Franchisor shall have the right to terminate this Agreement and all rights granted Franchisee hereunder, effective upon receipt of notice by Franchisee, upon the occurrence of any of the following events:

18.1.1. Unauthorized Disclosure. Franchisee intentionally or negligently discloses to any unauthorized person the contents of, or any part of, Franchisor's Operations Manual, or any other trade secrets, proprietary information, or confidential information of Franchisor.

18.1.2. Abandonment. Franchisee voluntarily abandons the PatchitUP Business for a period of 15 consecutive days, or any shorter period that, in the Franchisor's reasonable judgment, indicates an intent by Franchisee to discontinue operation of its PatchitUP Business; unless such abandonment is due to fire, flood, earthquake or other similar causes beyond Franchisee's control and not related to the availability of funds to Franchisee.

18.1.3. Insolvency; Assignments. Franchisee or any guarantor becomes insolvent or is adjudicated a bankrupt; or any action is taken by Franchisee or any guarantor, or by others against Franchisee or any guarantor under any insolvency, bankruptcy or reorganization act; or Franchisee or any guarantor makes an assignment for the benefit of creditors, or a receiver is appointed for Franchisee or any guarantor.

18.1.4. Unsatisfied Judgments; Levy; Foreclosure. Any material judgment (or several judgments which in the aggregate are material) is obtained against Franchisee and remains unsatisfied or of record for 30 days or longer (unless a supersedeas or other appeal bond has been filed); or execution is levied against the PatchitUP Business or any of the property used in the operation of the PatchitUP Business and is not discharged within five days; or the real or personal property of the PatchitUP Business is sold after levy thereupon by any sheriff, marshal or constable.

18.1.5. Criminal Conviction. Franchisee or any owner of Franchisee's entity is convicted of a felony, a crime involving moral turpitude, a crime related to its PatchitUP Business, or any crime or offense that is likely, in the sole opinion of Franchisor, to materially and unfavorably affect the System, Marks, goodwill or reputation thereof.

18.1.6. Repeated Noncompliance. Franchisee receives three notices of default with respect to Franchisee's obligations hereunder from Franchisor during the term of this Agreement, regardless of whether the defaults were cured by Franchisee.

18.1.7. Unauthorized Transfer. Franchisee sells, transfers or otherwise assigns the PatchitUP Business, an interest in its franchise or the Franchisee entity, this Agreement, the PatchitUP Business or a substantial portion of the assets of the PatchitUP Business owned by Franchisee without complying with the provisions of this Agreement.

18.1.8. Under-Reporting of Gross Revenues. Franchisee submits on two or more occasions during the term of this Agreement, or any successor franchise term, a report, financial statement, tax return, schedule or other information or supporting record which understates its Gross Revenues by more than 2 percent, or has a variance of more than 10 percent between reports generated through any proprietary or approved scheduling database used by Franchisor and Franchisee's regular accounting reports, unless Franchisee demonstrates to Franchisor's satisfaction that such understatement or variance resulted from inadvertent error.

18.1.9. Failure to Deliver Reports. Franchisee submits reports more than five days late on four or more occasions during the term of this Agreement, or during the term of any successor franchise, unless due to circumstances beyond the control of Franchisee.

18.1.10. Condemnation or Loss of Office. Franchisee loses possession or the right of possession of all or a significant part of the Office, if applicable, through condemnation, casualty, lease termination or mortgage foreclosure and the PatchitUP Business is not relocated or reopened within 60 days of such loss of possession or condemnation or casualty.

18.1.11. Contesting Ownership of Marks. Franchisee contests in any court or proceeding the validity of, or Franchisor's ownership of, the Marks.

18.1.12. Unauthorized Entity Action. Franchisee is a corporation or other business entity and any action is taken which purports to merge, consolidate, dissolve or liquidate such entity without Franchisor's prior written consent.

18.1.13. Failure to Complete Training. Any of Franchisee, Franchisee's Managing Principal, or the General Manager, as applicable, fail to successfully complete Franchisor's Initial Training Program.

18.1.14. Improper Business Practices. Franchisor determines that Franchisee: engaged in an act of fraud with respect to its rights or obligations under this Agreement; engaged in false advertising; failed to, or intentionally underreported, sales or other financial information to Franchisor; made a misrepresentation or gave any false information in any reports or other information provided to Franchisor; or failed to comply with applicable laws, regulations and ordinances.

18.1.15. Sexual Harassment or Discrimination. Franchisor receives evidence, supported by either (i) a finding of a court or administrative agency, or (ii) reasonable investigation following Franchisee's opportunity to respond, that Franchisee, its Managing Principal, its General Manager, or any other management level employee of Franchisee, has sexually harassed or intimidated any individual or intentionally engaged in any racial, ethnic, religious, sexual, or other offensive discrimination against any individual or group.

18.1.16. Sales Activity in the Service Area of Another PatchitUP Business. Franchisee provides, markets, or sells any of the Products or Services within the Service Area of any PatchitUP Business owned by Franchisor, any affiliate of Franchisor or any other franchisee of Franchisor, without the prior express written consent of Franchisor.

18.1.17. Act of Deception. Franchisee has committed an Act of Deception, as defined in Section 16.5.

18.1.18. Executive Order 13224; Patriot Act. Franchisee, or any officer, director, member, manager, or partner of Franchisee (as applicable), or the General Manager, violates or becomes subject to United States Executive Order 13224 or The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "Patriot Act").

18.1.19. Breach of Other Agreement. Franchisee breaches the terms of any other agreement between Franchisor and Franchisee, including but not limited to this Agreement, and fails to cure said breach during any applicable cure period provided in the other agreement.

18.1.20. Inadequate Guaranties. Any guaranty of this Agreement fails to be a continuing obligation fully enforceable against the guarantor signing the guaranty, or there is any inadequacy of the guaranty or guarantor and the guarantor is unable to provide adequate assurances as required by Franchisor.

18.2. **Termination by Franchisor with Prior Notice**. Franchisor shall have the right to terminate this Agreement and all rights granted Franchisee hereunder, subject to the provisions of applicable state or provincial law governing franchise termination and renewal, effective after the specified number of days after delivery of written notice by Franchisor to Franchisee:

18.2.1. Unauthorized Sales. Franchisee sells or offers for sale any unauthorized merchandise, product or service after 30 days after notification from Franchisor.

18.2.2. Failure to Make Payments. Franchisee fails to pay any amounts due Franchisor or affiliates, including the Initial Franchise Fee, the Royalty Fee, the Brand Development Fund Fee, the Technology Fee, and all other fees or sums owed to Franchisor or its affiliates, or any amounts payable to Franchisor or Franchisor's designated supplier for the call center services as described in Section 11.1, within 10 days after receiving notice that such fees or amounts are overdue.

18.2.3. Misuse of Marks. Franchisee misuses or fails to follow Franchisor's directions and guidelines concerning use of the Marks and fails to correct the misuse or failure within 10 days after notification from Franchisor.

18.2.4. Failure to Submit Requested Information. Franchisee fails, or refuses, to submit any report, financial statement, tax return, schedule or other information or supporting records required herein within 10 days after notification from Franchisor.

18.2.5. Failure to Answer Business Phone. Franchisee fails to employ at least one CSR to answer its published business telephone number between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, holidays excepted, within 10 days after notification from Franchisor.

18.2.6. Filing Non-Compliant Legal Action. Franchisee or any of the Franchisee Affiliates, as defined in Section 20.1, files or otherwise commences litigation, arbitration, or any other legal action against Franchisor or any of the Franchisor Affiliates, as defined in Section 22.1, that is not in compliance with the dispute resolution terms agreed upon in Article 22 as may be modified by any applicable rider, and fails to dismiss such action within seven days after notification from Franchisor.

18.2.7. All Other Defaults Under Agreement. In addition to the foregoing termination rights, Franchisor shall have the right to terminate this Agreement, effective upon 30 days written notice to Franchisee, if Franchisee breaches any provision of this Agreement and fails to cure the default during such 30-day period, subject to any state or provincial laws to the contrary, where state or provincial law shall prevail. In that event, at Franchisor's sole discretion this Agreement will terminate without further notice to Franchisee, effective upon expiration of the 30- day period. Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within such 30-day period and Franchisee has commenced and is continuing to make good faith efforts to cure the breach during such 30-day period, Franchisee shall be given an additional reasonable period of time to cure the breach.

18.3. **Termination by Franchisor for Continuing Force Majeure Events**. Franchisor shall have the right to terminate this Agreement and all rights granted Franchisee hereunder, subject to the provisions of applicable state or provincial law governing franchise termination and renewal, effective upon receipt of notice by Franchisee, in the event of a force majeure event as described in Section 23.15 below that continues for a period of six consecutive months or longer and which prevents Franchisor from performing its obligations under this Agreement.

18.4. **Termination by Franchisee**. Franchisee shall have the right to terminate this Agreement as the result of a material breach of this Agreement by Franchisor, provided Franchisee provides Franchisor with written notice of the breach within 90 days of Franchisee's discovery of the breach and a reasonable opportunity to cure such breach, which shall in no event be less than 90 days. Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within a 90-day or other given period and Franchisor has commenced and is continuing to make good faith efforts to cure the breach during the given period, Franchisor will be given an additional reasonable period of time to cure the breach. If Franchisee terminates this Agreement pursuant to this Section 18.4, Franchisee shall remain responsible for complying with the post termination obligations set forth in this Agreement, including in Section 18.5 below.

18.5. **Obligations of Franchisee Upon Termination or Expiration**. Franchisee agrees that upon termination or expiration of this Agreement Franchisee shall do all of the following:

18.5.1. Pay within five days of the effective date of termination or expiration of this Agreement all amounts owed to Franchisor, the landlord of the Office (if applicable), the lessor of the Vehicles (if applicable) and Franchisee's trade and other creditors that are then unpaid. In the event of a termination due to a default by Franchisee, the amounts owed to Franchisor shall include, in addition to all other amounts due Franchisor, a lump sum amount equal to the Royalty Fees and Brand Fund Contributions that would have been payable based on an amount equal to the monthly average of Franchisee's actual Gross Revenues for the 12 months prior to the date of termination multiplied by the number of months remaining on the term of this Agreement had it not been terminated, but not to exceed 36.

18.5.2. Immediately discontinue the use of all Marks, signs, structures, forms of advertising, telephone listings and service, the Operations Manual, and all materials and Products and Services of any kind which are identified or associated with the System, and return all these materials and Products to Franchisor, at Franchisee's sole cost and expense.

18.5.3. Immediately notify the telephone company, all listing agencies, Internet service providers, and social media website operators of the termination or expiration of Franchisee's right to use any telephone number, classified or other telephone directory listing, domain name, or social media website or account associated with the Marks, and authorize the transfer of them to Franchisor or any new franchisee as directed by Franchisor. Franchisee acknowledges as between Franchisor and Franchisee, Franchisor has the sole rights to, and interest in, all telephone numbers, directory listings, web addresses, domain names, and social media websites and accounts used by Franchisee to promote its PatchitUP Business and/or associated with the Marks. Franchisee irrevocably appoints Franchisor, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. Such appointment is evidenced by Exhibit IV to this Agreement.

18.5.4. Make no representation nor state that Franchisee is in any way approved, endorsed or licensed by Franchisor or associated or identified with Franchisor or the System in any manner.

18.5.5. Immediately take all steps necessary to amend or terminate any registration or filing of any d/b/a or business name or fictitious name or any other registration or filing containing the Marks, so as to delete the Marks and all references to anything associated with the System.

18.5.6. Immediately shut down any Internet site operated by Franchisee to promote the PatchitUP Business and assign and transfer all web addresses used by Franchisee for the same purpose.

18.5.7. If requested by Franchisor, permit Franchisor to audit and inspect Franchisee's books and records, as described in Section 16.3.

18.5.8. Comply with the provisions of this Agreement that survive termination, or expiration including in particular, the restrictive covenants in Article 20.

18.6. **Franchisor's Right to Suspend Services on Franchisee's Default**. If Franchisor has provided Franchisee with a notice of any default pursuant to this Article 18, in addition to Franchisor's other remedies, Franchisor reserves the right, on behalf of itself and the Franchisor Affiliates, to suspend any services to be provided by Franchisor or any Franchisor Affiliate or the sales of any products to Franchisee by Franchisor or any Franchisor Affiliate until such time as Franchisee cures the default, provided that such suspension does not violate any applicable state or provincial laws. The services that may be suspended include but are not limited to any services related to advertising or promotion of Franchisee's PatchitUP Business such as the listing of Franchisee's PatchitUP Business on any website. The suspension may continue until Franchisee has cured each default identified in the default notice from Franchisor and Franchisee is deemed to be in good standing. Franchisee is not relieved of any obligation to pay any fees during the term of any suspension. The rights afforded to Franchisor in this Section 18.6 are in addition to any other rights of Franchisor upon a default by Franchisee.

18.7. **Franchisee's Failure to Comply with Post-Termination Obligations**. If, within 30 days after termination or expiration of this Agreement, Franchisee fails to:

18.7.1. Remove all displays of the Marks from Franchisee's PatchitUP Business that are identified or associated with the System, including any signs, decals or wraps at the Office or on any Vehicles, Franchisor shall have the right to enter the Franchisee's Office or locations of any Vehicles to effect removal, unless prohibited by law. In such cases, Franchisor will not be charged with trespass nor be accountable or required to pay for any displays or materials.

18.7.2. Take all steps necessary to amend or terminate any registration or filing of any business name or d/b/a or any other registration or filing containing the Marks, then Franchisee irrevocably appoints Franchisor, with full power of substitution, as Franchisee's true and lawful attorney-in- fact, which appointment is coupled with an interest, and in Franchisee's name, place and stead and on Franchisee's behalf, to take action as may be necessary to amend or terminate all registrations and filings if Franchisee fails to timely take such action.

18.8. **Effects of Termination or Expiration**. Termination or expiration of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies which Franchisor may have against Franchisee, whether such claims or rights arise before or after such termination or expiration. All obligations of the parties hereto which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect notwithstanding such expiration or termination. In particular, but without limiting the generality of the foregoing, the provisions of Sections 11.1, 16.3 and 19.3, and Articles 20 and 22 of this Agreement shall survive termination or expiration hereof.

18.9. **Outstanding Loan Obligations**. In the event that this Agreement expires or is terminated for any reason whatsoever and Franchisor is the lender under any loan agreement ("**Loan**") or the holder of any promissory note ("**Note**") or the holder of any personal property, security interest, chattel mortgage, debenture or mortgage of any nature whatsoever (the "**Security Interest**") from Franchisee concerning assets used at any time by Franchisee in its PatchitUP Business or which are situated on the Office, such Loan, Note or Security Interest shall, upon the effective date of termination or expiration, immediately become fully due and payable as to all principal and interest so loaned and secured.

18.10. **Right to Purchase**. Except upon the grant of successor franchise rights under Section 3.3, or a termination due to a default by Franchisor, upon any termination or expiration of this Agreement for any reason, Franchisor shall have the option to purchase the PatchitUP Business, or a portion of the assets of the PatchitUP Business, which may include, at Franchisor's option, all of Franchisee's interest, leasehold or otherwise, in and to any Vehicles, equipment, supplies or inventory, and any real estate upon which the Office is located. The purchase price for the assets to be transferred will be the fair market value of the assets, excluding any good will associated with the Marks, as mutually determined by Franchisor and Franchisee, or if they are unable to mutually agree on the purchase price, by Franchisor and Franchisee each choosing one independent appraiser who, in turn, choose a third independent appraiser, with the third appraiser's determination being binding upon the parties. The purchase price for the assets will be adjusted by setting off any amount then owing by Franchisee to Franchisor, including any amounts paid by Franchisor to cure Franchisee's defaults with third parties such as landlords or lenders (the decision to pay such cure amounts to be in the sole and absolute discretion of Franchisor). Franchisor and Franchisee shall each pay the fees and expenses of their chosen appraisers and they shall evenly split the fees and expenses of the third appraiser. The following additional terms shall apply to Franchisor's exercise of this option:

18.10.1. Franchisor's option shall be exercisable by providing Franchisee with written notice of its intention to exercise the option no later than the effective date of termination, in the case of termination (unless Franchisee terminates without notice or Franchisor terminates for cause, in which case Franchisor shall have 30 days after receipt of actual notice of the termination or such additional time as is reasonably necessary given the circumstances), or at least 30 days prior to the expiration of the term of the franchise, in circumstances where no successor franchise is granted.

18.10.2. Franchisor and Franchisee agree that the terms and conditions of this right and option to purchase may be recorded, if deemed appropriate by Franchisor, in the real property records and Franchisor and Franchisee further agree to execute such additional documentation as may be necessary and appropriate to effectuate such recording.

18.10.3. The closing for the purchase of the PatchitUP Business will take place no later than 60 days after written notice of Franchisor's exercise of its option is given to Franchisee. Franchisor has the unrestricted right to assign this option to purchase at any time prior to such closing. Franchisor will pay the purchase price in full at the closing, or, at its option, in 24 equal consecutive monthly installments with interest at a rate equal to the prime lending rate as of the closing at Franchisor's primary bank. Franchisee must sign all documents of transfer as are necessary for purchase of the PatchitUP Business by Franchisor, which documents shall include all customary representations and warranties from Franchisee as to ownership, condition of and title to, the assets of the PatchitUP Business being transferred. All assets must be transferred free and clear of all liens and encumbrances, with all sales and transfer taxes paid by Franchisee. Franchisee and its owners further agree to sign general releases, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its shareholders, member, managers, officers, directors, employees, agents, successors, and assigns.

