

FRANCHISE DISCLOSURE DOCUMENT



Peachwood Franchising, LLC

A Georgia limited liability company
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Peachwood Franchising, LLC d/b/a Peachwood Floor Coverings (“Us” or “Franchisor”) offers franchises for the operation of a high-quality flooring business, with a huge variety of residential and commercial floor covering services from leading manufacturers in all areas, all types of flooring, including: hardwood, laminate, luxury vinyl, carpet and tile (both interior and exterior), as well as wall tile such as backsplashes and full shower tiling (a “Franchise Business” or “Franchised Business”).

The total investment to begin operation of a Peachwood Floor Coverings franchise for one territory is between \$129,750 and \$176,000. This includes \$55,300 to \$55,600 that must be paid to the franchisor.

We also offer qualified parties the right to open and operate multiple Franchised Businesses in accordance with a development schedule the parties agree to under Franchisor’s form of development agreement. The estimated total investment necessary to operate multiple Franchised Businesses under our form of area development agreement depends on the number of Franchised Businesses we grant you the right to open. By way of example, the total investment necessary to enter into a development agreement for the right to develop between two (2) and seven (7) Franchised Businesses ranges from \$174,750 to \$401,000, which includes: (i) a \$100,000 to \$280,000 development fee that is paid to us; and (ii) your estimated total investment to begin operation of the first Franchised Business in your development schedule.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact: Mike O’Connor, 6670 Corners Industrial Ct, Suite B, Norcross, Georgia 30092, 704-998-8719, Inquiries@PeachwoodFC.com.

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, DC 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.

The issue date of this Franchise Disclosure Document (“FDD”) is: December 10, 2021

State Cover Sheet

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 Exhibit B.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Exhibit C includes financial statements. Please 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 Peachwood Floor Coverings 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 Peachwood Floor Coverings franchisee?	Exhibit B lists the 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 May Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement or area development 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 and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Georgia. 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 Georgia than in your own state.
2. **Short Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

TABLE OF CONTENTS

	<u>PAGE</u>
ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	1
ITEM 2 BUSINESS EXPERIENCE	3
ITEM 3 LITIGATION	4
ITEM 4 BANKRUPTCY	4
ITEM 5 INITIAL FEES	4
ITEM 6 OTHER FEES	6
ITEM 7 ESTIMATED INITIAL INVESTMENT	11
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	15
ITEM 9 FRANCHISEE'S OBLIGATIONS	18
ITEM 10 FINANCING	19
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	19
ITEM 12 TERRITORY	29
ITEM 13 TRADEMARKS	32
ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	34
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	35
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	35
ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION	36
ITEM 18 PUBLIC FIGURES	44
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS	45
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION	53
ITEM 21 FINANCIAL STATEMENTS	52
ITEM 22 CONTRACTS	52
ITEM 23 RECEIPT	52

EXHIBITS

A.	STATE EFFECTIVE DATES
B.	LIST OF CURRENT AND FORMER FRANCHISEES
C.	FINANCIAL STATEMENTS
D.	STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS
E.	MANUALS' TABLES OF CONTENTS
F.	FRANCHISE AGREEMENT
G.	STATE SPECIFIC ADDENDA
H.	AREA DEVELOPMENT AGREEMENT
I.	FORMS OF GENERAL RELEASE
J.	FORMS OF CONFIDENTIALITY AND NONCOMPETE AGREEMENT
K.	RECEIPTS

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

General. To simplify the language in this Disclosure Document, “we”, “our” or “us” means and includes Peachwood Franchising, LLC. We are a Georgia limited liability company that was formed as Peachwood Franchising, LLC on August 4, 2021, with a principal business address at 6670 Corners Industrial Ct NW, Suite B, Norcross, Georgia 30092, with a telephone number of 678-935-6091. We have been offering franchises since November of 2021 and conduct no other business. We do business under the name PEACHWOOD FLOOR COVERINGS. We have not conducted business in or offered franchises in any other line of business. “You” or “Your” means the individual, corporation, limited liability company or partnership who buys the franchise.

We do not offer other franchises in any other line of business. We do not conduct any other business activities other than selling and supporting Franchised Businesses. We do not have any predecessors or parents. None of our affiliates will provide products or services to our franchisees. None of our affiliates offer franchises in any line of business.

Agents for Service of Process. Our agents for service of process in the states whose franchise laws require us to name a state agency as our agent for service of process are shown on Exhibit D.

Prior Business Experience. Since November of 2019 our owners and principal officers have owned and operated a floor covering business under the name "Fairway Flooring" in and around the Atlanta, Georgia area which is similar to the Franchised Businesses offered under this Disclosure Document. We refer to this business in this Disclosure Document as the "Company-Owned Outlet". In July of 2021, Fairway Flooring changed its name and trade dress to "Peachwood Floor Coverings" and now operates under the principal trademark and trade dress that our franchisees will operate under. The Company-Owned Outlet does not provide any products or services to our franchisees, though we may use the facilities owned by Peachwood Floor Coverings to conduct a portion of the initial training that we provide to you.

The Business and Franchises Offered. We are offering, under the terms of this Disclosure Document, the opportunity to become a franchisee to develop and operate a Franchised Business. Franchised Businesses offer a high-quality flooring business, with a huge variety of residential and commercial floor covering services from leading manufacturers in all areas, all types of flooring, including: hardwood, laminate, luxury vinyl, carpet and tile (both interior and exterior), as well as wall tile such as backsplashes and showers and full shower tiling.

A Franchised Business operates under the PEACHWOOD FLOOR COVERINGS mark and certain other trademarks, service marks, trade names, signs, associated designs, artwork, and logos (collectively, the “**Marks**”). We may designate other trade names, service marks, and trademarks as Marks and may change the Marks at any time.

A Franchised Business operates under a prescribed system of specifications and operating procedures that we have developed and will continue to develop (the “**System**”). The distinguishing characteristics of the System include, but are not limited to, our designs, layouts, and identification schemes (collectively, the “**Trade Dress**”), our specifications for equipment, inventory, and accessories; our website or series of websites for the Franchised Businesses (the “**System Website**”); our relationships with vendors; our software and computer programs; the accumulated experience reflected in our training program, operating procedures, customer service standards methods, and marketing techniques; and the mandatory and suggested policies, procedures, standards, specifications, rules, and requirements (“**System**”).

Standards”) set out in our operations manuals (“**Manuals**”) and otherwise in writing. We may change, improve, add to, and further develop the elements of the System from time to time.

You may purchase a Peachwood Floor Coverings franchise (“**Franchise**”) to develop and operate one Franchised Business at a mutually agreed upon site (the “**Site**”) within an area (“**Territory**”) that we will specify in the Franchise Agreement that we and you will execute (the “**Franchise Agreement**”). Our current form of Franchise Agreement is included as **Exhibit F** to this Disclosure Document. You will have no obligation, nor any right, to open any additional Franchised Businesses. Under the Franchise Agreement, you have no right to use the Marks or the System at any location other than the Site or to use the Marks or the System in any wholesale, e-commerce, or other channel of distribution other than the operation of the Franchised Business at the Site. We and our affiliates have the right to use, or license the use of, the Mark, or any other trademark or service mark, in the designated area of responsibility.

You must designate an Owner with at least a 10% ownership interest in your Entity as the “**Operating Principal**.” The Operating Principal must have authority over all business decisions related to your Franchised Business and must have the power to bind you in all dealings with us. In addition, you must appoint a trained manager (the “**Key Manager**”) to manage the day-to-day business of your Franchised Business, who may also be the Operating Principal.

Development Program. In addition, for qualified franchisees who desire the right to develop multiple Franchised Businesses within a designated territory (the “**Development Area**”) that meet certain conditions, we also offer the opportunity to enter into a Development Agreement with us (the “**Development Agreement**”) to develop a mutually agreed upon number of Franchise Businesses in accordance with a development schedule specified in the Development Agreement (the “**Development Schedule**”). Our current form of Development Agreement is included as **Exhibit H** to this Disclosure Document.

As each Franchised Business is opened, you will sign our then-current form of Franchise Agreement for each Franchised Business, which may include terms that are different from the form of Franchise Agreement included as Exhibit F to this Disclosure Document. If you fail to open and continue to operate the required number of Franchised Businesses in accordance with the mutually agreed upon Development Schedule, we will have the right to terminate the Development Agreement. If the Development Agreement is terminated, you will lose all of your rights to develop the Development Area and the initial fees paid for any Franchised Businesses for which Franchise Agreements have not been signed. However, the Franchise Agreement for each Franchised Business which has been opened will not be terminated solely by reason of the termination of the Development Agreement.

Unless you sign a Development Agreement, you have no obligation, nor any right, to open any additional Franchised Businesses.

Area Representative Program. In the future we may offer qualified parties the opportunity to operate as a Peachwood Floor Coverings area representative (“**Area Representative**”) that will operate a Peachwood Floor Coverings area representative business (an “**Area Business**”) in accordance with an Area Representative Agreement with us (the “**Area Representative Agreement**”). If we implement this program in the future, Area Representatives will recruit individuals interested in purchasing Franchises and assist us in providing certain support and services to Franchises located in a designated area. Area Representatives are also required to operate at least one Franchised Business under a Franchise Agreement.

If we have appointed, or appoint in the future, an Area Representative to operate an Area Business in the area in which your Franchised Business is located, such Area Representative may provide training, support, marketing, and other services to you on our behalf and will have the authority to exercise many of

our rights and perform many of our obligations under the Franchise Agreement. We may, without your consent, appoint an Area Representative or a substitute for the Area Representative at any time.

Competition. The general market for the products and services offered by the Franchised Businesses is highly competitive. Franchised Businesses will compete with local, regional and national service providers offering similar services to what the Franchised Business offer.

The market for our services is year-round, but it will fluctuate to some degree depending on the time of year. The success of your Franchised Business will depend in large measure on the demographics of the residents of your Territory, the competition surrounding your Franchised Business, local labor conditions and wage rates, the local costs of advertising, the availability of suitable facilities in convenient locations and at affordable rents, and your management, marketing, and selling skills and work ethic.

Industry-Specific Regulations. You will have to comply with laws and regulations that are applicable to business generally (such as workers' compensation, OSHA, and Americans with Disabilities Act requirements). In California, all persons who install or contract for the installation of floorcovering must obtain a contractor's license. The classification is Class C – Specialty Contractor, and the specific flooring license is C-15. Sellers of installed carpet who hold a retail furniture dealer's license, however, are exempt (see California Business and Professions Code, Section 7058(d)). You can obtain further information regarding the California contractor's license at <http://www.cslb.ca.gov/>. We are not aware of any other laws or regulations in any state which are specifically applicable to the sale or installation of carpet or other floor covering products, but we recommend that you conduct your own investigation to determine if any such laws or regulations are applicable to your Franchised Business. Various states, including Arizona, Florida and Nevada have contractors' licensing laws, which apply generally to persons defined as "contractors" under applicable law. In addition, various states including California, Florida, Indiana, Kentucky, Massachusetts, Michigan, New Jersey, New York, Ohio, Oklahoma, and West Virginia have laws which regulate the terms of home improvement contracts with customers. As of 2010, the U.S. Environmental Protection Agency's lead-based paint renovation, repair and painting regulations require contractors performing certain renovation work in homes, child care facilities, and schools built before 1978 to be certified and follow certain specific work practices to prevent lead contamination (see 40 C.F.R. Part 745). You can obtain further information regarding the EPA regulation and its application at www.epa.gov/lead/pubs/renovation.htm. You will need to investigate the scope of those laws in your state to determine whether you will need to obtain some form of license or certification. Other laws regulating businesses in general may also apply to your Franchised Business. You are solely responsible for investigating all applicable federal, state, and local laws and regulations, and your cost to comply with such laws and regulations, and you should do so before purchasing a franchise from us. We strongly suggest that you consult with an attorney, consultant and/or financial advisor regarding such regulations prior to purchasing a franchise from us.