18.10.4. Franchisee agrees that it shall be obligated to operate the PatchitUP Business according to the terms of this Agreement during the period in which Franchisor is deciding whether to exercise its option to purchase and until the closing takes place, and that a condition to closing is that the PatchitUP Business has remained open during that time period.

Franchisor may decide not to exercise its option to purchase at any time before closing if it determines that any of the conditions noted above have not been or cannot be satisfied.

18.10.5. In the event that Franchisor does not exercise its right to purchase Franchisee's PatchitUP Business as set forth above, Franchisee will be free to keep or to sell, after such termination or expiration, to any third party, all of the physical assets of the PatchitUP Business; provided, however, that all Marks are first removed in a manner approved in writing by Franchisor and Franchisee complies fully with all of its post termination obligations, including the restrictive covenants in Article 20.

18.11. **CONFLICTING LAWS**. THE PARTIES ACKNOWLEDGE THAT IN THE EVENT THAT THE TERMS OF THIS AGREEMENT REGARDING TERMINATION OR EXPIRATION ARE INCONSISTENT WITH APPLICABLE STATE, PROVINCIAL, OR FEDERAL LAW, SUCH LAW SHALL GOVERN FRANCHISEE'S RIGHTS REGARDING TERMINATION OR EXPIRATION OF THIS AGREEMENT.

18.12. **Remedies Cumulative**. All rights and remedies conferred upon Franchisor by this Agreement and by law shall be cumulative of each other, and neither the exercise nor the failure to exercise any right or remedy shall preclude the exercise of any other right or remedy.

18.13. **Liquidated Damages**. If Franchisor terminates this Agreement based upon Franchisee's default (or if Franchisee purports to terminate this Agreement prior to its expiration), Franchisee will pay to Franchisor a lump sum (as liquidated damages and not as a penalty) calculated as follows: (x) the greater of the average monthly Royalty Fees and Brand Fund Contributions that Franchisee owed to Franchisor under this Agreement for the 12-month period preceding the effective date of termination; multiplied by (y) the lesser of (1) 36 months or (2) the number of months remaining in the then-current term of this Agreement; provided, however, that in no event shall the lump sum payable under this Section exceed the lesser of (A) an amount equal to 36 months of such average monthly Royalty Fees and Brand Fund Contributions or (B) $350,000, subject to applicable state law. If Franchisee has not operated the PatchitUP Business for at least 12 months, then (x) will equal the greater of the average Royalty Fees and Brand Fund Contributions that Franchisee owed to Franchisor during the period that Franchisee operated the PatchitUP Business. Franchisee acknowledges and agrees that (i) a precise calculation of the full extent of Franchisor's damages under these circumstances would be difficult or impossible to determine, (ii) the method of calculation of such damages as set forth in this Section represents a reasonable forecast of Franchisor's probable losses, and (iii) the amount calculated hereunder is not a penalty but rather a reasonable estimate of the damages Franchisor would likely suffer. Franchisee's payment to Franchisor under this Section will be in lieu of any direct monetary damages related to lost future payments of Royalty Fees and Brand Fund Contributions that Franchisor may incur as a result of Franchisee's default; however, such payment shall be in addition to all amounts owed and/or damages arising under Section 18 of this Agreement, and any attorneys' fees and other costs and expenses to which Franchisor is entitled under this Agreement. Except as provided in this Section, Franchisee's payment of this lump sum shall be in addition to any other right or remedy that Franchisor may have under this Agreement or otherwise.

19. BUSINESS RELATIONSHIP

19.1. **Business Relationship**. Franchisee acknowledges that it is an independent contractor and is not an agent, partner, joint venturer or employee of Franchisor, and Franchisee agrees not to hold itself out as such. This Agreement does not create a fiduciary or other special relationship between the parties. Neither party is liable or responsible for the other's debts or obligations, nor shall either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business authorized by or conducted pursuant to this Agreement. It is further agreed that Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor's control. Neither this Agreement nor the course of conduct between Franchisor and Franchisee is intended, nor may anything in this Agreement (or the course of conduct) be construed, to state or imply that Franchisor is the employer of Franchisee's Authorized Representatives, or vice versa. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations. Notwithstanding any other provisions in this Agreement, Franchisor shall not be responsible for supervising the activities of Franchisee's PatchitUP Business.

19.2. **Third Party Obligations**. Franchisor will have no liability for Franchisee's obligations, or to pay or otherwise fulfill any of Franchisee's obligations to any third parties.

19.3. **Indemnification**. Franchisee agrees to indemnify, defend, release and hold Franchisor, its subsidiaries and affiliates (if any), and their respective shareholders, directors, officers, members, managers, partners, employees, agents, successors and assignees, as applicable, (the "Indemnified Parties") harmless against, and to reimburse them for all Claims, (as defined below), any and all third party obligations described above, and any and all claims, obligations and liabilities directly or indirectly arising out of the operation of the PatchitUP Business or arising out of the use of the Marks and System in any manner not in accordance with this Agreement. For purposes of this Agreement, "Claims" include all obligations, actual and consequential damages and costs reasonably incurred in the defense of any claim against the Indemnified Parties, including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. Franchisor will have the right to defend any such Claim against it. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

20. RESTRICTIVE COVENANTS

20.1. **Non-Competition During Term**. Franchisee acknowledges that, in addition to the license of the Marks hereunder, Franchisor has also licensed commercially valuable information which comprises and is a part of the System, including without limitation, operations, marketing, advertising and related information and materials, and that the value of this information derives not only from the time, effort and money which went into its compilation, but from the usage of the information and materials by all franchisees of Franchisor using the Marks and System. Franchisee therefore agrees that other than the PatchitUP Business licensed herein or in another franchise agreement with Franchisor, neither Franchisee, the Managing Principal, the General Manager, nor any of Franchisee's shareholders, directors, officers, members, managers, partners, guarantors, employees, agents, successors and assignees, as applicable (collectively, the "Franchisee Affiliates"), nor any member of his, her, or their immediate families, or any Authorized Representative, will during the term of this Agreement:

20.1.1. have any direct or indirect controlling interest as a disclosed or beneficial owner in a "Competitive Business," as defined below; or

20.1.2. perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business.

The term "Competitive Business" as used in this Agreement means any business operating, or granting franchises or licenses to others to operate, a business that is similar to a PatchitUP Business, including a business where five percent (5%) or more of its sales include drywall repair services and products or any services or products similar to those offered by Franchisee or that are part of the PatchitUP system. However, Franchisee will not be prohibited by this Agreement from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent 2 percent or less of that class of securities issued and outstanding.

20.2. **Post-Termination Covenant Not to Compete**. Upon termination or expiration of this Agreement for any reason, or the Transfer of the rights under this Agreement, Franchisee and the Franchisee Affiliates agree that, for a period of 24 months commencing on the effective date of termination, expiration, or Transfer, or the date on which Franchisee ceases to conduct business, whichever is later, neither Franchisee and the Franchisee Affiliates nor any Authorized Representative will have any direct or indirect interest (through a member of any immediate family or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business within a 100 mile radius of Franchisee's Service Area or any Service Area of any PatchitUP Business owned by Franchisor, any affiliate of Franchisor or any other franchisee of Franchisor. Franchisee and the Franchisee Affiliates expressly acknowledge that they possess business and career skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive them of their personal goodwill or ability to earn a living. If a former Franchisee, former Franchisee Affiliate, or any former Authorized Representative, breaches this Section, the 24-month period shall start on the date that such person is enjoined from competing or stops competing, whichever is later.

20.3. **No Diversion of Business**. During the term of this Agreement, and for a period of 24 months after the termination or expiration of this Agreement, Franchisee and the Franchisee Affiliates agree not to (i) divert or attempt to divert any business related to Franchisor's business or any other business of a franchisee or Area Representative of Franchisor, by direct inducement or otherwise; or (ii) divert or attempt to divert the employment of any employee or other Authorized Representative of Franchisor or another franchisee or Area Representative licensed by Franchisor to use the Marks and System, to any Competitive Business, by any direct inducement or otherwise. If a former Franchisee, former Franchisee Affiliate, or any former Authorized Representative, breaches this Section, the 24-month period shall start on the date that such person is enjoined from such breach or stops breaching, whichever is later.

20.4. **Confidentiality of Proprietary Information**. Franchisee and the Franchisee Affiliates will treat all information it receives that comprises or is a part of the System as proprietary and confidential. Franchisee and the Franchisee Affiliates will not use, duplicate, disseminate, or disclose such information in an unauthorized manner or disclose the information to any unauthorized person, including but not limited to any business that may be competitive with Franchisor, without first obtaining Franchisor's written consent. Franchisee and the Franchisee Affiliates acknowledge that the Marks and the System have valuable goodwill attached to them, that the protection and maintenance thereof is essential to Franchisor and that any unauthorized use or disclosure of the Marks and System will result in irreparable harm to Franchisor.

20.5. **Confidentiality Agreements and Acknowledgments**. Franchisor reserves the right to require that Franchisee cause each of its Franchisee Affiliates, any member their immediate families, and any Authorized Representatives, to execute a Nondisclosure and Noncompetition Agreement in a form approved by Franchisor containing the restrictive covenants of this Agreement. If Franchisor requires any immediate family member to execute a Nondisclosure and Noncompetition Agreement subsequent to the execution of this Agreement by Franchisee, Franchisee must use its best efforts to cause that immediate family member to execute the Nondisclosure and Noncompetition Agreement. Franchisee will provide to Franchisor a copy of each Nondisclosure and Noncompetition Agreement signed by any Franchisee Affiliate or Authorized Representative, or any member of their immediate families, immediately following its execution and thereafter upon Franchisor's request.

20.6. **Claims Are Not Defenses to Covenants**. Franchisee expressly agrees that the existence of any claim it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants of this Article 20. Franchisee further agrees that Franchisor shall be entitled to set off from any amount owed by Franchisor to Franchisee any loss or damage to Franchisor resulting from Franchisee's breach of this Article 20.

21. INSURANCE

21.1. **Insurance Coverage**. Franchisee shall, upon execution of this Agreement, and throughout the term of this Agreement, purchase and maintain in full force and effect all of the insurance coverages as specified by the Franchisor:

21.1.1. Commercial General Liability Insurance. You shall maintain insurance for "bodily injury," "property damage," and "personal and advertising injury" with no exclusion or limitation applying to the products/completed operations liability coverage. Limits shall be at least $2,000,000 general aggregate, $2,000,000 products and completed operations aggregate, $1,000,000 personal and advertising injury limit, and $1,000,000 per occurrence limit. Contractual liability coverage including the assumed personal injury endorsement shall be included to cover the indemnity provisions of this Agreement. The exclusion for employer's liability shall not apply to claims for covered contractually assumed liability claims. PatchitUP Franchise Group LLC shall be named as an additional insured on such policy on a primary and noncontributory basis with a Grantor of Franchise Form CG2029 or an insurer's comparable form.

21.1.2. Automobile Liability Insurance. You shall maintain insurance with a combined single limit, CSL, of $1,000,000 for bodily injury and property damage for all owned or leased vehicles and for hired and non-owned motor vehicles. Additionally, uninsured motorist and under-insured motorist coverage will be equal to the CSL.

21.1.3. Workers' Compensation and Employers' Liability. Statutorily required workers' compensation insurance and employer's liability insurance shall be maintained with limits of at least $500,000 by accident, $500,000 by disease and $500,000 policy limit; or the minimum limit required by your state, whichever is higher. Such policy shall contain a waiver of subrogation endorsement as to claims against PatchitUP Franchise Group LLC. In "Monopolistic States", such as Ohio, North Dakota, Washington and Wyoming, "Stop Gap" coverage must be purchased separately or added to the CGL policy. "Stop Gap" in Ohio must not contain exclusion with the "substantially certain to occur" language.

21.1.4. Umbrella Liability Insurance. You shall maintain a commercial umbrella liability insurance policy with a limit of at least $2,000,000 per occurrence and aggregate and shall list the commercial general liability, automobile liability and workers' compensation/employers' liability policies as scheduled underlying policies.

21.1.5. Other Insurance. You shall maintain compliance with any state, county, local, or other municipal insurance requirements and any other insurance policies we may require.

The liability insurance afforded by the policy or policies shall not be limited in any way by reason of any insurance that may be maintained by Franchisor. Franchisor reserves the right to increase or decrease the amounts and types of insurance Franchisee must purchase by providing Franchisee with 30 days advance written notice of any changes in coverage amounts. All policies of insurance required under this Section will be with responsible companies qualified to do business and in good standing in the state where the Franchisee's PatchitUP Business is located, and shall be in a form satisfactory to Franchisor. All liability insurance policies shall name Franchisor as an additional insured to the extent of claims arising out of the operations of Franchisee's PatchitUP Business. To the extent Franchisor's preferred insurance provider (if any is designated) is licensed and qualified to do business in the state where Franchisee's PatchitUP Business is located, Franchisee shall obtain the above-required insurance coverage from Franchisor's preferred insurance provider, unless Franchisor approves an alternate insurance provider for Franchisee.

21.2. **Proof of Insurance**. Prior to opening for business, Franchisee shall furnish to Franchisor certificates issued by each of Franchisee's insurers indicating that all premiums due have been paid, that all required insurance is in full force and effect, and that the insurance will not be terminated or changed without at least 30 days prior written notice from the insurer to Franchisor. New certificates evidencing renewal of insurance shall be furnished at least 30 days prior to the date of expiration of each policy. Within five business days of any request by Franchisor, Franchisee shall deliver a copy of all insurance policies to Franchisor for examination.

21.3. **Failure to Maintain Insurance**. If Franchisee fails to obtain or maintain adequate insurance, in addition to any other remedies available to Franchisor under this Agreement, Franchisor may obtain insurance for and in Franchisee's name. Within five days of any written request by Franchisor, Franchisee shall pay all costs of obtaining adequate insurance.

22. ARBITRATION

22.1. **Arbitration**. All controversies, disputes, claims, causes of action and/or alleged breaches or failures to perform between Franchisor, its subsidiaries and affiliated companies or their shareholders, officers, directors, members, managers, partners, agents, employees and attorneys (in their representative capacity) (collectively, the "Franchisor Affiliates") and Franchisee and the Franchisee Affiliates arising out of or related to: (1) this Agreement; (2) the relationship of the parties; (3) the validity of this Agreement; or (4) any aspect of the System, will be submitted for binding arbitration to the American Arbitration Association ("AAA"); except for actions brought which are related to or based on the Marks or the copyrights of Franchisor or to enforce the provisions of Article 20 of this Agreement, which actions Franchisor, at its option, may bring either in a court of competent jurisdiction or in arbitration. Notwithstanding the language above, if the action is based on a separate agreement or instrument between Franchisee or the Franchisee Affiliates and Franchisor or the Franchisor Affiliates (such as a promissory note or lease), the dispute resolution procedure in that agreement or instrument will control, rather than this Section; provided, that, at Franchisor's sole option, any claim of any Franchisor Affiliate against a Franchisee Affiliate based on such other agreement or instrument may be brought in arbitration in conjunction with a dispute between the parties that is subject to arbitration under this

Section, regardless of any provisions to the contrary contained in that other agreement or instrument. Arbitration proceedings will be conducted in Houston, Texas and will be heard by one arbitrator in accordance with the then current rules of AAA that apply to commercial arbitration. The decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court. The arbitrator shall be a resident of the State of Texas, knowledgeable of Texas law and fluent in English. The arbitration proceeding and all other hearings shall be conducted in English only, although Franchisee shall have the right, at Franchisee's option and sole expense, to have a translator present at the proceeding or other hearings. The expense of a translator shall not be considered a cost or expense related to an action pursuant to Section 23.9 of this Agreement. The parties further agree that, in connection with any arbitration proceeding, each will file any compulsory counterclaim (as defined by Rule 13 of the U.S. Federal Rules of Civil Procedure) within 30 days after the date of the filing of the claim to which it relates. Any party to an arbitration proceeding may apply to the arbitrator for reasonable discovery from the other. In this Agreement, "reasonable discovery" means a party may submit no more than ten interrogatories, including subparts, 25 requests for admission, 25 document requests, and three depositions per side of the dispute. The foregoing discovery rights and limitations shall control over any contradictory discovery rules of AAA, unless the parties agree otherwise.

22.2. **Arbitration Award**. Subject to Sections 22.6 and 22.7 below, the arbitrator will have the right to award or include in the award any relief available and appropriate under the applicable law (as set forth in Section 22.5) and this Agreement. Any award shall be based on established law and shall not be made on broad principles of justice and equity. The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction. This provision will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

22.3. **Limitations on Proceedings**.

22.3.1. Franchisor and Franchisee agree that arbitration will be conducted on an individual basis only. Neither party shall commence any arbitration with a third party against the other, or join with any third party in any arbitration involving Franchisor and Franchisee. Further, neither Franchisor nor Franchisee shall attempt to consolidate or otherwise combine in any manner an arbitration proceeding involving Franchisor and Franchisee with another arbitration of any kind, nor shall Franchisor or Franchisee attempt to certify a class or participate as a party in a class action against the other.