Federal, state and local governmental laws, ordinances and regulations periodically change. It will be your responsibility to ascertain and comply with all federal, state and local governmental requirements in your jurisdiction. We do not assume any responsibility for advising you on these regulatory matters. You should consult with your attorney about laws and regulations that may affect your Franchised Business.

ITEM 2 BUSINESS EXPERIENCE

Owner & Director: Mike O'Connor

Mike O'Connor has served as one of our Owners and Directors since August of 2021. Mr. O'Connor has served as an Owner and Director of the Company-Owned Outlet operated by Peachwood Floor Coverings, LLC in Atlanta, Georgia since November of 2019. Since May of 2017 Mr. O'Connor has been

self-employed in Atlanta, Georgia providing business consulting services to various businesses. From April 2015 until May 2017 Mike was a Sr. Project Manager for real-estate and research consulting firm, Kingsley Associates. Mr. O'Connor serves in his current capacity in Atlanta, Georgia.

Owner & Director: Matt Wood

Matt Wood has served as one of our Owners and Directors since August of 2021. Mr. Wood has served as an Owner and Director of the Company-Owned Outlet operated by Peachwood Floor Coverings, LLC in Atlanta, Georgia since November of 2019. Since July 2017, and continuing to the present, Mr. Wood serves as an owner of Perimeter Property Services in Atlanta, Georgia. Beginning in January 2020 and continuing to the present, Mr. Wood serves as an owner of Maple Renovations and Cornerstone Real Estate Partners in Atlanta, Georgia. Mr. Wood serves in his current capacity in Atlanta, Georgia.

Owner & Director: Ryan Cornell

Ryan Cornell has served as one of our Owners and Directors since August of 2021. Mr. Cornell has served as an Owner and Director of the Company-Owned Outlet operated by Peachwood Floor Coverings, LLC in Atlanta, Georgia since November of 2019. From May 2014 to May 2019 Mr. Cornell served as an account manager for Redi Carpet in Atlanta, Georgia. Mr. Cornell serves in his current capacity in Atlanta, Georgia.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

The initial franchise fee (the “**Franchise Fee**”) for a single Franchised Business is \$55,000 which is a fee for a targeted territory of up to 225,000 homeowners who meet our then-current standards for home value and household income (each a “Qualified Homeowner”). The Franchise Fee is due upon execution of the Franchise Agreement. If we determine that you are financially and operationally qualified to develop multiple Franchised Businesses, we may offer you the opportunity to enter into a Development Agreement, in which you will commit to develop a certain number of Franchised Businesses that you and we determine to be appropriate. If you enter into a Development Agreement, you must pay us a development fee, which will vary based on the number of Franchised Businesses set forth in the Development Agreement (the “**Development Fee**”) the Development Fee will vary based on the number of Franchised Businesses that you commit to develop. If you commit to develop two Franchised Businesses, the Development Fee will be \$50,000 per Franchised Business; if you commit to develop three to six Franchised Businesses, the Development Fee will be \$42,500 per Franchised Businesses; if you commit to develop seven or more Franchised Businesses, the Development Fee will be \$40,000 per Franchised Business. The Development Fee will be credited towards the initial Franchise Fee for each Franchised Business developed under the Development Agreement.

We may permit you to purchase additional territory in contiguous areas (beyond 225,000 Qualified Homeowners) for each Franchised Business at a rate of twenty-five cents (\$0.25) per Qualified

Homeowner. Additional territory purchases will be evaluated on a case-by-case basis for a single Franchised Business and for each Franchised Business in your Development Agreement. The number of households in your territory is generally determined from estimates prepared by the U.S. Census Bureau and other reporting agencies. We may use a substitute or successor source of population information and the source and date of the information we use is determined solely by us. Your Territory will typically be defined by zip codes but in densely populated urban areas it may be defined differently. See Item 12 for additional information regarding your territory.

You must pay to us, or to a third party that we designate, a technology fee for various technology services that we will provide or arrange for third parties to provide, which services are subject to change over time (a **“Technology Fee”**). The Technology Fee currently includes fees related to your access to and usage of our reservation system, our intranet, any mobile applications we develop, and the System Website. Currently, we charge \$300 per month for the Technology Fee. Upon implementation of the Technology Fee, the first month’s payment will be assessed pro rata from the date on which you begin receiving the technology services, which we estimate to be between \$300 to \$600. We reserve the right to increase the fee by providing you with written notice of any change at least 30 days prior to the implementation of the new fee amount.

If you request our approval to open your Franchised Business more than 180 days after the effective date of the Franchise Agreement (the **“Opening Deadline”**) and we approve your request, you must pay us an opening deadline extension fee equal to \$2,500 for each month (or portion of a month) for which the Opening Deadline is extended. We may require you to execute a general release as a condition for us agreeing to such an extension.

The Franchise Fee, Development Fee and Technology Fee are not refundable under any circumstances. Except as described above, the Franchise Fee, Development Fee and Technology Fee are uniform for all franchisees and must be paid in a lump sum.

ITEM 6**OTHER FEES****OTHER FEES (Note 1)**

Type of Fee	Amount	Due Date	Remarks
Royalty Fees (2)	The greater of (i) 5% of your Gross Revenue for the preceding month or; (ii) A “Minimum Royalty” which will be equal to: \$0 per month for your first 6 months of operations \$450 per month beginning in month 7 and continuing through month 12 of operations \$900 per month beginning in month 13 and continuing through month 24; and \$2,000 beginning in month 25 and continuing beyond (subject to increase annually based on a change to the CPI).	Due within five business days after the end of each calendar month	See Note 2 for the definition of Gross Revenue. Your first Royalty Fee payment is due in the first full month after the date the Franchised Business opens and shall be paid based on all Gross Revenue accrued prior to the opening date and during your first full or partial month of operations
Brand/Ad Fund	Up to 2% of Gross Revenue Currently 0% of Gross Revenue, adjustable to 2% on 30 days written notice.	Due within five business days after the end of each calendar month	Your first Brand Fund Contribution is due on Gross Revenue made during the first calendar month that your Franchise Business is in operation. We may adjust the Brand Fund Contribution upwards to 2% of Gross Revenue.

Type of Fee	Amount	Due Date	Remarks
Local Marketing Spending Requirement	At least 3% of Gross Revenue	Payable by the end of each quarter, beginning on the date which falls 90 days after the date your Franchised Business opens.	In addition to your Brand Fund Contribution, beginning on the date which falls 90 days after the date the Franchised Business opens, you must spend a minimum of 3% of your gross sales per quarter on local advertising and promotional activities, which shall be payable directly to third party vendors or to a dedicated sales representative. We recommend spending more than the minimum requirement on local advertising and promotion. Your local advertising and promotional activities can be achieved through (a) dollars spent in digital advertising or local advertising; (b) dollars in the form of salary or commission spent on dedicated sales personnel; or (c) your gross profit up to 25% if sales are generated through owner-operated activities. If you fail to pay the required amount in any quarter, we may require you to pay us the shortfall as an additional Brand Fund Contribution or to pay us the shortfall for us to spend on local marketing for your Franchised Business.
Technology Fee	Actual cost of any fees that we pay to a third-party service provider on your behalf for applicable technology. Currently \$300 per month.	Currently due annually within five business days after the end of each calendar year.	The Technology Fee currently includes fees related to your access to and usage of our reservation system, measuring software, our intranet, any mobile applications we develop, and the System Website. We may add, delete, or otherwise modify the products and services that are included in the Technology Fee, including the addition of a call center or call routing services in the future. There is no cap on the amount the Technology Fee may be increased. The first month will be assessed pro rata from the date on which you begin receiving services.
Account Setup Fee	The cost of establishing each new account with a designated supplier of products or services. Currently \$0.	Upon invoice.	If we incur account setup fees on your behalf for any services or products that we require, we will pass the cost of account setup fee for each account onto you.

Type of Fee	Amount	Due Date	Remarks
Renewal Fee	\$2,500	Upon execution of successor franchise agreement	In addition to payment of the Renewal Fee, you must meet certain conditions in order to renew your Franchise Agreement. See Item 17 for more information on renewal of your franchise agreement.
Transfer Fee	\$7,500 for any transfer resulting in a change of control; \$2,500 plus our administrative costs and expenses for non-control transfers and transfers to entities for the convenience of ownership; \$1,500 for transfers to immediate family members	\$2,000 deposit due with written notice of proposed transfer; balance due at closing	No Transfer Fee is due for transfers upon death or incapacity.
Payment Processing Fee	A reasonable monthly fee plus a reasonable per transaction charge	Upon demand	We may require you to use us, our affiliate, or a third-party processor to process all credit card transactions related to your Franchised Business. If we require you to use us or our affiliates, we will disclose to you any required fees that you must pay.
Late Fee and Interest	18% per annum or maximum interest rate allowed by law (whichever is less) from due date to date of payment, plus \$50 for each week that a payment is paid after the due date for the payment specified	When amount owed becomes past due	Required whenever a payment to us is made after its due date.
Relocation Fee	\$2,500	Upon demand	Payable if you relocate your Franchised Business from the Site to a new location
Initial Training Fee for Additional or Replacement Trainees	Currently, \$1,000 per trainee (subject to change without limitation by written notice to you).	Within 10 days of receipt of an invoice	We reserve the right to charge a reasonable fee for training (i) persons who are repeating the course or replacing a person who did not pass, and (ii) subsequent Operating Principals, Key Managers, or employees who attend the course.
Additional Training Programs	Varies based on program	Within 10 days of receipt of an invoice	We may charge you a reasonable fee for optional or required training programs that we may provide.
In-Person Consulting Services	Currently, \$500 per employee or agent for each full or partial day, plus their travel and living expenses	Within 10 days of receipt of an invoice	Payable if we provide requested consulting services in person at a place other than our offices. We may change this fee without limitation from time to time upon written notice to you.

Type of Fee	Amount	Due Date	Remarks
Temporary Key Manager	Currently, \$500 per employee or agent for each full or partial day, plus their travel and living expenses plus our actual costs and expenses	Within 10 days of receipt of an invoice	Payable if we provide a Key Manager to work at your Franchised Business, after the departure of your previous manager, until a new Key Manager is hired and trained
Temporary Management	7% of the Franchised Business's Gross Revenue during the period of management, plus any direct out of pocket costs and expenses	Within 10 days of receipt of an invoice	Payable if we exercise our right to manage your Franchised Business after a default
Mandatory Seminars, Conventions or Programs	Reasonable registration fee for you and any employees who attend plus cost of travel and lodging.	Prior to attending the event	Payable for you and your employees who attend any conventions, meetings, demonstrations, and teleconferences that we host. The registration fee may vary from event to event based on the costs and expenses we expect to incur, the vendor contributions we expect to collect, and the number of franchisees we expect to attend. You are responsible for the travel and living expenses of you and your employees. We do not at this time have mandatory meetings, but we will have an annual convention and may in the future conduct periodic meetings that you must attend.
Product, Service, Supplier, and Service Provider Review	Our reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs	Upon demand	Payable if you wish to offer products or use any supplies, equipment, or services that we have not approved or wish to purchase from a supplier or service provider that we have not approved, whether or not we approve the item, service, supplier, or service provider.
Insurance	Cost of the premium plus a reasonable fee for our services in procuring the insurance	Upon demand	Payable only if you fail to maintain the minimum insurance we require and we choose to procure the required insurance for you.
Grand Opening Advertising	A minimum of \$20,000 for grand opening advertising and promotion ("Grand Opening Marketing Spend")	As incurred	In connection with the opening of the Franchised Business, you must submit a grand opening marketing plan to us for our approval. Such plan must spend at least 50% of your Grand Opening Marketing Spend with an approved vendor designated by us. Your Grand Opening Marketing Spend includes the first 90 days of your Local Marketing Spending Requirement. We have the right to modify your grand opening plan, in our sole discretion, and may require you to use a public relations firm to assist with your grand opening.