22.3.2. The foregoing notwithstanding, in the event Franchisee controls, is controlled by, or is in active concert with another franchisee of Franchisor, or there is a guarantor of some or all of the Franchisee's obligations to Franchisor, then the joinder of those parties to any arbitration between Franchisor and Franchisee shall be permitted, and in all events, the joinder of an owner, director, officer, manager, partner or other representative or agent of Franchisee shall be permitted.

22.3.3. Franchisee agrees that no claims may be brought on its behalf or on behalf of any of the Franchisee Affiliates by any third party, including but not limited to any association representing Franchisee.

22.4. **Injunctive Relief**. Notwithstanding anything to the contrary contained in this Agreement, Franchisor and Franchisee will each have the right in a proper case to obtain temporary or preliminary injunctive relief from a court of competent jurisdiction. Each party agrees that the other may have such temporary or preliminary injunctive relief, without bond, but upon due notice, and with the sole remedy in the event of the entry of such injunctive relief being the dissolution of such injunctive relief, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived by each party). Any such action will be brought as provided below.

22.5. **Governing Law/Consent to Jurisdiction/Waiver of Jury Trial**. The United States Federal Arbitration Act shall govern all questions about the enforceability of the dispute resolution procedures in this Agreement and the confirmation of any arbitration awards pursuant to such procedures, and no arbitration issues are to be resolved pursuant to any state or provincial statutes, regulations or common law. Otherwise, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or applicable international trademark law, this Agreement shall be interpreted under the laws of the State of Texas and any dispute between the parties shall be governed by and determined in accordance with the internal substantive laws (and not the laws of conflict) of the State of Texas, which laws shall prevail in the event of any conflict of law. Notwithstanding the foregoing, the parties agree that the Texas Deceptive Trade Practices-Consumer Protection Act (Tex. Bus. and Comm. Code §§ 17.41-17.63) (the "DTPA") shall not apply to this Agreement or any disputes between the parties. FRANCHISEE EXPRESSLY WAIVES THE PROVISIONS OF THE DTPA, A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS. AFTER CONSULTATION WITH AN ATTORNEY OF FRANCHISEE'S OWN SELECTION, FRANCHISEE VOLUNTARILY CONSENTS TO THIS WAIVER. By signing this waiver, Franchisee represents and warrants that (i) Franchisee is not in a significantly disparate bargaining position relative to Franchisor; (ii) Franchisee has been represented in this transaction by legal counsel of Franchisee's own selection (or has had a meaningful opportunity to obtain such representation and has knowingly elected not to do so); and (iii) Franchisee's legal counsel was not directly or indirectly identified, suggested, or selected by Franchisor or any agent of Franchisor.. Franchisee and Franchisor have negotiated regarding a forum in which to resolve any disputes that may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding not subject to mandatory arbitration, as specified in Section 22.1 above, involving Franchisee and/or the Franchisee Affiliates and Franchisor and/or the Franchisor Affiliates, the parties agree that the exclusive venue for disputes between them shall be in the state and federal courts located in Harris County, Texas, and each waive any objection either may have to the personal jurisdiction of or venue in such courts. Notwithstanding the foregoing, any legal proceeding by Franchisor or any Franchisor Affiliate not subject to mandatory arbitration may be brought in any court of competent jurisdiction in the country, state, or other geographic area in which the PatchitUP Business is located or in which Franchisee or any Franchisee Affiliate resides or owns assets. IF A CLAIM MAY BE BROUGHT IN COURT, THEN Franchisor, THE Franchisor AFFILIATES, Franchisee, AND THE Franchisee AFFILIATES EACH WAIVE THEIR RIGHTS TO A TRIAL BY JURY.

22.6. **No Punitive or Consequential Damages**. Except as specifically permitted elsewhere in this Agreement, neither Franchisor or any of the Franchisor Affiliates, on the one side, nor Franchisee or any of the Franchisee Affiliates, on the other side, shall be liable to the other for punitive or other damages not measured by the other party's actual damages, except as may be required by statute, in any action between the parties, whether of the type subject to mandatory arbitration under Section 22.1 or otherwise, and whether such action is brought in arbitration, litigation, or any other legal proceeding.

22.7. **No Recourse Against Others**. Franchisee agrees that its sole recourse for claims (whether in contract or in tort, in law or in equity, or granted by statute) arising between the parties shall be against Franchisor only, and not against its successors, assigns, or any Franchisor Affiliates. Franchisee agrees that the shareholders, officers, directors, members, managers, partners, agents, and employees of Franchisor and its affiliates (the "Nonparty Affiliates") shall not be personally liable nor named as a party in any action between Franchisor and Franchisee. To the maximum extent permitted by law, Franchisee waives any such claims against such Nonparty Affiliates.

23. MISCELLANEOUS PROVISIONS

23.1. **Modification**.

23.1.1. This Agreement may only be modified upon execution of a written agreement between Franchisor and Franchisee or, at Franchisor's option, upon notice of the approval of a Super-Majority as defined in Section 23.1.b below.

23.1.2. This Agreement may be modified by Franchisor at its option whenever Franchisor and a Super-Majority, as hereinafter defined, of franchisees of Franchisor agree to any such modification. A "Super-Majority" of Franchisor franchisees shall consist of the owners of at least 75 percent of all PatchitUP Businesses, or, if only a portion of PatchitUP Businesses are affected by the modification, at least 75 percent of those PatchitUP Businesses affected by the modification. Whenever a modification is approved by a Super-Majority, Franchisor may elect to treat the modification as effective to all franchisees or the applicable group thereof, including Franchisee, to the same extent and in the same manner as if the modification was unanimously approved by them, and regardless of whether Franchisee may or may not desire to be bound by the modification. Franchisor shall provide Franchisee with notice of any modification to this Agreement based on a Super-Majority approval at least 30 days prior to the date such modification is to be effective. By signing this Agreement, Franchisee appoints the officers of Franchisor as its attorneys in fact with irrevocable power and authority to execute any such modification so approved.

23.1.3. Franchisee acknowledges that Franchisor may modify its standards and specifications and operating, marketing, and other policies and procedures set forth in the Operations Manual unilaterally under any conditions and to the extent in which Franchisor, in its sole discretion, deems necessary, and Franchisee shall be bound by such modifications. These modifications may include regional and local variations. Franchisee may be obligated to invest additional capital in Franchisee's PatchitUP Business and incur higher operating costs based on these periodic modifications.

23.1.4. Franchisor has the right to vary the franchise agreement and any standards, specifications, policies, and procedures for a particular franchisee based on the circumstances related to the franchisee, its Service Area, or any other condition. Franchisee shall not be entitled to require Franchisor to grant Franchisee a similar variation.

23.2. **Entire Agreement**. This Agreement, together with any Addendum, Exhibits, or other documents expressly incorporated herein, constitutes the entire agreement between the parties and supersedes any and all prior agreements, understandings, or representations concerning the subject matter hereof, whether oral or written. Franchisor does not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement. Franchisee acknowledges and agrees that no representations have been made to it by Franchisor or its representatives regarding projected sales volumes, market potential, revenues or profits of Franchisee's PatchitUP Business, or operational assistance other than as stated in this Agreement or in any franchise disclosure document or advertising or promotional materials provided by Franchisor in connection herewith. Additionally, Franchisee hereby acknowledges and agrees that, in entering into this Agreement, it is not relying on the existence or non-existence of any particular fact or matter not set forth in this Agreement or in the franchise disclosure document provided to Franchisee. Franchisee agrees and understands that Franchisor will not be liable or obligated for any oral representations or commitments made prior to the execution hereof, for claims of negligent or fraudulent misrepresentation based on any such oral representations or commitments, or for claims of negligent or fraudulent omissions or nondisclosure of facts or information. Nothing in this Agreement or in any related agreement is intended to disclaim any representations made by Franchisor in the franchise disclosure document provided to Franchisee.

23.3. **Delegation by Franchisor**. From time to time, Franchisor will have the right to delegate the performance of any portion or all of its obligations and duties under this Agreement to third parties, whether they are employees of Franchisor or independent contractors that Franchisor has contracted with to provide such services. Franchisee agrees in advance to any such delegation by Franchisor of any portion or all of its obligations and duties hereunder.

23.4. **Consent; Business Judgment**. Wherever Franchisor's consent or approval is required in this Agreement, unless the provision specifically indicates otherwise, Franchisor has the right to withhold its approval at its option, in its business judgment, taking into consideration its assessment of the long-term interests of the System overall. Franchisor may withhold any and all consents or approvals required by this Agreement if Franchisee is in default or breach of this Agreement. Franchisor's approvals and consents will not be effective unless given in writing and signed by one of its duly authorized representatives. In no event may Franchisee make any claim for money damages based on any claim that Franchisor has unreasonably withheld or delayed any consent or approval to a proposed act by Franchisee under the terms of this Agreement. Franchisee's sole remedy for the claim will be an action or proceeding to enforce the provisions of this Agreement by specific performance or by declaratory judgment.

23.5. **General Economic Conditions**. Neither a general economic downturn or conditions nor Franchisee's financial inability to perform the terms of this Agreement will be a defense to an action by Franchisor for Franchisee's breach of this Agreement.

23.6. **Effectiveness**. This Agreement will not be effective until accepted by Franchisor as evidenced by dating and signing by an authorized officer of Franchisor.

23.7. **Limitation on Actions**. Notwithstanding anything contained in this Agreement to the contrary, any and all claims and actions arising out of or relating to this Agreement, the relationship between Franchisee and Franchisor, or Franchisee's operation of the PatchitUP Business shall be commenced within one year from the occurrence of the facts giving rise to the claim or action.

23.8. **Review of Agreement**. Franchisee acknowledges that it had a copy of this Agreement in its possession for a period of time not less than 14 full days, during which time Franchisee has had the opportunity to submit this Agreement for professional review and advice of Franchisee's choosing prior to freely executing this Agreement.

23.9. **Attorneys' Fees**.

23.9.1. Subject to Section 23.9.b below, Franchisee shall reimburse Franchisor for its costs and expenses, including, without limitation, attorneys' fees, which Franchisor incurs in pursuit of its rights following a breach or event of default of or by Franchisee whether or not the pursuit of rights involves litigation or arbitration.

23.9.2. The prevailing party in any action arising out of, or related to this Agreement (including an action to compel arbitration) is entitled to recover from the other party all costs and expenses related to the action, including reasonable attorneys' fees, and all costs of collecting monies owed. If both parties are awarded a judgment in any dollar amount, the court or arbitrator, as applicable, shall determine the prevailing party taking into consideration the merits of the claims asserted by each party, the amount of the judgment received by each party and the relative equities between the parties.

23.10. **No Waiver**. No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by Franchisor or Franchisee will be considered to imply or constitute a further waiver by Franchisor or Franchisee of the same or any other condition, covenant, right, or remedy.

23.11. **No Right to Set Off**. Franchisee will not be allowed to set off amounts owed to Franchisor for Royalty Fees, Brand Development Fund Fees, Technology Fees, or other amounts due hereunder, against any monies owed to Franchisee, which right of set off is expressly waived by Franchisee. No endorsement or statement on any check or payment of any sum less than the full sum due to Franchisor shall be construed as an acknowledgment of payment in full or an accord and satisfaction, and Franchisor may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law. Franchisor may apply any payments made by Franchisee against any past due indebtedness of Franchisee as Franchisor may see fit. Franchisor may set off against any payment due to Franchisee hereunder any outstanding debts of Franchisee to Franchisor, and may, at Franchisor's option, pay Franchisee's trade creditors out of any sum otherwise due to Franchisee.

23.12. **Survival of Terms**. Every article and section of this Agreement that by its terms is intended to survive expiration and/or termination of this Agreement shall survive the expiration or termination of this Agreement for any reason and shall apply to a transferor upon a Transfer.

23.13. **Invalidity; Authority to Reform**. In the event that any arbitrator or court of competent jurisdiction determines that any provision of this Agreement, including but not limited to any of the restrictive covenants contained in Article 20 hereof, are unenforceable as written for any reason, including for purposes of the restrictive covenants, reasons that the areas of restriction exceed the reasonable maximum time period, geographic area or scope, then the parties hereby request and authorize the arbitrator or court to "blue pencil" such provision so as to make it enforceable and to best carry out the intent of the parties, or to deem such provision severed from this Agreement if it cannot be so modified. The holding, declaration or pronouncement shall not adversely affect any other provisions of this Agreement, which shall otherwise remain in full force and effect.

23.14. **Notices**. All notices required to be given under this Agreement will be given in writing, by personal delivery, certified mail, return receipt requested, e-mail or an overnight delivery service providing documentation of receipt, at the address or e-mail address set forth on the signature page of this Agreement or at such other addresses as Franchisor or Franchisee may designate from time to time. Notice will be effectively given when personally delivered or when delivered by e-mail to the proper e-mail address as long as there is acknowledgment of receipt. Notice will be effectively given three days after being deposited in the United States mail, with proper address and postage prepaid, or one day after being deposited with the overnight delivery service, as may be applicable.

23.15. **Force Majeure**. Franchisor will not be liable to Franchisee, nor will Franchisor be deemed to be in breach of this Agreement, if it exercises best efforts to perform its obligations as may be due to Franchisee hereunder, and its failure to perform its obligations results from: (1) transportation shortages, inadequate supply of labor, material or energy, or voluntarily foregoing the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instruments of any federal, state, municipal, provincial, or other government or any department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, municipal, provincial, or other government or any department or agency thereof; (3) viral or bacterial epidemic, pandemic, or other public health crisis; (4) acts of God; or (5) fires, strikes, terrorism, embargoes, war or riot. Any delay resulting from any of these causes will extend performance by Franchisor accordingly or excuse performance by Franchisor in whole or in part, as may be necessary.

23.16. **Estoppel Certificates**. Franchisee agrees at any time and from time to time within 10 days after notice from Franchisor, to execute, acknowledge and deliver to Franchisor a statement in writing, form and substance acceptable to Franchisor, verifying that this Agreement is unmodified and in full force and effect (or if there have been modifications, that the Agreement is in full force and effect as modified and stating the modifications), and whether or not there exists any default in the performance of any term, condition or covenant of this Agreement and, if so, specifying each such default, and such other matters related to this Agreement as Franchisor shall request, it being intended that any such statement delivered pursuant hereto may be relied upon by Franchisor and by any lenders of Franchisor, or any prospective purchasers of all or any part of Franchisor's business.

23.17. **Charges and Taxes**. All provisions in the Agreement stating that Franchisee will pay or be responsible for any costs, charges or taxes shall include, but not be limited to, all customs or duty charges, foreign currency purchase levies, import and export fees and levies, and other similar costs, charges and taxes.

23.18. **Cross-Default and Cross Termination Provisions**.

23.18.1. A default by Franchisee under this Agreement will be deemed a default of all agreements between Franchisee and/or any company(ies) affiliated with Franchisee, on the one hand, and Franchisor and/or any company(ies) affiliated with Franchisor, on the other hand (the "Other Agreements"). A default by Franchisee and/or any company(ies) affiliated with Franchisee under any of the Other Agreements will be deemed a default under this Agreement. A default by any guarantor(s) of this Agreement or of any of the Other Agreements will be deemed a default of this Agreement. For the avoidance of doubt, a default by Franchisee or its affiliate under any Area Development Agreement with Franchisor that results in termination of the Area Development Agreement shall constitute a non-curable default under this Agreement.

23.18.2. If this Agreement is terminated as a result of a default by Franchisee, Franchisor may, at its option, elect to terminate any or all of the Other Agreements. If any of the Other Agreements is terminated as a result of a default by Franchisee and/or any company(ies) affiliated with Franchisee, Franchisor may, at its option, elect to terminate this Agreement. It is agreed that an incurable or uncured default under this Agreement or any of the Other Agreements will be grounds for termination of this Agreement and/or any and all of the Other Agreements without additional notice or opportunity to cure.

23.19. **Incorporation of Riders**. To the extent that any of the Riders to Franchise Agreement for Specific States is applicable, such rider is incorporated herein and this Agreement is modified accordingly. The provisions in any applicable rider are included as a condition to registration or use in certain jurisdictions, and Franchisor is not precluded from contesting the validity, enforceability, or applicability of such provisions in any action relating to this Agreement or its rescission or termination.

23.20. **Acknowledgments**. BEFORE SIGNING THIS AGREEMENT, THE FRANCHISEE IS STRONGLY ADVISED TO READ IT CAREFULLY AND DISCUSS ITS PROVISIONS WITH THEIR LEGAL COUNSEL. FRANCHISEE ACKNOWLEDGES ALL OF THE FOLLOWING:

23.20.1. NO STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION, EXCEPT AS SET FORTH IN THIS DOCUMENT AND IN ANY DISCLOSURE DOCUMENT SUPPLIED TO FRANCHISEE, IS BINDING ON FRANCHISOR IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT, AND, IN ENTERING INTO THIS AGREEMENT, FRANCHISEE IS NOT RELYING ON THE EXISTENCE OR NON-EXISTENCE OF ANY FACT OR MATTER NOT SET FORTH IN THIS AGREEMENT OR IN A DISCLOSURE DOCUMENT SUPPLIED TO FRANCHISEE.