Type of Fee	Amount	Due Date	Remarks
Audit	Our costs and expenses, including costs for an independent accountant and attorneys' fees and related travel and living expenses	Within 10 days of demand	Payable if audit or review shows an understatement of Gross Sales for the audited or reviewed period of 2% or more.
Inspection	Our reasonable expenses incurred in inspecting your business (ourselves, through our employees, Area Representatives, or agents), including travel and living expenses, wages, and other expenses for our employees	Upon demand	Payable if inspection is necessitated by your repeated or continuing failure to comply with any provision of the Franchise Agreement.
Remedial Expenses	Our reasonable expenses incurred in correcting your operational deficiencies	Upon demand	Payable if we correct deficiencies that we have identified during a Site inspection and that you failed to correct within a reasonable time after notice from us.
Indemnification	Amount of our liabilities, fines, losses, damages, costs and expenses (including reasonable attorneys' fees)	Upon demand.	Payable if we incur losses due to your breach of the Franchise Agreement or any other action or inaction by you or any other person relating to your Franchised Business
Enforcement Expenses	Our reasonable cost of de-identifying your Franchised Business	Upon demand	Payable if your Franchise Agreement expires or is terminated, you fail to de-identify your Franchised Business and we take steps to do so.

NOTES:

1. All of the fees in the table above are imposed by us, payable to us, non-refundable, and are uniformly imposed. You must use the payment methods we designate. You must furnish us and your bank with any necessary authorizations to make payment by the methods we require.
2. **“Gross Revenue”** means all revenue that you receive or otherwise derive from operating the Franchised Business, whether from cash, check, credit or debit card, gift card or gift certificate, or other credit transactions, and regardless of collection or when you actually provide the products or services in exchange for the revenue. If you receive any proceeds from any business interruption insurance applicable to loss of revenue at the Franchised Business, there shall be added to Gross Revenue an amount equal to the imputed gross revenue that the insurer used to calculate those proceeds. Gross Revenue includes promotional allowances or rebates paid to you in connection with your purchase of products or supplies or your referral of customers. Gross Revenue does not include (i) any bona fide returns and credits that are actually provided to customers and (ii) any sales or other taxes that you collect from customers and pay directly to the appropriate taxing authority. You may not deduct payment provider fees (i.e., bank or credit card company fees and gift card vendor fees) from your Gross Revenue calculation.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure (1)	Low Estimate	High Estimate	Method of Payment	When Due	To Whom Payment Is Made
Initial Franchise Fee (2)	\$55,000	\$55,000	Lump sum	Upon signing Franchise Agreement	Us
Startup Package (3)	\$25,000	\$25,000	As arranged	Upon signing Franchise Agreement	Suppliers
Tenant Improvements (4)	\$3,000	\$15,000	As arranged	As required by Landlord	Landlord
Training Expense (5)	\$500	\$3,000	As incurred	As incurred	Suppliers
Warehouse/Real Estate Due Diligence (6)	\$500	\$1,000	As arranged	As incurred	
Lease Security Deposit & 3 Month's Rent (7)	\$1,000	\$7,500	As arranged	Prior to opening your Franchised Business	Insurers
Software Licensing (8)	\$750	\$1,000	As arranged	As incurred	Providers
Office Equipment/Supplies, Business Management & Technology System (9)	\$1,500	\$5,000	As arranged	As incurred	Providers
Grand Opening Marketing Spend (10)	\$20,000	\$20,000	As arranged	As incurred	Providers
Vehicle Expense (11)	\$2,500	\$5,000	As arranged	Prior to opening your Franchised Business	Suppliers
Utility Expenses (12)	\$2,000	\$4,000	As required	Prior to opening your Franchised Business	Federal, State and Local Government Agencies
Insurance (13)	\$2,500	\$7,500	Lump sum	Prior to opening your Franchised Business	Providers
Business License (14)	\$500	\$2,000	As incurred	As incurred	
Additional Funds, 3 months (15)	\$15,000	\$25,000	As arranged	As incurred	Providers
TOTAL (16)	\$129,750	\$176,000			

Notes:

1. Type of Expenditure. The amounts provided in this Item 7 include costs you will incur to start your business. These estimates are based upon industry data and our experience in operating the Company-Owned Outlet. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. The estimates provided in this Item 7 assume that you will rent the premises in which your Franchised Business will be located from a third-party landlord. It does not include costs associated with the acquisition of real estate if you decide to operate from a building you purchase. The costs for rent, fixtures and improvements will vary and may be significantly higher than projected in this table,

based on the square footage, location, economic climate, market conditions, prevailing interest rates, other financing costs, the conditions of the property, and other physical characteristics of your Franchised Business.

2. Initial Franchise Fee. The standard Franchise Fee for opening a single unit is \$55,000.
3. Startup Package. The standard Startup Package includes branded and non-branded clothing, merchandise, office supplies, business cards and other supplies for use in the operation of your Franchised Business, and \$1,000 in digital marketing, software customization, account and software setup, contracts, and reports
4. Tenant Improvements. This estimate includes the net cost of obtaining access to a warehouse which is approximately 500 to 3000 square feet in size, and which will be used primarily for the storage of materials, supplies, tools, and racking, and which may contain a small portion to be used as dedicated office space. This estimate includes both materials and the cost of labor.

Your actual costs will depend on, among other factors, the Franchised Business location, the size of the Franchised Business, the condition of the premises being remodeled, national and local economic factors, the local costs of materials and labor, and the amount of tenant improvement allowances that you are able to obtain, if any. In certain major metropolitan markets such as Boston, Chicago, New York, Los Angeles, San Francisco, Seattle, and Washington, D.C., costs could be significantly higher than the estimates provided here due to local market rates for materials and labor. As a result, we cannot accurately project your costs.

5. Training Expense. This estimate includes the estimated cost of travel and living expenses for your training group up to 3 people. The low range assumes your training group is able to commute by car and provide your own meals, and the high estimate assumes the cost of flights and meals for your training group up to 3 people.
6. Warehouse/Real Estate Due Diligence. You may use a construction project manager that we approve or designate (the “**Construction Project Manager**”) to manage and lead the design and construction of your Franchised Business. This estimate is of the amount that the Construction Project Manager will charge you to provide you with an as-built/conditions survey, site investigation report, space planning LOI review, lease review, and a due diligence summary.
7. Lease Security Deposit & 3 Month’s Rent. This estimate includes prepaid rent and deposits payable to the landlord and any deposits on utilities required to open the Franchised Business. These amounts will vary based on your location and the terms of your lease. This estimate is based on a warehouse which is approximately 2,500 square feet at \$7-12 per square foot.
8. Software Licensing. This figure includes the cost for three months of software licensing fees for the software you are required to use in the operation of your Franchised Business.
9. Office Equipment/Supplies, Business Management and Technology System. This estimate includes the furniture, fixture, and equipment to be used in the Franchised Business, including telephones and office furniture. This amount also includes the required hardware components we specify in the Manuals necessary to operate our point of sale system, the customer relationship management system, the online reservation system, and other technology systems that we designate (the “**Business Management and Technology System**”). You must purchase these components from suppliers that we approve or designate and must execute any related software licenses require by designated vendors.

10. Grand Opening Marketing Spend. You must spend at least \$20,000 to conduct a grand opening advertising campaign within 90 days following the opening of your Franchise Business, 50% of which must be spent with our approved digital marketing vendor. You can expend any additional amounts that you wish on a grand opening advertising campaign and we estimate that you will do so. Your Grand Opening Marketing Spend amount includes the first 90 days of your Local Marketing Spending Requirement.
11. Vehicle. This item includes the estimated cost to lease a vehicle (a Ford Transit, or equivalent vehicle that we approve in writing) which you will use in the operation of the Peachwood Floor Coverings Business ("Vehicle"). The body of the Vehicle must be clean and free of any damage. This cost includes application of our standard wrap and racking to the Vehicle. The low estimate represents the low-end estimate for the first three months' worth of payments for a leased Vehicle at a low interest rate, down payment, and estimated shipping expenses within the continental United States (i.e., excluding Alaska and Hawaii). The high estimate represents the high-end estimate of the total payments for the first three months' worth of payments for a leased Vehicle at a low interest rate, down payment, and estimated shipping expenses within the continental United States (i.e., excluding Alaska and Hawaii). This chart does not include estimates for items such as purchasing your Vehicle, acquiring a license, insurance, registration, or other permits for your Vehicle, or otherwise making improvements to your Vehicle. If you purchase the Vehicle, your initial investment will be higher than the figures listed in the chart. We reserve the right to revoke our approval of a Vehicle should the Vehicle no longer meet our minimum standards.
12. Utility Expenses (if applicable). Utility companies may require you to place a deposit before installing telephone, gas, electricity, and related utility services at the location of your Franchise Business. These deposits may or may not be refundable in accordance with the agreements made with the utility companies.
13. Insurance Deposit and Initial Premiums. This estimate is for your insurance premium deposit and your first three months of insurance coverage, which may be paid prior to opening. You will need to check with your insurance carrier for actual premium quotes and costs, as well as for the actual amount of the deposit. The cost of coverage will vary based upon the area in which your business will be located, your experience with the insurance carrier, the loss experience of the carrier, the amount of the deductibles and of coverage, and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may wish to carry above our required minimums.
14. Business License. This estimate includes the cost of acquiring business licenses and permits. Your costs will vary depending upon your Franchised Business's location.
15. ADDITIONAL FUNDS, 3 MONTHS. This amount estimates the expenses you will incur during the first 3 months of operations, including taxes, payroll, equipment and vehicle expenses, and office, paper and cleaning supplies. In addition, these expenses assume you pay the minimum monthly advertising contribution and continuing Royalty Fees, and do not suggest or imply that you will generate any specific level of sales. This estimate does not include owner distributions or draws. This estimate is based upon available industry data, our owners' and principal officers' prior business experience, and our experience in operating the Company-Owned Outlet.
16. Total. Your costs may vary based on a number of factors including, but not limited to, the geographic area in which you open, local market conditions, the size of your Franchised Business, and your skills at operating a business. We strongly recommend that you use these categories and estimates as a guide

to develop your own business plan and budget and investigate specific costs in your area. Your actual costs in each category and your actual total costs may be higher or lower than the costs estimated in this chart. You should independently investigate the costs of opening a commercial and/or residential flooring Franchised Business in the geographic area in which you intend to open a Franchised Business. You should also review the figures carefully with a business advisor before making any decision to purchase the Franchise. This estimate is based upon available industry data, our owners' and principal officers' prior business experience, and our experience in operating the Company-Owned Outlet.

We do not provide financing to franchisees either directly or indirectly in connection with their initial investment requirements. The availability and terms of financing obtained from third parties will depend upon such factors as the availability of financing, your credit worthiness, collateral which you may make available, or policies of local lending institutions with respect to the nature of the business.