23.20.2. NEITHER FRANCHISEE, NOR ANY FRANCHISEE AFFILIATE, IS SUBJECT TO UNITED STATES EXECUTIVE ORDER 13224 OR THE PATRIOT ACT. IF FRANCHISEE OR ANY FRANCHISEE AFFILIATE BECOMES SUBJECT TO UNITED STATES EXECUTIVE ORDER 13224 OR THE PATRIOT ACT, FRANCHISEE OR THAT FRANCHISEE AFFILIATE SHALL NOTIFY FRANCHISOR IMMEDIATELY THEREOF.

[SIGNATURES FOLLOW ON NEXT PAGE]

Franchisor:
PatchitUP Franchise Group LLC

By: ________________________________
Date: _______________________________

Address for Notice:

1331 Broadway Street, Suite J
Pearland, TX 77581

E-mail Address: ______________________

Franchisee:
IF AN INDIVIDUAL

____
Signature

Print Name: _________________________

IF THE FRANCHISEE IS A PARTNERSHIP, CORPORATION OR OTHER LEGAL ENTITY:

____
Print Company Name

By: ________________________________
Signature
Print Name and Title: ___________________
Date: _______________________________

Address for Notice:
____
____

E-mail Address: ______________________

EXHIBIT I
TO FRANCHISE AGREEMENT
ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement (the "Addendum"), dated as of the date set forth below, modifies and amends that certain PatchitUP Franchise Agreement (the "Agreement"), by and between PatchitUP Franchise Group LLC, hereinafter "Franchisor," and the undersigned franchisee, hereinafter "Franchisee." This Addendum modifies the terms of the Agreement and in the event of a conflict in terms between the Agreement and this Addendum, the terms of this Addendum shall be controlling.

The parties agree as follows:

1. Location of Office or Target Area. The Office or the Target Area, referenced in Section 4.1 of the Agreement shall be ____ ____. [NOTE: If Target Area is noted, complete Exhibit I-B once Office is approved by Franchisor.]

2. Service Area. The Service Area, referenced in Section 4.2 of the Agreement will be the geographical area described as follows: ____, as defined by the Service Area Zip or Postal Codes on Exhibit I-A attached hereto, with a population of _________________.

3. Franchise Model and Initial Franchise Fee. Franchisee's franchise model is (check one): [ ] Field Builder (one (1) Service Area); [ ] Market Builder (total number of Service Areas awarded: ____, as further described in the Area Development Agreement dated ____________, 20__ between Franchisor and Franchisee or its affiliate). The Initial Franchise Fee, referenced in Section 5.1 of the Agreement is as follows: (a) if Franchisee is a Field Builder, $_____________________ payable in one lump sum upon execution of this Agreement; or (b) if Franchisee is a Market Builder, $0 payable upon execution of this Agreement because the aggregate Initial Franchise Fee of $_____________________ covering all Franchise Agreements to be executed under the Area Development Agreement was paid by Franchisee (or its affiliate) in one lump sum upon execution of the Area Development Agreement.

4. PatchitUP Startup Package Fee. The PatchitUP Startup Package Fee, referenced in Section 5.2 of the Agreement, is $_____________________ and shall be paid to Franchisor no later than 2 weeks after the applicable Franchise Agreement (for Field Builder) or Area Development Agreement (for Market Builder) execution date.

5. Other Terms: ____
____
____

Fully executed this _________________________

Franchisor:
PatchitUP Franchise Group LLC

By: ________________________________
Date: ________________________________

Franchisee:
IF AN INDIVIDUAL

____
Signature

Print Name: _________________________

IF A PARTNERSHIP, CORPORATION OR OTHER ENTITY:

____
Print Company Name

By: ________________________________
Signature
Print Name and Title: ___________________
Date: ________________________________

EXHIBIT I-A TO ADDENDUM
SERVICE AREA ZIP OR POSTAL CODES

As used in this Agreement, the "Service Area" means the geographic area in ____________________, _________________ comprised of the zip or postal codes set forth below as of the date of this Agreement. For the avoidance of doubt, the Service Area shall also include any other zip or postal codes that may cover the geographic area described by the zip or postal codes set forth below if and to the extent that the government subdivides or otherwise modifies the zip or postal codes set forth below.

EXHIBIT I-B TO ADDENDUM
OFFICE LOCATION SUPPLEMENT

This is a Supplement ("Supplement") to the Addendum to Franchise Agreement (the "Agreement") by and between PatchitUP Franchise Group LLC, hereinafter "Franchisor," and the undersigned franchisee, hereinafter "Franchisee." In the Addendum to the Agreement, Franchisor and Franchisee did not designate a specific address for Franchisee's Office. Franchisor and Franchisee specified a Target Area and agreed that a specific address for the Office within that Target Area would be subsequently agreed to by Franchisor and Franchisee. Franchisor and Franchisee have now reached an agreement as to the address of the Office. They desire to execute this Supplement to update the Agreement by memorializing the Office location agreed upon.

It is therefore agreed that the location of the Office, referenced in Section 4.1 of the Agreement, shall be:
____
____.

The terms of this Supplement shall control over the conflicting terms of the Agreement, including the Addendum. In all other respects, the Agreement and the Addendum are ratified, affirmed and confirmed, and shall remain in full force and effect in their original form. All capitalized terms in this Supplement that are not defined herein shall have the meaning ascribed to them in the Agreement.

The parties have executed this Supplement to be made effective as of the date of the Agreement, regardless of the date signed.

PatchitUP Franchise Group LLC	Franchisee:
	______________________________
By: ____________________________	By: __________________________
Title: __________________________	Title: _________________________
	By: __________________________
	Title: _________________________

EXHIBIT I-C TO ADDENDUM
COMMENCEMENT OF OPERATIONS DATE SUPPLEMENT

This is a Supplement ("Supplement") to the Addendum to Franchise Agreement (the "Agreement") by and between PatchitUP Franchise Group LLC, hereinafter "Franchisor," and the undersigned franchisee, hereinafter "Franchisee." Franchisee has commenced operations of its PatchitUP Business and Franchisor and Franchisee now desire to execute this Supplement to update the Agreement by memorializing the date of commencement of operations.

It is therefore agreed that the date of commencement of operations of Franchisee's PatchitUP Business, referenced in Section 7.4 of the Agreement, shall be: ____________________________.

The terms of this Supplement shall control over the conflicting terms of the Agreement, including the Addendum. In all other respects, the Agreement and the Addendum are ratified, affirmed and confirmed, and shall remain in full force and effect in their original form. All capitalized terms in this Supplement that are not defined herein shall have the meaning ascribed to them in the Agreement.

The parties have executed this Supplement to be made effective as of the date of the Agreement, regardless of the date signed.

PatchitUP Franchise Group LLC	Franchisee:
	________________________________
By: ______________________________ Title: _____________________________	By: ____________________________ Title: ___________________________
	By: ____________________________ Title: ___________________________

EXHIBIT II TO FRANCHISE AGREEMENT
GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of Franchise Agreement (the "Franchise Agreement") dated as of the date set forth below by and between Franchisee identified below and PatchitUP Franchise Group LLC, a Texas limited liability company, having its head office at 1331 Broadway Street, Suite J, Pearland, Texas 77581 ("Franchisor"), each of the undersigned personally and unconditionally:

1. Unconditionally guarantees to Franchisor, its successors, and assigns, for the term of the Franchise Agreement ("Term"), including any extensions, renewals, and successor franchise terms thereof, that the Franchisee named on the signature page hereof ("Franchisee") shall punctually and fully pay and perform each and every obligation, undertaking, agreement, and covenant set forth in the Franchise Agreement.

2. Agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement, including but not limited to, the terms of the articles and sections pertaining to non-competition during and after the Term, confidentiality and the Marks and Copyrighted Works of the Franchisor.

3. Each of the undersigned waives all of the following:

   a. Acceptance and notice of acceptance by Franchisor of the foregoing undertaking.

   b. Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed.

   c. Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed.

   d. Any right he or she may have to require that any action be brought against Franchisee or any other person as a condition of liability.

   e. Notice of any amendment, modification, deletion or addition of any term or condition of or to any of the obligations hereby guaranteed.

   f. Notice of any termination as to future liability of any other guarantor.

   g. Any and all other notices and equitable defenses to which he or she may be entitled.

4. Each of the undersigned consents and agrees that:

a. His or her direct and immediate liability under this Guaranty shall be joint and several.

b. He or she shall render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so.

c. Such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person.

d. Such liability shall not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person; including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims. This Guaranty shall remain in full force and effect, and shall be continuing and irrevocable during the Term, including renewals and successor franchise terms thereof, notwithstanding any such modification or amendment to the Franchise Agreement.

e. He or she shall be bound by the restrictive covenants, confidentiality provisions, audit provisions, and indemnification provisions contained in the Franchise Agreement.

f. Franchisor may, at its option, without notice to or further consent of him or her, take any of the following actions:

i. retain the primary or secondary liability of any other party with respect to all or any part of the obligations hereby guaranteed.

ii. release or compromise any liability of any other guarantor or any other party with respect to the obligations hereby guaranteed.

iii. amend, modify, delete, or add any term or condition of or to any of the obligations hereby guaranteed, which may include the creation of new obligations.

5. No delay or neglect on the part of Franchisor in the exercise of any right or remedy existing under law or by virtue of this Guaranty shall operate as a waiver thereof, but such rights and remedies shall continue in full force and effect until specifically waived or released by an instrument in writing executed by Franchisor and designated as a waiver or release; and no single or partial exercise by Franchisor of any right or remedy shall preclude further exercise thereof or the exercise of any right or remedy.

6. The arbitration, injunctive relief, governing law and jurisdiction provisions contained in the Franchise Agreement shall govern this Guaranty, and such provisions are incorporated into this Guaranty by this reference.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature effective on ______________________________.

Name of Franchisee:

____
(Location Name)

GUARANTOR(S)

____
Signature

____
Print Name

____
Address

____
Telephone Number

____
Signature

____
Print Name

____
Address

____
Telephone Number

____
Signature

____
Print Name

____
Address

____
Telephone Number

EXHIBIT III TO FRANCHISE AGREEMENT
STATEMENT OF OWNERSHIP

Franchisee: ____
(Print Company Name or Individual Franchisee's Name)

Trade Name (if different from above):
____

Form of Ownership (Check One)

_____ Individual _____ Partnership _____ Corporation _____ Limited Liability Company
_____ Other

If a Partnership, provide name and address of each partner showing percentage owned and whether each is active in management, indicate the state in which the partnership was formed and the date it was formed, and provide a copy of the Partnership Agreement.

If a Corporation, provide the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each, indicate the state and date of incorporation, and provide a copy of the Articles of Incorporation certified by the Secretary of State or other official for the state in which the corporation was formed.

If a Limited Liability Company, provide name and address of each member and each manager showing percentage owned, indicate the state in which the Limited Liability Company was formed and the date it was formed, and provide a copy of the Articles of Organization certified by the Secretary of State or other official for the state in which the Limited Liability Company was formed and the Operating Agreement.

If another type of business entity, provide the names and addresses of the owners and any officers or managers showing percentage owned, indicate the state in which the business entity was formed and the date it was formed, and provide a copy of any articles of formation and governing agreements certified, if applicable, by the Secretary of State or other official for the state in which the business entity was formed.

____
____
____
____

Franchisee acknowledges that this Statement of Ownership applies to the PatchitUP Business authorized under Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to Franchisor in writing.

Date: ______________________ Signature: ___________________________

Print Name: ___________________________

EXHIBIT IV TO FRANCHISE AGREEMENT
COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS, TELEPHONE LISTINGS, INTERNET ADDRESSES, AND SOCIAL MEDIA WEBSITES

THIS COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS, TELEPHONE LISTINGS, INTERNET ADDRESSES, AND SOCIAL MEDIA WEBSITES (the "Assignment") is entered into on the day and date set forth on the signature page hereof, by and between PatchitUP Franchise Group LLC, a Texas limited liability company ("Franchisor") and the undersigned franchisee ("Franchisee"). This Assignment is executed in accordance with the terms of that certain PatchitUP Franchise Agreement (the "Franchise Agreement") under which Franchisor granted Franchisee the right to own and operate a PatchitUP Business located at the Office location set forth on the signature page hereof (the "Franchise Business").

FOR VALUE RECEIVED, Franchisee assigns to Franchisor (1) those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the "Telephone Numbers and Listings"), (2) those certain Internet Website Addresses ("URLs"), and (3) those certain social media websites or accounts (collectively, the "Social Media Sites"), that are associated with Franchisor's trade and service marks and used from time to time in connection with the operation of Franchise Business. This Assignment is for collateral purposes only and, except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify the telephone company and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as "Telephone Company"), Franchisee's Internet service provider ("ISP"), or the relevant social media website operator ("Social Media Operator") to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Agreement (without renewal or extension), Franchisor shall have the right and is hereby empowered to effectuate the assignment of the Telephone Numbers and Listings, the URLs, and the Social Media Sites, and, in such event, Franchisee shall have no further right, title or interest in the Telephone Numbers and Listings, URLs, and Social Media Sites, and shall remain liable to the Telephone Company, the ISP, and the Social Media Operator for all past due fees owing to the Telephone Company, the ISP, and the Social Media Operator on or before the effective date of the assignment hereunder.

Franchisee agrees and acknowledges that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor shall have the sole right to and interest in the Telephone Numbers and Listings, URLs, and Social Media Sites, and Franchisee appoints Franchisor as Franchisee's true and lawful attorney-in-fact to direct the Telephone Company, the ISP, and the Social Media Operator to assign them to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Telephone Company, the ISP, and the Social Media Operator to assign the Telephone Numbers and Listings, URLs, and Social Media Sites to Franchisor. If Franchisee fails to promptly direct the Telephone Company, the ISP, and the Social Media Operator to assign the Telephone Numbers and Listings, URLs, and Social Media Sites to Franchisor, Franchisor shall direct the Telephone Company, the ISP, and the Social Media Operator to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Telephone Company, the ISP, and the Social Media Operator may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Telephone Numbers and Listings, URLs, and Social Media Sites upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon Telephone Company's, ISP's, and Social Media Operator's receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Telephone Company, the ISP, or the Social Media Operator requires that the parties execute the Telephone Company's, the ISP's, or the Social Media Operator's assignment forms or other documentation at the time of termination or expiration of Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of Franchise Agreement.

IN WITNESS WHEREOF, the parties have entered into this Assignment on ________________________.

ASSIGNEE	ASSIGNOR
PatchitUP Franchise Group LLC	_____________________________________ (Print Company or Individual Franchisee Name)
By: ___________________________ Signature	By: ____________________________________ Signature
Print Name: ___________________	Print Name: ______________________________
Title: __________________________	Title: ___________________________________
Office Location: ________________________	

EXHIBIT D

AREA DEVELOPMENT AGREEMENT

AREA DEVELOPER AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT ("Agreement") is made and entered into effective on the date set forth in Attachment "A" of this Agreement between PatchitUP Franchise Group, LLC, a Texas limited liability company ("we", "us" or "our"), and the area developer identified in, and having the principal address set forth in, Attachment "A" of this Agreement (hereinafter "you," "your" or "Area Developer"). If more than one person or entity is listed as Area Developer, each such person or entity shall be jointly and severally liable for all rights, duties, restrictions and obligations under this Agreement.

WITNESSETH:

WHEREAS, we and our affiliate have designed and developed a method of developing and operating businesses ("PatchitUP Businesses"), that provide a variety of approved residential and commercial drywall repair and finishing services (the "Services"), and sales of approved supplies, materials, equipment and other products (the "Products") under the mark PatchitUP and related service marks, trademarks, logos and trade names (collectively the "Marks") and using Franchisor's unique system for operating the business and related licensed methods of doing business ("System"). The PatchitUP Business have distinctive business formats, methods, procedures, designs, layouts, standards and specifications, all of which we may improve, further develop and otherwise modify from time to time. Our system (the "System") includes, but is not limited to, uniform formats, designs, systems, methods, specifications, standards and procedures, all of which may be changed, updated, improved and further developed by us from time to time;

WHEREAS, we and our affiliates have developed and use, promote and license certain trademarks, service marks and other commercial symbols in operating PatchitUP Businesses, including the mark "PatchitUP," which has gained and will continue to gain public acceptance and goodwill, and we may create, use and license other trademarks, service marks and commercial symbols for use in operating PatchitUP Businesses (collectively, the "Marks");

WHEREAS, we and our affiliates continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service;

WHEREAS, you wish to obtain certain development rights to open and operate PatchitUP Businesses operating under the Marks under the System within the Development Area described in this Agreement; and

WHEREAS, in addition to this Agreement, we and you have entered into a franchise agreement on the same date ("Initial Franchise Agreement") for the right to establish and operate the first PatchitUP Business to be developed by you under this Agreement ("Initial Business").