YOUR ESTIMATED INITIAL INVESTMENT

(MULTIPLE FRANCHISED BUSINESSES DEVELOPED UNDER DEVELOPMENT AGREEMENT)

Type of Expenditure	Low Estimate	High Estimate	Method of Payment	When Due	To Whom Payment Is Made
Development Fee (1)	\$100,000 (2 Businesses)	\$280,000 (7 Businesses)	Lump Sum	Upon signing of Development Agreement	Franchisor
Estimated Initial Investment for First Franchised Business (2)	\$74,750	\$121,000	In accordance with Item 7 Estimated Initial Investment Table	In accordance with Item 7 Estimated Initial Investment Table	In accordance with Item 7 Estimated Initial Investment Table
TOTAL (3)	\$174,750	\$401,000			

Notes:

1. Development Fee. Upon signing the Development Agreement, you must pay us the Development Fee. The Development Fee varies based on the number of Franchised Businesses you commit to develop. The low estimate is based on a commitment to develop two Franchised Businesses (in which case the Franchise Fee under each Franchise Agreement would be \$50,000 per Franchised Business) with the low estimated Item 7 costs, and the high estimate is based on a commitment to develop seven Franchised Businesses, with the high estimated Item 7 costs (in which case the Franchise Fee under each Franchise Agreement would be \$40,000 per Franchised Business). The Development Fee will be credited towards the initial Franchise Fee for each Franchised Business developed under the Development Agreement. The Development Fee is not refundable. See Item 5.
2. Estimated Initial Investment for First Franchised Business. For each Franchised Business that you develop under a Development Agreement, you will execute a Franchise Agreement and incur the initial investment expenses for the development of a single Franchised Business as described in the first table of this Item 7. This estimate is based on the expenses described in the first table of this Item 7. The

estimate does not include the Franchise Fee, since the Development Fee is credited towards the Franchise Fee for each Franchised Business.

3. **Total.** This is the Development Fee plus the estimated initial investment to open and commence operating your initial Franchised Business within your Development Area. This range does not include any of the costs you will incur in opening any additional Franchise Businesses that you are granted the right to open and operate under your Development Agreement. We do not provide financing to franchisees either directly or indirectly in connection with their initial investment requirements.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Authorized Products and Services. We have the right to require that furniture, fixtures, signs, and equipment (the “**Operating Assets**”) and flooring products, supplies, and services that you purchase for resale or purchase or lease for use in your Franchised Business: (i) meet specifications that we establish from time to time; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from suppliers or service providers that we have expressly approved; and/or (iv) be purchased or leased only from a single source that we designate (which may include us or our affiliates or a buying cooperative organized by us or our affiliates).

You must offer to customers only the products and services we approve in writing. In addition, you must offer the specific products and services that we require in the Manuals or otherwise in writing. We may change these specifications periodically, and we may designate specific products or services as optional or mandatory. You must offer all products or services that we designate as mandatory. You may sell products and services only in the varieties, forms, and packages that we have approved in accordance with our System Standards. You must maintain a sufficient supply of required products to meet the inventory standards we prescribe in the Manuals (or to meet reasonably anticipated customer demand, if we have not prescribed specific standards).

We may require you to purchase merchant processing services from us, our affiliates or an approved vendor we select. You must require your members to pay all fees through the Business Management and Technology System. When you begin collecting revenue in your Franchised Business, the payment processor may process all credit card payments related to your Franchised Business, and remit payment to you of all monies owed, after withholding any Technology Fees, Royalty Fees, or Brand Fund Contributions payable to us and any payment processing fees payable to such processor.

You must purchase a Startup Package from us. The standard Startup Package includes branded and non-branded clothing, merchandise, office supplies, business cards and other supplies for use in the operation of your Franchised Business, and \$1,000 in digital marketing, software customization, account and software setup. We reserve the right to change the standard Startup Package from time to time.

We may require you to purchase (i) marketing and operational support services from an approved vendor that we designate and (ii) your initial product purchase from an approved supplier that we designate, which may be us. We also anticipate requiring you to purchase merchant processing services from us or an approved supplier that we designate. Our affiliates are not currently approved suppliers, though we reserve the right to require you to purchase additional items from us or our affiliates in the future.

You may use a construction project manager that we approve or designate to provide construction project management services, including architectural and engineering services. We will make available to the Construction Project Manager examples of approved warehouse designs for a Peachwood Floor Coverings Franchise Business (not for construction) and for the exterior and interior design and layout. The Construction Project Manager may engage designers, architects, and engineers to adapt for the Site our

standard plans and specifications for the exterior and interior design and layout, fixtures, furnishings, signs, Trade Dress, and equipment for the Franchised Business. If we designate a Construction Project Manager, you may not engage any project managers, architects, engineers, or designers other than the Construction Project Manager and those selected by the Construction Project Manager without our prior written consent. None of our officers owns any interest in any supplier with whom you are required or recommended to do business.

Vehicle. You must lease, purchase, or own a Vehicle that meets our specifications as set forth in the Manuals or otherwise given to you in writing for use in your Franchise Business. The body of the vehicle must be clean and free of any damage. The vehicle must include our standard wrap and racking. If you wish to use a different vehicle, including one you already own, you may submit a written request to us for approval of the Vehicle, which we may withhold in our sole discretion.

Insurance. You must obtain before you begin construction and/or development of the Franchised Business and must maintain at all times the types of insurance and the minimum policy limits specified in the Manuals. Currently we require (i) comprehensive general liability and professional liability insurance with minimum limits of \$1,000,000 per occurrence and \$2,000,000 aggregate (including product liability and personal and advertising injury); (ii) automobile liability insurance \$1,000,000 per occurrence; and (iii) workers' compensation and employer's liability insurance covering all of your employees with minimum limits of \$100,000 or such higher amounts required by applicable law. However, you may be required to acquire additional insurance by the laws in your area. All of your insurance carriers must be rated A or higher by A.M. Best and Company, Inc. (or such similar criteria as we periodically specify). These insurance policies must be in effect on or before the deadlines we specify. All coverage must be on an "occurrence" basis, except for the employment practices liability insurance coverage, which is on a "claims made" basis. All policies shall apply on a primary and non-contributory basis to any other insurance or self-insurance that we or our affiliates maintain. We must be named as an additional insured under each policy that we require. Upon our request or as specified in the Manuals, you must provide us with certificates of insurance evidencing the required coverage. We may require additional types of coverage or increase the required minimum amount of coverage upon 60 days' notice to you.