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party stated herein, hereby agree as follows:

SECTION 1: GRANT

1.1 We hereby grant to you, pursuant to the terms and conditions of this Agreement, certain development rights ("Development Rights") to establish and operate the number of PatchitUP Businesses identified in Attachment "A", and to use the System solely in connection therewith at specific locations to be designated in separate franchise agreements executed as provided in Section 3.1 hereof, and pursuant to the schedule established in Attachment "C" of this Agreement ("Development Schedule"). Each PatchitUP Business developed hereunder shall be located in the area described in Attachment "B" of this Agreement ("Development Area"). Enclosed malls, institutions (including but not limited to hospitals), colleges, universities, train stations, bus stations, airports, parks (including but not limited to theme parks), sports arenas, convention centers, and other facilities or venues where events are scheduled, are expressly excluded from the Development Area. For the avoidance of doubt, each PatchitUP Business granted hereunder covers one (1) Service Area, you shall execute a separate franchise agreement for each PatchitUP Business and the corresponding Service Area as provided in Section 3.3 below, and the aggregate Initial Franchise Fee (also referred to in Section 2 of this Agreement as the Development Fee) covering all such franchise agreements is paid by you in one lump sum upon execution of this Agreement.

1.2 The Initial Franchise Agreement shall be executed and delivered, concurrently with the execution and delivery of this Agreement. Each subsequent PatchitUP Business for which a Development Right is granted hereunder shall be established and operated pursuant to the form of franchise agreement then being used, which is to be entered into between you and us in accordance with Section 3 hereof. You acknowledge that the then-current form of franchise agreement may differ from the Initial Franchise Agreement, except that each shall have the same royalty rate as the Initial Franchise Agreement; provided, however, that this royalty-rate protection shall not apply to any transferee following a Transfer of this Agreement or of any rights or interests granted hereunder, in which case the royalty rate for any subsequent franchise agreement shall be the rate set forth in our then-current form of franchise agreement.

1.3 Except as otherwise provided in this Agreement (including without limitation the rights we and our affiliates retain under Section 4.4 of this Agreement), we shall not establish, nor franchise anyone other than you to establish, a PatchitUP Business in the Development Area during the term of this Agreement, provided you are not in default hereunder.

1.4 This Agreement is not a franchise agreement and does not grant to you any right to use the Marks or System unless a franchise agreement is in effect.

1.5 You shall have no right under this Agreement to franchise others under the Marks or System.

SECTION 2: AGGREGATE INITIAL FRANCHISE FEE

In consideration of the Development Rights granted herein, you shall pay to us an Aggregate Initial Franchise Fee ("Aggregate Initial Franchise Fee") in the amount set forth in Attachment "A" of this Agreement, depending on the total number of PatchitUP Businesses you have agreed to develop. The Aggregate Initial Franchise Fee is payable in a lump sum upon execution of this Agreement and is deemed fully earned upon receipt. The Aggregate Initial Franchise Fee is not refundable under any circumstances, including but not limited to your failure to open any PatchitUP Businesses, termination of this Agreement for any reason, or your abandonment of the development rights granted hereunder.

SECTION 3: SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

3.1 You shall assume all responsibility and expense for locating potential sites for PatchitUP Businesses. You shall obtain our written acceptance of any proposed site for the

PatchitUP Business in accordance with our procedures, which acceptance will not be unreasonably withheld. Unless we provide our specific acceptance of your proposed site, the site is deemed unaccepted. Unless we provide our specific acceptance of a proposed site, the site is deemed not accepted.

3.2 Recognizing that time is of the essence, you agree to exercise each of the Development Rights granted hereunder in the manner specified herein, and to satisfy the Development Schedule in a timely manner. Your failure to adhere to the Development Schedule, will constitute a material event of default under this Agreement for which we may exercise its rights under Section 9.1 and 9.2 of this Agreement. Under no circumstances, however, may you open a PatchitUP Business unless and until there is a fully executed franchise agreement in place for such PatchitUP Business and you have complied with all requirements under the franchise agreement for opening such PatchitUP Business.

3.3 You shall exercise each Development Right granted herein only by executing a franchise agreement for each PatchitUP Business at a site accepted by us in the Development Area, with each such franchise agreement covering one (1) Service Area as designated in the addendum to that franchise agreement pursuant to Section 4 (Service Area) of the franchise agreement. The Initial Franchise Agreement for the first Development Right exercised hereunder has been executed contemporaneously with this Agreement. The franchise agreement for each additional Development Right exercised hereunder shall be the then-current franchise agreement. We will have the number of days listed in the franchise agreement after we receive all needed information to accept or reject your proposed site for each PatchitUP Business. For each accepted PatchitUP Business site, you must execute the then-current franchise agreement and return it to us within fourteen (14) days after your receipt of said franchise agreement. In the event we do not receive the properly executed franchise agreement within said fourteen (14) days from delivery thereof to you, our acceptance of the site shall be void, you shall have no rights with respect to said site and you shall be in default under this Agreement.

3.4 You acknowledge that our acceptance of a particular site for a PatchitUP Business by us shall not be deemed to be an assurance or guaranty that the PatchitUP Business will operate successfully or at a profit from such site.

SECTION 4: DEVELOPMENT RIGHTS AND OBLIGATIONS

4.1 Subject to the provisions of this Agreement, we grant to you the Development Rights, as described in Section 1.1.

4.2 Provided you are in full compliance with all the terms and conditions of this Agreement, including without limitation your development obligations described in Section 3.2, and you are in full compliance with all of your obligations under all franchise agreements executed pursuant to this Agreement, then during the term of this Agreement neither we nor any of our affiliates will develop or operate or grant franchises for the development or operation of PatchitUP Businesses within the Development Area, except the franchises that are granted to you pursuant to this Agreement and except as otherwise expressly provided in this Agreement. You acknowledge that the Development Area may already include existing PatchitUP Businesses, and that you may not develop a PatchitUP Business that infringes on the territorial rights of a then-existing PatchitUP Businesses.

4.3 Upon the termination or expiration of this Agreement: (a) you shall have no further right to construct, equip, own, open or operate additional PatchitUP Businesses which are not, at the time of such termination or expiration, the subject of a then-existing franchise agreement between you and us, which is then in full force and effect; and (b) we and our affiliates shall have the unrestricted right to develop and operate, and to grant to others development rights and franchises to develop and operate, PatchitUP Businesses within the Development Area, subject to any territorial rights previously granted to you with respect to PatchitUP Businesses operated by you pursuant to the franchise agreements.

4.4 Except as expressly limited by Section 3.2 above, we and our affiliates retain all rights with respect to PatchitUP Businesses, the Marks and the sale of any goods and services, anywhere in the world, including, without limitation, the right:

4.4.1 to offer and sell and to grant others the right to offer and sell the products and services offered at PatchitUP Businesses, within or outside the Development Area, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate;

4.4.2 to own, franchise, establish and license to others to establish or operate PatchitUP Businesses at any location outside the Development Area and on any terms and conditions we deem appropriate and regardless of proximity to your PatchitUP Businesses;

4.4.3 to use the Marks and the System to sell any products or services, similar to those which you will sell, through any alternate channels of distribution within or outside of the Development Area. This includes, but is not limited to, other channels of distribution such as catalog sales, fairs, expos, pet shows and the like, telemarketing or other direct marketing sales or over the Internet (together, the "Alternative Distribution Channels"). You may not use Alternative Distribution Channels to make sales outside or inside your Development Area and you will not receive any compensation for our sales through Alternative Distribution Channels;

4.4.4 to engage in any transaction, including to purchase or be purchased by, to merge or combine with, to convert to the System or be converted into a new system with any business, whether franchised or corporately owned, including a business that competes directly with your PatchitUP Businesses, wherever located; provided that in such situations, the newly acquired businesses may not operate under the Marks in the Development Area;

4.4.5 the right to implement multi-area marketing programs, which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs; and

4.4.6 to engage in any other business activities not expressly prohibited by the Agreement, both within and outside your Development Area.

We are not required to pay you if we exercise any of the rights specified above within the Development Area. We do not pay compensation for soliciting or accepting orders inside the Development Area.

SECTION 5: RENEWAL

This Agreement does not include any renewal rights. Upon expiration, you may apply to enter into our then-current form of area development agreement, which may contain materially different terms and conditions. Any such new agreement shall be entirely within our discretion and subject to our then-current qualifications, development requirements, and availability of territory, and we expressly reserve the right to deny any such new agreement for any reason or no reason.

SECTION 6: TERM

Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all Development Rights granted hereunder shall expire on the earlier of: (a) the termination date listed on Section 2 of Attachment “C”; or (b) completion of the obligations of the Development Schedule.

SECTION 7: YOUR OBLIGATIONS

7.1 You acknowledge and agree that:

7.1.1 Except as otherwise provided herein, this Agreement includes only the right to select sites for the establishment of PatchitUP Business and to submit the same to us for our acceptance in accordance with the terms of this Agreement. This Agreement does not include the grant of a license by us to you of any rights to use the Marks, the System, or to open or operate any PatchitUP Businesses within the Development Area. You shall obtain the license to use such additional rights at each PatchitUP Business upon the execution of each franchise agreement by both you and us and only in accordance with the terms of each franchise agreement.

7.1.2 The Development Rights granted hereunder are personal to you and cannot be sold, assigned, transferred or encumbered, in whole or in part, except as stated in Section 11 hereof. The provisions of this Section 7.1.2 shall not restrict you from transferring an open and operating PatchitUP Business in compliance with the assignment provisions contained in such PatchitUP Business’ franchise agreement.

7.1.3 You have sole responsibility for the performance of all obligations arising out of the operation of your PatchitUP Businesses developed under this Agreement, including, but not limited to, the payment when due of any and all taxes levied or assessed by reason of such operation.

7.1.4 In all public records, in your relationship with other persons, and in any documents, you shall indicate clearly the independent ownership of your PatchitUP Business and that the operations of said PatchitUP Business are separate and distinct from the operation of your business as an area developer.

7.1.5 You shall, at all times, preserve in confidence any and all materials and information furnished or disclosed to you by us and you shall disclose such information or materials only to such of your employees or agents who must have access to it in connection with their employment. You shall not at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.1.6 You shall comply with all requirements of federal, state and local laws, rules and regulations.

7.1.7 You shall at no time have the right to sub-franchise any of your Development Rights hereunder.

7.1.8 In no event shall any PatchitUP Business be opened for business unless and until a franchise agreement for such PatchitUP Business has been fully executed, all applicable fees (including, but not limited to, the Aggregate Initial Franchise Fee set forth in Section 2 of this Agreement, which covers the Initial Franchise Fee payable in respect of each Franchise Agreement executed pursuant to this Agreement) have been paid, and you have complied with all of the requirements under the franchise agreement for opening such PatchitUP Business.

SECTION 8: OUR SERVICES

We shall, at our expense, provide the following services:

8.1 Review your Service Area selection for conformity to our standards and criteria for selection and acquisition of sites upon our receipt of your written request for acceptance thereof.

8.2 Provide on-site evaluations as we deem necessary, and such other resources and assistance as may hereafter be developed and offered by us to our other area developers in our sole discretion.

SECTION 9: DEFAULT AND TERMINATION

9.1 The occurrence of any of the following events of default shall constitute good cause for us, at our option and without prejudice to any other rights or remedies provided for hereunder or by law or equity, to terminate this Agreement upon notice to you without opportunity to cure the default, except where prohibited by any applicable state or federal law, whereupon this Agreement immediately shall be terminated in accordance with the provisions of any such law:

9.1.1 If you shall, in any respect, fail to comply with the Development Schedule.

9.1.2 If you shall purport to effect any assignment in violation of Section 11 of this Agreement.

9.1.3 If you make, or have made, any material misrepresentation to us in connection with obtaining this Agreement, any site approval hereunder, or any franchise agreement.

9.1.4 If you default in the performance of any obligation under any franchise agreement with us, provided such default results in the termination of the franchise agreement.

9.1.5 If you suffer a violation of any law, ordinance, rule or regulation of a governmental agency in connection with the operation of any PatchitUP Business developed under this Agreement, and permit the same to go uncorrected after notification thereof, unless there is a bona fide dispute as to the violation or legality of such law, ordinance, rule or regulation, and you promptly resort to courts or forums of appropriate jurisdiction to contest such violation or legality.

9.1.6 If you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against you or your property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within thirty (30) days; or if your real or personal property shall be sold after levy thereupon by any sheriff, marshal, or constable.

9.1.7 If you, or any shareholder or principal, if you are corporate entity, or any of your affiliates cease to operate all of the PatchitUP Businesses opened pursuant to the terms of this Agreement.

9.1.8 If you, or any shareholder or principal, fail to maintain the financial capacity and necessary skills and experience to meet the Development Requirements and timely develop and operate the PatchitUP Businesses required to be opened and operated under this Agreement based upon criteria established by us from time to time

9.2 Upon occurrence of any of the events stated in this Section 9.2, we may, without prejudice to any other rights or remedies contained in this Agreement or provided by law or equity, terminate this Agreement. Such termination shall be effective thirty (30) days after written notice (or such other notice as may be required by applicable state law) is given by us to you of any of such events, if such defaults are not cured within such period:

9.2.1 If you shall use the System or Marks, or any other names, marks, systems, insignia, symbols or rights which are our property except pursuant to, and in accordance with, a valid and effective franchise agreement.

9.2.2 If you, or persons controlling, controlled by or under common control with you, shall have any interest, direct or indirect, in the ownership or operation of any Competitive Business (as defined in Section 12 below).

9.2.3 If you shall fail to remit to us any payments pursuant to Section 2 when same are due.

9.2.4 If you shall begin work upon any PatchitUP Business at any site unless all the conditions stated in Section 3 hereof have been met.

9.2.5 If you fail to obtain our prior written approval or consent, including but not limited to site approval or site plan approval, as expressly required by this Agreement.

9.2.6 If you open any PatchitUP Business for business before a franchise agreement for such PatchitUP Business has been fully executed and the payments due to us pursuant to Section 2 have been paid.

9.2.7 If you default in the performance of any other obligation under this Agreement.

SECTION 10: OBLIGATIONS FOLLOWING TERMINATION

10.1 Upon termination of this Agreement becoming effective for any reason, or upon expiration of the term hereof, you agree as follows:

10.1.1 To cease immediately any attempts to select sites on which to establish PatchitUP Businesses.

10.1.2 To cease immediately to hold yourself out in any way as an area developer of ours or to do anything which would indicate a relationship between you and us.

10.2 No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or in equity.

SECTION 11: TRANSFER OF INTEREST

11.1 We shall have the absolute right to transfer or assign all or any part of our rights or obligations hereunder to any person or legal entity which assumes its obligation under this Agreement and we shall thereby be released from any and all further liability to you.

11.2 The Area Developer is prohibited from assigning this Agreement or any rights to the Development Area without prior written consent from the Franchisor. As used in this Agreement, the term "Transfer" means any sale, assignment, transfer, conveyance, gift, pledge, mortgage, or other encumbrance, whether direct or indirect, voluntary or involuntary, of any interest in this Agreement, the Development Rights, the Development Area, or any rights granted hereunder, and includes any change in the ownership or control of Area Developer (whether by sale of assets or equity interests, merger, consolidation, reorganization, or otherwise). Our consent to any such assignment may be conditioned on all of the following requirements, which are consistent with the conditions set forth in Section 17.3 of the Franchise Agreement: (i) Area Developer is in full compliance with this Agreement, all franchise agreements executed hereunder, and all other agreements with us or our affiliates, and has cured any defaults thereunder; (ii) the proposed transferee meets our then-current qualification standards applicable to new area developers, including financial, business experience, and character qualifications; (iii) the proposed transferee executes our then-current form of area development agreement (which may contain materially different terms from this Agreement) and a personal guaranty of the area developer's obligations; (iv) Area Developer has paid all amounts then owed to us or our affiliates and has delivered a written request for consent containing such information and materials as we may reasonably require; (v) Area Developer pays the then-current transfer fee; (vi) Area Developer and its owners sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates; and (vii) any other reasonable conditions we may require. The provisions of this Section shall not restrict Area Developer from transferring an open and operating PatchitUP Business in compliance with the assignment provisions contained in such PatchitUP Business' franchise agreement.

SECTION 12: COVENANTS

12.1 You specifically acknowledge that, pursuant to this Agreement, you will receive valuable training and confidential information, including, without limitation, System standards, market research, advertising and promotional campaigns, approved suppliers, operating results of PatchitUP Businesses, the terms of this Agreement, the PatchitUP Business franchise operations manual, and graphic designs and other intellectual property. You covenant that during the term of this Agreement, except as otherwise approved in writing by us, you and persons controlling, controlled by or under common control with you shall not, either directly or indirectly, for yourself/himself, or through, on behalf of or in conjunction with any person, persons or legal entity:

12.1.1 Divert or attempt to divert any business or client of the PatchitUP Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

12.1.2 Own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any business other than a PatchitUP Business (including any PatchitUP Business operated by you prior to entry into this Agreement), which business is of a character and concept similar to the PatchitUP Business, including a business that is similar to a PatchitUP Business, including a business where five percent (5%) or more of its sales include drywall repair services and products or any services or products similar to those offered by Franchisee or that are part of the PatchitUP system (a "Competitive Business").

12.1.3 Perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, consistent with Section 20.1 of the Franchise Agreement

12.2 You covenant that, except as otherwise approved in writing by us, you shall not, for a continuous and uninterrupted period of twenty-four (24) months commencing upon the expiration or termination of this Agreement (and, in case of any violation of this covenant, for twenty-four (24) months after the violation ceases), either directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any Competitive Business which is located within one hundred (100) miles of the Development Area, of any Service Area awarded to you under this Agreement, or of the Service Area of any PatchitUP Business owned by Franchisor, any affiliate of Franchisor, or any other franchisee of Franchisor.

12.3 Subsections 12.1.3 and 12.2 of this Section shall not apply to ownership by you of less than a five percent (5%) beneficial interest in the outstanding equity securities of any corporation which is registered and publicly traded under the Securities Exchange Act of 1934.

12.4 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 12 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

12.5 You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant stated in Sections 12.1 and 12.2 or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof, and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 16 hereof.

12.6 You expressly agree that the existence of any claim you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 12.

12.7 You acknowledge that any failure to comply with the requirements of this Section 12 would cause us irreparable injury for which no adequate remedy at law may be available, and you hereby accordingly consent to our seeking injunctive and other equitable relief, without the need of bond, and without first requesting mediation or arbitration against you, from any state or federal court within the jurisdiction in which we have our principal place of business (currently Harris County, Texas), or in any other state or federal district court of competent jurisdiction. We may further avail ourselves of any other legal or equitable rights and remedies which we may have under this Agreement or otherwise. You consent to the exercise of personal jurisdiction over you by these courts, and to the propriety of venue in these courts with respect to the entry of these temporary and permanent injunctions.

12.8 At our request, you shall require and obtain the execution of covenants similar to those described in this Section 12 (including covenants applicable upon the termination of a person's relationship with you) from any or all of the following persons:

12.8.1 All managers of yours who have received training from us;

12.8.2 All officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of you and of any entity directly or indirectly controlling you, if you are a corporation or limited liability company; and

12.8.3 The general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if you are a partnership.

Each covenant required by this Section 12.8 shall be in a form satisfactory to us, including, without limitation, specific identification of us as a third-party beneficiary of such covenants with the independent right to enforce them. Your failure to obtain execution of a covenant required by this Section 12.8 shall constitute a default under Section 9 hereof.

12.9 During the term of this Agreement, an officer or agent of ours shall have the right to inspect any PatchitUP Business in which you have an interest at reasonable times and during normal business hours to the extent reasonably necessary to determine whether the conditions of this Section 12 are being satisfied. If, by reason of such inspections or otherwise, we have reason to believe that you are not in full compliance with the terms of this Section, we shall give notice of such default to you, specifying the nature of such default. If you deny that you are in default hereunder, as specified by us, you shall bear the burden of proving that such default does not exist and must notify us of your position within ten (10) days of receiving our notice. Unless you so deny such default, you shall immediately take all steps to cure said default in a manner satisfactory to us.

SECTION 13: NOTICES

Any and all notices required or permitted under this Agreement will be in writing and will be deemed to have been duly given upon the earlier of (i) when received (or first rejection); (ii) one (1) business day after placement with a reputable national overnight carrier; or (iii) three (3) business days after deposit (not including the day of deposit), if placed in the mail for delivery by certified mail, postage pre-paid, and, in the cases of clauses (ii) or (iii), addressed to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:	PatchitUP Franchise Group, LLC 1331 Broadway Street, Suite J Pearland, TX 77581
Notices to you:	Notice Address set forth in Attachment "A" of this Agreement

Any notice by certified or registered mail shall be deemed to have been given at the date and time of mailing.

SECTION 14: INDEPENDENT CONTRACTOR AND INDEMNIFICATION

14.1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever. Each party to this Agreement is an independent contractor, and neither shall be responsible for the debts or liabilities incurred by the other.

14.2 You shall hold yourself out to the public to be an independent contractor operating pursuant to this Agreement. You agree to take such actions as shall be necessary to that end.

14.3 You understand and agree that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we assume no liability for, nor shall be deemed liable by reason of, any act or omission of yours or any claim or judgment arising therefrom. You shall indemnify and hold us and our affiliates, and our respective shareholders, directors, officers, employees, agents, representatives, successors and assigns (the "Indemnified Parties") from and against, and to reimburse any one or more of the Indemnified Parties for, any and all claims, obligations and damages directly or indirectly arising out of the business you conduct under this Agreement, your violation or breach of any contract, federal, state, or local law, regulation, ruling, standard, or directive or of any industry standard; libel, slander or any other form of defamation by you, or your breach of this Agreement. For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, punitive or otherwise) and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, and other expenses of litigation, arbitration or alternative dispute resolution, including travel and living expenses, regardless of whether litigation, arbitration or alternative dispute resolution is commenced.

Each Indemnified Party may defend and control the defense of any claim against it which is subject to this indemnification at your expense, and you may not settle any claim or take any other remedial, corrective or other actions relating to any claim without our consent. Additionally, an Indemnified Party may, at any time, settle any claim against it for which it is entitled to seek indemnity, and you shall reimburse the Indemnified Party for any amount that the Indemnified Party paid under the settlement terms. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from an insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you.

SECTION 15: APPROVALS

15.1 Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us for such approval or consent, and, except as otherwise provided herein, any approval or consent granted shall be in writing.

15.2 We make no warranties or guaranties upon which you may rely, and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advice, consent or services to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

SECTION 16: NON-WAIVER

No failure of ours to exercise any power reserved to us under this Agreement or to insist upon compliance by you with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our rights to demand exact compliance with the terms of this Agreement. Our waiver of any particular default shall not affect or impair our right with respect to any subsequent default of the same or of a different nature; nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants of this Agreement affect or impair our rights, nor shall such constitute a waiver by us of any rights hereunder or rights to declare any subsequent breach or default.

SECTION 17: SEVERABILITY AND CONSTRUCTION

17.1 Each covenant and provision of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. In the event that any provision of this Agreement is found to be invalid or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect and shall be deemed severable.

17.2 If all or any portion of a covenant or provision of this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a decision to which we are a party, you expressly agree to be bound by any lesser covenant or provision imposing the maximum duty permitted by law which is subsumed within the terms of such covenant or provision, as if that lesser covenant or provision were separately stated in and made a part of this Agreement.

17.3 Nothing in this Agreement shall confer upon any person or legal entity other than us or you, and such of our respective successors and assigns as may be contemplated by Section 11 hereof, any rights or remedies under or by reason of this Agreement.

17.4 All captions in this Agreement are intended solely for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision hereof.

17.5 All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all those executing this Agreement on your behalf.

17.6 This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SECTION 18: ENTIRE AGREEMENT; APPLICABLE LAW

This Agreement, the documents referred to herein and the Attachments attached hereto constitute the entire, full and complete agreement between us and you concerning the subject matter hereof and supersede any and all prior agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. No amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. This Agreement shall be interpreted and construed under the laws of the State of Texas without regard to the application of Texas conflict of law rules, and the parties hereto consent to irrevocably submit to the exclusive jurisdiction of all courts located within the County of Harris.

SECTION 19: DISPUTE RESOLUTION

19.1 **Arbitration**. All controversies, disputes, claims, causes of action and/or alleged breaches or failures to perform between Franchisor, its subsidiaries and affiliated companies or their shareholders, officers, directors, members, managers, partners, agents, employees and attorneys (in their representative capacity) (collectively, the "Franchisor Affiliates") and Area Developer and the Area Developer Affiliates arising out of or related to: (1) this Agreement; (2) the relationship of the parties; (3) the validity of this Agreement; or (4) any aspect of the System, will be submitted for binding arbitration to the American Arbitration Association ("AAA"); except for actions brought which are related to or based on the Marks or the copyrights of Franchisor or to enforce the provisions of Article 12 of this Agreement, which actions Franchisor, at its option, may bring either in a court of competent jurisdiction or in arbitration. Notwithstanding the language above, if the action is based on a separate agreement or instrument between Area Developer or the Area Developer Affiliates and Franchisor or the Franchisor Affiliates (such as a promissory note or lease), the dispute resolution procedure in that agreement or instrument will control, rather than this Section; provided, that, at Franchisor's sole option, any claim of any Franchisor Affiliate against a Area Developer Affiliate based on such other agreement or instrument may be brought in arbitration in conjunction with a dispute between the parties that is subject to arbitration under this Section, regardless of any provisions to the contrary contained in that other agreement or instrument. Arbitration proceedings will be conducted in Houston, Texas and will be heard by one arbitrator in accordance with the then current rules of AAA that apply to commercial arbitration. The decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court. The arbitrator shall be a resident of the State of Texas, knowledgeable of Texas law and fluent in English. The arbitration proceeding and all other hearings shall be conducted in English only, although Area Developer shall have the right, at Area Developer's option and sole expense, to have a translator present at the proceeding or other hearings. The expense of a translator shall not be considered a cost or expense related to an action pursuant to Section 19.8 of this Agreement. The parties further agree that, in connection with any arbitration proceeding, each will file any compulsory counterclaim (as defined by Rule 13 of the U.S. Federal Rules of Civil Procedure) within 30 days after the date of the filing of the claim to which it relates. Any party to an arbitration proceeding may apply to the arbitrator for reasonable discovery from the other. In this Agreement, "reasonable discovery" means a party may submit no more than ten interrogatories, including subparts, 25 requests for admission, 25 document requests, and three depositions per side of the dispute. The foregoing discovery rights and limitations shall control over any contradictory discovery rules of AAA, unless the parties agree otherwise.

19.2 **Arbitration Award**. Subject to Sections 19.6 and 19.7 below, the arbitrator shall have the right to award or include in the award any relief available and appropriate under the applicable law (as set forth in Section 19.5) and this Agreement. Any award shall be based on established law and shall not be made on broad principles of justice and equity. The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction. This provision will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

19.3 **Limitations on Proceedings**.

19.3.1 Franchisor and Area Developer agree that arbitration shall be conducted on an individual basis only. Neither party shall commence any arbitration with a third party against the other, or join with any third party in any arbitration involving Franchisor and Area Developer. Further, neither Franchisor nor Area Developer shall attempt to consolidate or otherwise combine in any manner an arbitration proceeding involving Franchisor and Area Developer with another arbitration of any kind, nor shall Franchisor or Area Developer attempt to certify a class or participate as a party in a class action against the other.

19.3.2 The foregoing notwithstanding, in the event Area Developer controls, is controlled by, or is in active concert with another franchisee of Franchisor, or there is a guarantor of some or all of the Area Developer's obligations to Franchisor, then the joinder of those parties to any arbitration between Franchisor and Area Developer shall be permitted, and in all events, the joinder of an owner, director, officer, manager, partner or other representative or agent of Area Developer shall be permitted.

19.3.3 Area Developer agrees that no claims shall be brought on its behalf or on behalf of any of the Area Developer Affiliates by any third party, including but not limited to any association representing Area Developer.

19.4 **Injunctive Relief**. Notwithstanding anything to the contrary contained in this Agreement, Franchisor and Area Developer shall each have the right in a proper case to obtain temporary or preliminary injunctive relief from a court of competent jurisdiction. Each party agrees that the other may have such temporary or preliminary injunctive relief, without bond, but upon due notice, and with the sole remedy in the event of the entry of such injunctive relief being the dissolution of such injunctive relief, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived by each party). Any such action will be brought as provided below.

19.5 **Governing Law/Consent to Jurisdiction/Waiver of Jury Trial**. The United States Federal Arbitration Act shall govern all questions about the enforceability of the dispute resolution procedures in this Agreement and the confirmation of any arbitration awards pursuant to such procedures, and no arbitration issues are to be resolved pursuant to any state or provincial statutes, regulations or common law. Otherwise, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or applicable international trademark law, this Agreement shall be interpreted under the laws of the State of Texas and any dispute between the parties shall be governed by and determined in accordance with the internal substantive laws (and not the laws of conflict) of the State of Texas, which laws shall prevail in the event of any conflict of law. Notwithstanding the foregoing, the parties agree that the Texas Deceptive Trade Practices-Consumer Protection Act (Tex. Bus. and Comm. Code §§ 17.41-17.63) (the "DTPA") shall not apply to this Agreement or any disputes between the parties. FRANCHISEE EXPRESSLY WAIVES THE PROVISIONS OF THE DTPA, A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS. AFTER CONSULTATION WITH AN ATTORNEY OF FRANCHISEE'S OWN SELECTION, FRANCHISEE VOLUNTARILY CONSENTS TO THIS WAIVER. By signing this waiver, Franchisee represents and warrants that (i) Franchisee is not in a significantly disparate bargaining position relative to Franchisor; (ii) Franchisee has been represented in this transaction by legal counsel of Franchisee's own selection (or has had a meaningful opportunity to obtain such representation and has knowingly elected not to do so); and (iii) Franchisee's legal counsel was not directly or indirectly identified, suggested, or selected by Franchisor or any agent of Franchisor.. Area Developer and Franchisor have negotiated regarding a forum in which to resolve any disputes that may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding not subject to mandatory arbitration, as specified in Section 19.1 above, involving Area Developer and/or the Area Developer Affiliates and Franchisor and/or the Franchisor Affiliates, the parties agree that the exclusive venue for disputes between them shall be in the state and federal courts located in Harris County, Texas, and each waive any objection either may have to the personal jurisdiction of or venue in such courts. Notwithstanding the foregoing, any legal proceeding by Franchisor or any Franchisor Affiliate not subject to mandatory arbitration may be brought in any court of competent jurisdiction in the country, state, or other geographic area in which the PatchitUP Business is located or in which Area Developer or any Area Developer Affiliate resides or owns assets. IF A CLAIM MAY BE BROUGHT IN COURT, THEN FRANCHISOR, THE FRANCHISOR AFFILIATES, AREA DEVELOPER, AND THE AREA DEVELOPER AFFILIATES EACH WAIVE THEIR RIGHTS TO A TRIAL BY JURY.

19.6 **No Punitive or Consequential Damages**. Except as specifically permitted elsewhere in this Agreement, neither Franchisor or any of the Franchisor Affiliates, on the one side, nor Area Developer or any of the Area Developer Affiliates, on the other side, shall be liable to the other for punitive or other damages not measured by the other party's actual damages, except as may be required by statute, in any action between the parties, whether of the type subject to mandatory arbitration under Section 19.1 or otherwise, and whether such action is brought in arbitration, litigation, or any other legal proceeding.

19.7 **No Recourse Against Others**. Area Developer agrees that its sole recourse for claims (whether in contract or in tort, in law or in equity, or granted by statute) arising between the parties shall be against Franchisor or its successors and assigns. Area Developer agrees that the shareholders, officers, directors, members, managers, partners, agents, and employees of Franchisor and its affiliates (the "Nonparty Affiliates") shall not be personally liable nor named as a party in any action between Franchisor and Area Developer. To the maximum extent permitted by law, Area Developer waives any such claims against such Nonparty Affiliates.

19.8 **Attorneys' Fees**.

19.8.1 Subject to Section 19.8.2 below, Area Developer shall reimburse Franchisor for its costs and expenses, including, without limitation, attorneys' fees, which Franchisor incurs in pursuit of its rights following a breach or event of default of or by Franchisee whether or not the pursuit of rights involves litigation or arbitration.

19.8.2 The prevailing party in any action arising out of, or related to this Agreement (including an action to compel arbitration) is entitled to recover from the other party all costs and expenses related to the action, including reasonable attorneys' fees, and all costs of collecting monies owed. If both parties are awarded a judgment in any dollar amount, the court or arbitrator, as applicable, shall determine the prevailing party taking into consideration the merits of the claims asserted by each party, the amount of the judgment received by each party and the relative equities between the parties.

SECTION 20: TIMELY PERFORMANCE

You hereby acknowledge that your timely development of the PatchitUP Businesses in the Development Area in accordance with the Development Schedule is of material importance to us and you. You agree, as a condition of the continuance of the rights granted hereunder, to develop and open PatchitUP Businesses within the Development Area in accordance with the Development Schedule, to operate such PatchitUP Businesses pursuant to the terms of the franchise agreements applicable thereto, and to maintain all such PatchitUP Businesses in operation continuously. We agree to diligently act upon any request of or approval from you and any material delay in your ability to meet the Development Schedule which is directly caused by our failure to act diligently upon a request for approval shall not constitute a default hereunder. In the event that you are unable to comply with the Development Schedule due to act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), terrorist event, riot, epidemic, fire or other catastrophe, act of any government and any other similar cause which is beyond your control and cannot be overcome by use of normal commercial measures ("Force Majeure"), then upon notice to us, the Development Schedule and this Agreement shall be extended for a corresponding period, not to exceed 90 days. An event of Force Majeure does not relieve a party from liability for an obligation which arose before the occurrence of the event, nor does that event affect any obligation to pay money owed under this Agreement or any franchise agreement or to indemnify us, whether such obligation arose before or after the Force Majeure event. An event of Force Majeure shall not affect your obligations to comply with any restrictive covenants in this Agreement during or after the Force Majeure event.

SECTION 21: ACKNOWLEDGMENTS

YOU ACKNOWLEDGE THAT YOU RECEIVED THE DISCLOSURE DOCUMENT REQUIRED BY THE TRADE REGULATION RULE OF THE FEDERAL TRADE COMMISSION AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO

THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED OR ANY PAYMENT WAS MADE TO US OR OUR AFFILIATES.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, effective on the effective date specified in Attachment “A” of this Agreement.

PATCHITUP FRANCHISE GROUP, LLC

By: ________________________________

Name: ______________________________

Title: _______________________________

AREA DEVELOPER

____

By: ________________________________

Name: ______________________________

Title: _______________________________

ATTACHMENT "A"
DATA SHEET

1. Effective Date. The effective date of the Area Development Agreement set forth in the introductory Paragraph of the Area Development Agreement is: ___________________________.

2. Area Developer. The Area Developer set forth in the introductory Paragraph of the Area Development Agreement is: ____

3. Area Developer's Principal Address: The Area Developer's principal address set forth in the introductory Paragraph of the Area Development Agreement is :

   Attn: ______________________
   ____
   ____
   ____

4. Notice Address. The notice address for Area Developer, as set forth in Section 13 of the Area Development Agreement is:

   Attn: ______________________
   ____
   ____
   ____

5. Aggregate Initial Franchise Fee. The Aggregate Initial Franchise Fee , as set forth in Section 2 of the Area Development Agreement, is as follows:

Aggregate Initial Franchise Fee	Select
Fee for two PatchitUP Businesses: [_____]	
Fee for three PatchitUP Businesses: [_____]	
Fee for four PatchitUP Businesses: [_____]	
Fee for five PatchitUP Businesses : [_____]	

(Signature Page Follows)

AREA DEVELOPER	**PATCHITUP FRANCHISE GROUP, LLC**
______________________________	
By: ______________________________	By: ______________________________
Name: ____________________________	Name: ____________________________
Title: _____________________________	Title: _____________________________

ATTACHMENT "B"
DEVELOPMENT AREA

The Development Area set forth in Section 1.1 of this Agreement shall be the geographic area described below and/or as depicted on the following map:

AREA DEVELOPER	**FRANCHISOR**
___________________________________	**PATCHITUP FRANCHISE GROUP, LLC**
By: ______________________________	By: ______________________________
Name: ____________________________	Name: ____________________________
Title: _____________________________	Title: _____________________________

ATTACHMENT "C"
DEVELOPMENT SCHEDULE

1. The total number of PatchitUP Businesses to be developed under this Agreement (including the Initial Business): _______.

2. The termination date of this Agreement shall be the earlier of the date the Development Schedule is complete or _________________________________.

3. Development Schedule:

PatchitUP Franchise	Development Period Ending Date	Franchise Agreement Execution Deadline
1		Date of execution of Area Development Agreement
2		
3		
4		
5		

AREA DEVELOPER

____

By: __________________________________

Name: ________________________________

Title: _________________________________

FRANCHISOR

PATCHITUP FRANCHISE GROUP, LLC

By: __________________________________

Name: ________________________________

Title: _________________________________

ATTACHMENT "D"
STATEMENT OF OWNERSHIP

Area Developer:

____

(Print Company Name or Individual Area Developer's Name)

Trade Name (if different from above):

____

Form of Ownership (Check One)

_____ Individual _____ Partnership _____ Corporation _____ Limited Liability Company
_____ Other

If a Partnership, provide name and address of each partner showing percentage owned and whether each is active in management, indicate the state in which the partnership was formed and the date it was formed, and provide a copy of the Partnership Agreement.

If a Corporation, provide the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each, indicate the state and date of incorporation, and provide a copy of the Articles of Incorporation certified by the Secretary of State or other official for the state in which the corporation was formed.

If a Limited Liability Company, provide name and address of each member and each manager showing percentage owned, indicate the state in which the Limited Liability Company was formed and the date it was formed, and provide a copy of the Articles of Organization certified by the Secretary of State or other official for the state in which the Limited Liability Company was formed and the Operating Agreement.

If another type of business entity, provide the names and addresses of the owners and any officers or managers showing percentage owned, indicate the state in which the business entity was formed and the date it was formed, and provide a copy of any articles of formation and governing agreements certified, if applicable, by the Secretary of State or other official for the state in which the business entity was formed.

____
____
____
____

Area Developer acknowledges that this Statement of Ownership applies to the PatchitUP Business authorized under Area Development Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to Franchisor in writing.

Date: _________________________ Signature: _______________________________

Print Name: ______________________________

EXHIBIT E

LIST OF CURRENT AND FORMER FRANCHISEES

List of Current Franchisees as of December 31, 2025:

ST	Name	Address	Email	Phone
Pennsylvania	Kefah Hasan PatchitUP of Lansdale, PA	438 Industrial Drive, north Wales, PA 19454	khasan@patchitup.com	267-393-4480
Pennsylvania	Kefah Hasan PatchitUP of King of Prussia, PA	438 Industrial Drive, north Wales, PA 19454	khasan@patchitup.com	267-393-4480

List of Franchisees with Unopened Outlets as of December 31, 2025:

ST	Name	Address	Email	Phone
Texas	Reggie Graham PatchitUP of Saginaw, TX	8320 Hawkview Drive, Fort Worth, TX 76179	rgraham@patchitup.com	817-221-8435

Former Franchisees:

The name and last known address of every franchisee who had a PatchitUP Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2025 to December 31, 2025, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

ST	Name	Address	Email	Phone

*Franchisee signed a Franchise Agreement but did not open.

<u>EXHIBIT F</u>

STATE ADDENDA
AND AGREEMENT RIDERS

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR PATCHITUP FRANCHISE GROUP LLC

The following modifications are made to PatchitUP Franchise Group LLC ("Franchisor," "us," "we," or "our") Franchise Disclosure Document ("FDD") given to franchisee ("Franchisee," "you," or "your") and may supersede certain portions of the Franchise Agreement between you and us dated ____________________________ ("Franchise Agreement"). When the term "Franchisor's Choice of Law State" is used, it means Texas.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State-Specific Addendum ("State Addendum") will modify these agreements to comply with the state's laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement.

CALIFORNIA

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you a FDD approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement requires binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Texas. 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 the Franchise Agreement restricting venue to a forum outside the State of California. The Franchise Agreement contains a mediation provision. If so, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

The Franchise Agreement requires the application of the law of Delaware. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

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

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.).

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.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement may not be enforceable.

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). 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).

The Antitrust Law Section of the Office of the California Attorney General views certain maximum and minimum price agreements as per se violations of the Cartwright Act.

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

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.

HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS 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 IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed on the third page of the FDD on the page entitled, "State Effective Dates."

2. States which have refused, by order or otherwise, to register these Franchises are:

   None

3. States which have revoked or suspended the right to offer the Franchises are:

   None

4. States in which the proposed registration of these Franchises has been withdrawn are:

   None

ILLINOIS

Illinois law shall apply to and govern the Franchise Agreement.

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

Franchisees' 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.

INDIANA

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two (2) years within the Territory.

The "Summary" column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

> Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor’s Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

> Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor’s Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor’s Choice of Law State law, if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

5. The following provision will be added to the Franchise Agreement:

> > No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation

brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_______________ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three (3) business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten (10) business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty (20) days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to PatchitUP Franchise Group, LLC, 1331 Broadway Street, Suite J, Pearland, TX 77581 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: ___________________________

By: _________________________________

Print Name: __________________________

Its: _________________________________

Date: ________________________________

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

Item 17 of the FDD, the Franchise Agreement is amended to state: “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.”

Item 17 of the FDD and sections of the Franchise Agreement is amended to state: “A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.”

The Franchise Agreement is amended to state: “All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

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.).

FRANCHISOR:	FRANCHISEE:
PatchitUP Franchise Group LLC	______________________ Entity name (if any)
By: ______________________	By: ______________________
Printed Name: ______________________	Printed Name: ______________________
Title: ______________________	Title: ______________________
Date: ______________________	Date: ______________________

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.

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

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

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

(c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure 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 us to refuse to renew your 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 which 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: (i) the term of the Franchise is less than five (5) years; and (ii) 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 (6) 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 arbitration or litigation be conducted outside the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us 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 our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

(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 any sums owing to us 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 to 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 of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD 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 Minnesota.

3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.

4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.

6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement to the extent required by Minnesota law.

7. The following language will appear as a new paragraph of the Franchise Agreement:

> <u>No Abrogation</u>. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

<u>NEW YORK</u>

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 <u>EXHIBIT A</u> OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK**

STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

The following is added at the end of Item 3:

Except as provided above, with regard to 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 injunction 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.

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 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

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

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

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.

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.

NORTH DAKOTA

Sections of the FDD and the Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD and the Franchise Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD and the Franchise Agreement relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD and the Franchise Agreement requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD and the Franchise Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD and the Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Article 15.4 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that 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 statue, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials_______________ Date___________

NOTICE OF CANCELLATION

_______________ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to PatchitUP Franchise Group LLC, 1331 Broadway Street, Suite J, Pearland, TX 77581 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: ______________________________

By: ______________________________
Print Name: ______________________
Its: ______________________________

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act 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 this Act." The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

SOUTH DAKOTA

Intentionally left blank.

VIRGINIA

Item 17(h). The following is added to Item 17(h):

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

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

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

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

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND RELATED AGREEMENTS

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 or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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 reasonable 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 void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document and the Franchise Agreement are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states ("Addenda") is checked as an "Applicable Addenda" below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

☐	California	☐	Michigan	☐	Rhode Island
☐	Hawaii	☐	Minnesota	☐	South Dakota
☐	Illinois	☐	New York	☐	Virginia
☐	Iowa	☐	North Dakota	☐	Washington
☐	Indiana	☐	Ohio	☐	Wisconsin
☐	Maryland				

Dated: ___________________, 20____

Franchisor:

PatchitUP Franchise Group LLC

By: ____

Title: ______________________________________

Franchisee:

____

____

By: ____

Title: ______________________________________

EXHIBIT G

FRANCHISE OPERATIONS MANUAL
TABLE OF CONTENTS

Contents

INTRODUCTION
Importance of Confidentiality

1 Becoming the B.E.S.T.
Content Updates
History
Brand Statements
Mission
Vision
Brand Positioning
Values
Guiding Principles
Culture
PatchitUP "Start-Up" Bundle

2 B.E.S.T. ORGANIZATION
B.E.S.T. Organization
Independently Owned and Operated
Business Name
Professional Advisors
Technology
Requirements
Data management
Merchant Services
Security Breaches
Telephone Service
Physical Address
Vehicles
Franchise Support
Communication
Support Ticket Submission Guide
B.E.S.T. Business Advisor (BBA)
Base Team
Expansion Team
Surge Team
Thriving Team
Initial Training
Onsite Support
Variations Request

Conferences
Franchise Advisory Council (FAC)
Validation Process
Insurance Licenses & Permit Requirements
Contracting / Home Improvement Business License
Hours of Operation
Emergency Service
Services
Territory
Power Teams
Grand Opening

3 B.E.S.T. LEADERSHIP
Management vs Leadership
Culture and Discipline
M.E.S.E. Model
MARKETING
EXECUTION (Leads)
SALES
EXECUTION (Jobs)
Ongoing Operations
Getting The Day Started
Daily Tracking – Team Members
Invoice Coaching
Closing Tickets
Account Receivables
Paying your Team
Team Training
Accounts Payable
General Filing
Permits
Inventory
Fleet Management

4 B.E.S.T. MARKETING
MARKETING
PatchitUP Brand
Marketing Support
Marketing Your Franchise
Marketing Plans
Creating your Custom Marketing Plan
Marketing Budget
Tactics & Campaigns
Grand Opening Marketing Campaign
Public Relations
Media and Print Advertising
Local Marketing

Digital Marketing
Phone Calls and Text Messaging
Trademarks
Marketing Approval

5 B.E.S.T. REPRESENTATIVE
B.E.S.T. Representative
The Command Center
Answering the Phone
Call Taking Script
Handling Objections
Scheduling the Call
Who?
What?
When?
Workflow Procedure
Recording Notes within the Job.
Dispatching the Call
Rescheduling the Call
Wrapping Up the Call with Technician
Closing the Ticket
Getting the Day Started
"Lead Dispatcher".
Uniforms

6 B.E.S.T. TECHNICIAN
B.E.S.T. Technician
The B.E.S.T. Experience
1. Preparing for the Call
2. The Greeting & Approach
3. Building Rapport
4. The Diagnosis
5. The Presentation
6. Repair
7. Completing the Service Call
Workflow Procedure
Customer Concerns
Handling Dissatisfied Customers
Warranty
Financial Review
Income Statements aka Profits & Loss

7 B.E.S.T FINANCIALS
Accounting
Professional Advisor
Chart of Accounts
Managing Taxes

Payroll
The Types of Accounting
Accounting Terminology
Debits and Credits
The Chart of Accounts
The General Ledger
The Balance Sheet
The Profit and Loss Statement
The Cash Flow Statement
QuickBooks Online
Financial Reporting Standards
Financial Statement Preparation and Submission
Reporting Process
Accounting Period and Payment
Pricebook
Chart of Accounts

8 B.E.S.T TEAM
Staffing
Recruiting and Hiring
Recruiting Log
Interview Questions
Applications
Background Checks & Drug Tests
Background Checks Results
Drug and Alcohol Use
Policy
Employee Responsibilities
Supervisor Responsibilities
Searches and Tests
Conditional Offer of Employment
Team Member Paperwork
State and Federal Employment Laws
Team Member Policies
Workplace Safety Policy
New Team Member Orientation
Training
Uniforms
EMPLOYEE HANDBOOK
TO PATCHITUP EMPLOYEES
INTRODUCTORY STATEMENT
Employee At-Will
Employee Relations
Equal Employment Opportunity
Business Ethics and Conduct
Personal Relationships in the Workplace
Immigration Law Compliance

Conflicts of Interest
Open Door Policy
Workplace Diversity
Non-Disclosure
Employment Categories
Access to Personnel Files

Releasing Employee Information / Neutral Reference Policy

Personal Data Changes
Introductory Period
Employment Applications
Performance Evaluation
Job Description
Employee Benefits
Vacation Benefits
Vacation Pay
Scheduling Vacations
Holidays
Regular Full-time Employees
PTO
Regular Full-time Employees
Workers' Compensation Insurance
Time Off to Vote
Bereavement Leave
Jury Duty
Health Insurance
HIPAA
Benefits Continuation (-) Texas Continuation
Paydays
Overtime Pay for Non-Exempt Employees
Recordkeeping
Deductions and Setoffs
Employment Termination
Safety
Work Schedules
Electronic and Telephonic Communications Systems Policy
Computer and E-mail Usage
Internet Usage
Mail Systems
Smoking
Rest and Meal Periods
Emergency Closings
Business Travel Expenses
Visitors in the Workplace
Workplace Violence Prevention

Family and Medical Leave Act Policy

Purpose
Policy
No Work during Leave
Employee Conduct and Work Rules
Drug and Alcohol Use
Purpose
Definitions
Policy
Employee Responsibilities
Supervisor Responsibilities
Searches and Tests
Policy Violations
Insurance Coverage
Acknowledgment and Release Form
Security Inspections
Policy Prohibiting Harassment and Discrimination in the Workplace
Complaint Procedure
No Retaliation
Attendance and Punctuality
Personal Appearance
Return of Property
Resignation
Solicitation
Employee Discipline
Suggestions
ACKNOWLEDGMENT OF RECEIPT EMPLOYEE HANDBOOK PATCHITUP

9 B.E.S.T. FLEET
Trucks
Truck Graphics
Van Wrapping FAQ's
Fleet Global Positioning System (GPS)
Truck Safety
Vehicle Safety Policy
General Rules
Eligibility
Technician Vehicle Startup Items

EXHIBIT H

CONTRACTS FOR USE WITH FRANCHISE

The following contracts contained in Exhibit H are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the PatchitUP Business. The following are the forms of contracts that PatchitUP Franchise Group LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked “Sample,” they are subject to change at any time.

EXHIBIT H-1

SAMPLE GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims ("Release") is made as of _____________________, 20___ by ____________________________________, a(n) ______________________________ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of PatchitUP Franchise Group LLC, a Texas limited liability company ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a PatchitUP business;

WHEREAS, [Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee, or to enter into a successor franchise agreement, or to amend the Agreement] or **[the Agreement is being terminated or any other reason for the requirement of this waiver and release is indicated]**, and Franchisor has consented to such **[transfer, successor franchise agreement, amendment, termination, or other reason]**; and

WHEREAS, as a condition to Franchisor's consent to **[transfer the Agreement/enter into a successor franchise agreement/amend the Agreement/terminate the Agreement/other reason]**, Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and confirms that it has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor, including its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby unconditionally and irrevocably release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released

Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage or that could reasonably be expected to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Agreement to any third party without Franchisor's prior express written consent, except as required by law or any regulatory authority.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Texas, without regard to its conflict of laws principles.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release, together with the Franchise Agreement, constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

IN WITNESS WHEREOF, Releasor has executed this Release as of the date first written above.

Franchisee:

____,
a

____

By:

Printed Name:

Title:

FRANCHISEE'S OWNERS:

Date _________________________

____
Signature

____
Typed or Printed Name

____
Signature

____
Typed or Printed Name

EXHIBIT H-2

SAMPLE SYSTEM PROTECTION AGREEMENT

This System Protection Agreement ("Agreement") is entered into by the undersigned ("you" or "your") in favor of PatchitUP Franchise Group LLC, a Texas limited liability company, and its successors and assigns ("us," "we" or "our"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Competitive Business" means any business operating, or granting franchises or licenses to others to operate, a business that is similar to a PatchitUP Business, including a business where five percent (5%) or more of its sales include drywall repair services and products or any services or products similar to those offered by Franchisee or that are part of the PatchitUP system. However, Franchisee will not be prohibited by this Agreement from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent 2 percent or less of that class of securities issued and outstanding.

"Copyrights" means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a PatchitUP Business or the solicitation or offer of a PatchitUP franchise, whether now in existence or created in the future.

"Franchisee" means PatchitUP franchisee for which you are a manager or officer.

"Franchisee Service Area" means the Service Area granted to you pursuant to a franchise agreement with us.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, and System.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a PatchitUP Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

"Manual" means our Franchise Operations Manual for the operation of a PatchitUP Business, which may be periodically modified by us.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a PatchitUP Business, including "PatchitUP," and any other trademarks, service marks, or trade names that we designate for use by a PatchitUP Business. The term "Marks" also includes any distinctive trade dress used to identify a PatchitUP Business, whether now in existence or hereafter created.

"Prohibited Activities" means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly-traded company that is a

Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing or attempting to induce: (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position; or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

"Restricted Period" means the two-year period after you cease to be a manager or officer of Franchisee's PatchitUP Business; 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 nine-month period after you cease to be a manager or officer of Franchisee's PatchitUP Business.

"Restricted Service Area" means the geographic area within: (i) a 100-mile radius from Franchisee's PatchitUP Business (and including the premises of the approved location of Franchisee); and (ii) a 100-mile radius from all other PatchitUP Businesses that are operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Service Area is too broad to be enforceable, then the "Restricted Service Area" means the geographic area within a 100-mile radius from Franchisee's PatchitUP Business (and including the premises of the approved location of Franchisee).

"System" means our system for the establishment, development, operation, and management of a PatchitUP Business, including Know-how, proprietary programs and products, Manual, and operating system.

2. Background. You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Know-How and Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the PatchitUP Business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will 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) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee's PatchitUP Business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee's PatchitUP Business by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging 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 Service Area. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that 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 furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. Covenants Reasonable. 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 hereby waive any right to challenge the terms of this Agreement as being overly broad, unreasonable, or otherwise unenforceable.**

8. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other PatchitUP franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that 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 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 parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement 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. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. Miscellaneous.

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of the State of Texas, without regard to its conflict of laws principles, and the courts in the State of Texas shall have exclusive jurisdiction over any legal proceedings arising out of this Agreement.

c. 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 shall 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.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you 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 Service Area, and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

EXECUTED on the date stated below.

Date: ____________________________ ____

Signature

____

Typed or Printed Name

EXHIBIT H-3

SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement ("Agreement") is entered into by the undersigned ("you") in favor of PatchitUP Franchise Group LLC, a Texas limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"PatchitUP Business" means a business that provides drywall repair, drywall installation and other finishing services for residential and commercial structures and other related products and services using our Intellectual Property.

"Copyrights" means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow PatchitUP franchisees to use, sell, or display in connection with the marketing and/or operation of a PatchitUP Business, whether now in existence or created in the future.

"Franchisee" means PatchitUP franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a PatchitUP Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

"Manual" means our Franchise Operations Manual for the operation of a PatchitUP Business.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a PatchitUP Business, including "PatchitUP" and any other trademarks, service marks, or trade names that we designate for use by a PatchitUP Business. The term "Marks" also includes any distinctive trade dress used to identify a PatchitUP Business, whether now in existence or hereafter created.

"System" means our system for the establishment, development, operation, and management of a PatchitUP Business, including Know-how, proprietary programs and products, Franchise Operations Manuals, and operating system.

2. Background. You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

3. Know-How and Intellectual Property: Nondisclosure and Ownership. You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the PatchitUP Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of PatchitUP Franchise Group LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

4. Immediate Family Members. You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

5. Covenants Reasonable. 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 hereby waive any right to challenge the terms of this Agreement as being overly broad, unreasonable, or otherwise unenforceable.**

6. Breach. You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other PatchitUP franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that 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 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 parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement 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. Any claim, defense, or cause of action 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.

7. Miscellaneous.

a. Although this Agreement is entered into in favor of PatchitUP Franchise Group LLC, you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you due to your breach of this Agreement and we prevail, you shall be responsible for paying our reasonable attorney fees, court costs, and other related expenses incurred in such proceedings.

c. This Agreement shall be governed by, construed in accordance with, and enforced under the laws of the State of Texas, without regard to its conflict of laws principles. The state and federal courts located within the State of Texas shall have exclusive jurisdiction to adjudicate any dispute arising out of or relating to this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall 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 enforceable.

EXECUTED on the date stated below.

Date: ______________________________ ____
Signature

____
Typed or Printed Name

EXHIBIT H-4

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

FRANCHISEE INFORMATION:

____
Franchisee Name | Business No.

____
Franchisee Mailing Address (street) | Franchisee Phone No.

____
Franchisee Mailing Address (city, state, zip)

____
Contact Name, Address and Phone number (if different from above)

____
Franchisee Fax No. | Franchisee Email Address

BANK ACCOUNT INFORMATION:

____
Bank Name

____
Bank Mailing Address (street, city, state, zip)

☐ Checking ☐Savings
____
Bank Account No. | (check one) | Bank Routing No. (9 digits)

____
Bank Mailing Address (city, state, zip) | Bank Phone No.

AUTHORIZATION:

Franchisee hereby authorizes PatchitUP Franchise Group LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to 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 Bank a reasonable opportunity to act on it. Franchisee shall 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: ___________________________________
Its: _____________________________________
Federal Tax ID Number: ____________________

NOTE: Franchisee MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT

EXHIBIT H-5

SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment ("**Agreement**") is entered into this _____ day of ___________________________, 20_____, between PatchitUP Franchise Group LLC ("**Franchisor**"), a Texas limited liability company, __________________________ ("**Former Franchisee**"), the undersigned owners of Former Franchisee ("**Owners**") and _______________________________, a [State] [corporation/limited liability company] ("**New Franchisee**").

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated ___________________________, 20______ ("Former Franchise Agreement"), in which Franchisor granted Former Franchisee the right to operate a PatchitUP franchise located at ____________________________________ ("Franchised Business"); and

WHEREAS, Former Franchisee desires to assign ("Requested Assignment") the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement, including that New Franchisee sign Franchisor's current form of franchise agreement together with all exhibits and attachments thereto ("New Franchise Agreement"), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement ("Franchisor's Assignment Fee").

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee's signing the New Franchise Agreement pursuant to Section 5 of this Agreement.

3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor's Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement and waives any obligation for Former Franchisee to enter into a subordination agreement pursuant to the Former Franchise Agreement.

4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee's rights to operate the Franchised Business are terminated and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New Franchise Agreement. Former Franchisee and the undersigned Owners agree to comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a PatchitUP franchise as stated in Franchisor's Franchise Disclosure Document.

6. Former Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address, telephone number, and email address at all times during the three-year period following the execution of this Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("Transaction") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. Affiliates. When used in this Agreement, the term "Affiliates" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto and approved by the Franchisor. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Texas, without regard to its conflict of laws principles.

IN WITNESS WHEREOF, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

Franchisor:

PatchitUP Franchise Group LLC

By: ______________________________________

Printed Name: ______________________________

Title: _____________________________________

FORMER Franchisee:

____

By: ______________________________________

Printed Name: ______________________________

Title: _____________________________________

NEW Franchisee:

____

By: ______________________________________

Printed Name: ______________________________

Title: _____________________________________

EXHIBIT H-6

LEASE ADDENDUM

This Addendum to Lease ("Addendum"), dated ______________________________, 20___, is entered into by and between ____ ("Landlord"), ____ ("Tenant") and PatchitUP Franchise Group LLC ("Franchisor"), collectively referred to herein as the "Parties."

A. Landlord and Tenant have entered into a certain Lease Agreement dated ______________________________, 20___, and pertaining to the premises located at ____ ("Lease").

B. Landlord acknowledges that Tenant intends to operate a franchised business from the leased premises ("Premises") pursuant to a Franchise Agreement ("Franchise Agreement") with Franchisor under Franchisor's trademarks and other names designated by Franchisor (herein referred to as "Franchised Business" or "Franchise Business").

C. The parties now desire to supplement the terms of the Lease in accordance with the terms and conditions contained herein.

NOW, THEREFORE, it is hereby mutually covenanted and agreed among the Parties as follows:

1. Use of the Premises. During the term of the Franchise Agreement, the Premises shall be used only for the operation of the Franchised Business.

2. Franchise System. Landlord hereby consents to Tenant's use of such proprietary marks, signs, interior and exterior décor items, color schemes and related components of the Franchised Business required by Franchisor. Tenant's use of such items shall at all times be in compliance with all applicable laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Premises.

3. Assignment. Tenant shall have the right, without further consent from Landlord, to sublease or assign all of Tenant's right, title, and interest in the Lease to an assignee of the Tenant or the Franchised Business ("Franchise Assignee") at any time during the term of the Lease, including any extensions or renewals thereof. In addition, if Tenant fails to timely cure any default under either the Lease or the Franchise Agreement, Franchisor or a Franchise Assignee that Franchisor designates, will, at its option, have the right, but not the obligation, to take an assignment of Tenant's interest under the Collateral Assignment of Lease or other form of assignment and assumption document reasonably acceptable to Landlord, provide such Franchise Assignee cures a default of the Lease no later than ten days following the end of Tenant's cure period. No assignment shall be effective until: (i) a Franchise Assignee gives Landlord written notice of its acceptance of the assignment and assumption of the Lease; and (ii) Tenant or the Franchise Assignee has cured all material defaults of the Lease for which it has received notice

from Landlord. Nothing contained herein or in any other document shall create any obligation or liability of Franchisor, any Franchise Assignee, or guarantor thereof under the Lease unless and until the Lease is assigned to, and accepted in writing by a Franchise Assignee. In the event of any assignment or purported assignment under this Addendum, Tenant shall remain liable under the terms of the Lease and the assignee or subtenant shall retain all of the Tenant's rights granted in the Lease including without limitation: (x) any grant of a protected territory or use exclusivity; and (y) the renewal or extension of the Lease term. With respect to any assignment proposed or consummated under this Addendum, Landlord hereby waives any rights it may have to: (A) recapture the Premises; (B) terminate the Lease; or (C) modify any terms or conditions of the Lease. If Franchisor accepts an assignment and assumes the Lease under this section, Franchisor shall have the right to further sublet or reassign the Lease to another Franchise Assignee without Landlord's consent in which event Franchisor shall be released from any obligation or liability under the Lease. As used in this Addendum, "Franchise Assignee" means: (i) Franchisor or Franchisor's parent, subsidiary, or affiliate; or (ii) any franchisee of Franchisor or of Franchisor's parent, subsidiary, or affiliate.

4. Default and Notice.

a. If Tenant defaults on or breaches the Lease and Landlord delivers a notice of default to Tenant, Landlord shall contemporaneously send a copy of such default notice to Franchisor. Franchisor shall have the right, but not the obligation, to cure the default during Tenant's cure period plus an additional ten-day period. Franchisor will notify Landlord whether it intends to cure the default prior to the end of Tenant's cure period.

b. All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

PatchitUP Franchise Group LLC
1331 Broadway Street, Suite J
Pearland, TX 77581

Franchisor reserves the right to change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees that it will notify both Tenant and Franchisor of any change in Landlord's mailing address to which notices should be sent.

c. Tenant and Landlord are prohibited from terminating or materially amending the Lease during the term of the Franchise Agreement or any renewal thereof without obtaining the Franchisor's prior written consent. Any attempted termination, or material amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

5. Termination or Expiration.

a. If Franchisor does not elect to take an assignment of the Tenant's interest, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Franchisor's trademarks and franchise system and to distinguish the Premises from a Franchised Business provided that Franchisor repairs any damage caused to the Premises by exercise of its rights hereunder.

b. If any Franchise Assignee purchases any assets of Tenant, Landlord shall permit such Franchise Assignee to remove all the assets being purchased, and Landlord waives any lien rights that Landlord may have on such assets.

6. Consideration; No Liability.

a. Landlord acknowledges that the Franchise Agreement requires Tenant to receive Franchisor's approval of the Lease prior to Tenant executing the Lease and that this Addendum is a material requirement for Franchisor to approve the Lease. Landlord acknowledges Tenant would not lease the Premises without this Addendum. Landlord also hereby consents to the Collateral Assignment of Lease from Tenant to Franchisor as evidenced by Attachment 1.

b. Landlord explicitly acknowledges that Tenant is not an agent or employee of Franchisor, and Tenant possesses no authority or power to act for, create any liability on behalf of, or in any way bind Franchisor or any Franchise Assignee. Landlord confirms its understanding that this agreement creates no duties, obligations, or liabilities for any Franchise Assignee.

7. Amendments. Any amendment or variation of this Addendum shall be considered invalid unless it is made in writing and duly signed by all Parties involved.

8. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions, and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

[*Signatures on the following page*]

IN TESTIMONY WHEREOF, witness the signatures of the Parties hereto as of the day, month, and year first written above.

LANDLORD:	**TENANT:**
____________________________________	____________________________________
By: ________________________________	By: ________________________________
Printed Name: ________________________	Printed Name: ________________________
Title: ______________________________	Title: ______________________________

Franchisor:

____

By: ______________________________

Printed Name: ______________________

Title: _____________________________

EXHIBIT H-6 Attachment 1

ATTACHMENT 1 TO LEASE ADDENDUM

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, as of the ________________________ ("Effective Date"), the undersigned, ____________________________________ ("Assignor") hereby assigns, transfers and sets over unto PatchitUP Franchise Group LLC ("Assignee") all of Assignor's right, title, and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as Exhibit A ("Lease") with respect to the premises located at ____. This Collateral Assignment of Lease ("Assignment") is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee expressly assume the obligations of Assignor thereunder.

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

Upon a default by Assignor under the Lease or under that certain franchise agreement for a franchise between Assignee and Assignor ("Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered, in Assignee's sole discretion, to: (i) cure Assignor's default of the Lease; (ii) take possession of the premises demised by the Lease; (iii) expel Assignor from the premises, either temporarily or permanently; (iv) terminate Assignee's rights, title, and interest in the Lease; and/or (v) assume the Lease. If Assignee expends sums to cure a default of the Lease, Assignor shall promptly reimburse Assignee for the cost incurred by Assignee in connection with such performance, together with interest thereon at the rate of two percent (2%) per month, or the highest rate allowed by law.

Assignor is strictly prohibited from allowing any surrender, termination, amendment, or modification of the Lease without obtaining the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than 30 days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest to exercise the extension or renewal options in the name, place, and stead of Assignor for the sole purpose of effecting the extension or renewal.

(Signatures on following page)

IN WITNESS WHEREOF, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

ASSIGNOR:

____

By: __________________________________

Its: __________________________________

ASSIGNEE:

By: __________________________________

Its: __________________________________

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 state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
Rhode Island	
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.

<u>EXHIBIT J</u>

RECEIPTS

RECEIPT
(Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If PatchitUP Franchise Group LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, PatchitUP Franchise Group LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires PatchitUP Franchise Group LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If PatchitUP Franchise Group LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A. PatchitUP Franchise Group LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

The name, principal business address, and telephone number of each franchise seller offering the franchise is: Mark Collins and Peter Kourounis, 1331 Broadway Street, Suite J, Pearland, TX 77581, 713-512-5870.

Issuance Date: May 27, 2026

I received a disclosure document issued May 27, 2026, which included the following exhibits:

Exhibit A	List of State Administrators and Agents for Service of Process
Exhibit B	Financial Statements
Exhibit C	Franchise Agreement
Exhibit D	Area Development Agreement
Exhibit E	List of Current and Former Franchisees
Exhibit F	State Addenda and Agreement Riders
Exhibit G	Franchise Operations Manual Table of Contents
Exhibit H	Contracts for use with PatchitUP Franchise
Exhibit I	State Effective Dates
Exhibit J	Receipts

______________________	______________________	______________________
Date	Signature	Printed Name

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.

RECEIPT
(Our Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If PatchitUP Franchise Group LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, PatchitUP Franchise Group LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires PatchitUP Franchise Group LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If PatchitUP Franchise Group LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state agency identified on Exhibit A. PatchitUP Franchise Group LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

The name, principal business address, and telephone number of each franchise seller offering the franchise is: Mark Collins and Peter Kourounis, 1331 Broadway Street, Suite J, Pearland, TX 77581, 713-512-5870.

Issuance Date: May 27, 2026

I received a disclosure document issued May 27, 2026, which included the following exhibits:

Exhibit A	List of State Administrators and Agents for Service of Process
Exhibit B	Financial Statements
Exhibit C	Franchise Agreement
Exhibit D	Area Development Agreement
Exhibit E	List of Current and Former Franchisees
Exhibit F	State Addenda and Agreement Riders
Exhibit G	Franchise Operations Manual Table of Contents
Exhibit H	Contracts for use with PatchitUP Franchise
Exhibit I	State Effective Dates
Exhibit J	Receipts

_________________________ ____________________ _________________________

Date Signature Printed Name

Please sign this copy of the receipt, date your signature, and return it to PatchitUP Franchise Group LLC, 1331 Broadway Street, Suite J, Pearland, TX 77581.