Business Management and Technology System. You are required to purchase most of the components of the Business Management and Technology System that we specify from suppliers that we approve or designate, including the software, computer, tablets, equipment required to connect to our technology platform, and credit card scanner. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute any software license agreements that we or the licensor of the software require and any related software maintenance agreements.

Approval Process. If you would like to offer products or use any supplies, Operating Assets, or services that we have not approved or to purchase or lease from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. Proposed suppliers may be required to come to our offices in Norcross, Georgia in order for us to make an evaluation. You agree to pay us an amount not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. We have the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within 90 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. You acknowledge that the

products and services that we approve for you to offer in your Franchised Business may differ from those that we permit or require to be offered in other Franchised Businesses.

We reserve the right to re-inspect the facilities and products of any approved supplier and to reevaluate the services provided by any service provider at and to revoke approval of the item, service, supplier, or service provider if any fail to meet any of our then-current criteria. If we revoke approval of a previously-approved product that you have been selling to customers or service that you have been offering to customers, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to 30 days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation. After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining formerly-approved inventory as we direct.

Issuance of Specifications and Standards. To the extent that we establish specifications, require approval of suppliers or service providers, or designate specific suppliers or service providers for particular items or services, we will publish our requirements in the Manuals. We may, at any time, in our discretion, change, delete, or add to any of our specifications or quality standards. Such modifications, however, will generally be uniform for all franchisees. We will notify you of any changes to our Manuals, specifications, or standards in writing, which we may transmit to you electronically.

Proportion of Purchases Subject to Specifications. We estimate that the cost to purchase and lease all equipment, inventory and other items and services that we require you to obtain from us or our affiliates, from designated suppliers, or in accordance with our specifications ranges from 70% to 95% of the total cost to purchase and lease equipment, inventory, and other items necessary to establish a Franchised Business and 70% to 95% of the total cost to purchase and lease equipment, inventory, and other items to operate a Franchised Business.

Revenue from Purchases. We or our affiliates may receive revenues or profits or other material consideration from the purchases you make from us, our affiliates, or from other approved suppliers. We or our affiliates intend to earn revenue from your purchase of apparel and merchandise, project management services, furniture, fixtures, equipment, technology, signage and graphics, audio-visual equipment, services we or they may offer, and other items that we may specify from time to time. We or our affiliates may retain any rebates or other payments we receive from suppliers.

We have established arrangements with certain suppliers which require the supplier to make rebate payments to us equal to 1% to 10% of your total purchases for certain items. We may negotiate additional rebate payments with other suppliers. In the 2020 fiscal year, we received \$0 in rebates from the required purchase of products and services by our franchisees.

Cooperatives and Purchase Arrangements. We are not involved in any purchasing or distribution cooperatives. We may, but are not obligated to, negotiate purchase arrangements with suppliers for the benefit of franchisees. As of the issuance date of this Disclosure Document, we have not negotiated any such arrangements.

Material Benefits. We do not provide any material benefits to franchisees (for example, renewal or granting additional franchises) based upon their purchase of particular products or services or use of particular suppliers.

ITEM 9**FRANCHISEE'S OBLIGATIONS**

This table lists your principal obligations under the Franchise Agreement (FA) and Development Agreement (DA). It will help you find more detailed information about your obligations in the Franchise Agreement, Development Agreement, and in other items of this Disclosure Document.

Obligation	Section (§) in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	FA § 2.1, 2.2, 2.3 DA §4	Item 11
b. Pre-opening purchases/leases	FA §7.2	Item 8
c. Site development and other pre-opening requirements	FA §8.4 DA §4.	Items 6, 7, and 11
d. Initial and ongoing training	FA Article 5, §8.4, Article 13	Items 6 and 11
e. Opening	FA §8.3 DA §3.1, §4	Item 11
f. Fees	FA Article 6 DA §2	Items 5 and 6
g. Compliance with standards and policies/ Manual	FA §1.3, Article 8, Article 9	Items 8 and 11
h. Trademarks and proprietary information	FA §7 DA §8	Items 13 and 14
i. Restrictions on products/ services offered	FA §8.2	Items 8 and 16
j. Warranty and customer service requirements	FA §8.8, §14, §19.3	Item 11
k. Territorial development and sales quotas	FA §3 DA §3, §4	Item 12
l. Ongoing product/service purchases	FA §8.10	Item 8
m. Maintenance, appearance, and remodeling requirements	FA §8.1, §8.2.1	Item 11
n. Insurance	FA Article 16	Items 6 and 8
o. Advertising	FA §8.6, §8.7, Article 10	Items 6, 8, and 11
p. Indemnification	FA Article 18 DA §8	Item 6
q. Owner's participation/ management/staffing	FA §5.2.1, §8.4, §8.13	Items 11 and 15
r. Records/reports	FA Article 11	Item 16
s. Inspections/audits	FA §8.9, Article 11	Items 6 and 11
t. Transfer	FA Article 12, Article 13 DA §7	Item 17
u. Renewal	FA Article 4	Item 17
v. Post-termination obligations	FA Article 12, Article 15 DA §8	Item 17
w. Non-competition covenants	FA Article 11 DA §8	Item 17

Obligation	Section (§) in Agreement	Disclosure Document Item
x. Dispute resolution	FA Article 22 DA §8	Item 17
y. Other: Guaranty of franchisee obligations	FA §13.7.4, §25.1.8 DA Appendix B	Item 15

ITEM 10 FINANCING

We and our affiliates do not offer direct or indirect financing arrangements for any purpose in establishing or operating your Franchised Business. We and our affiliates do not guarantee your promissory note, lease, or any other obligation you may make to others.

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

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

If we have appointed, or appoint in the future, an Area Representative to operate an Area Business in the area in which your Franchised Business is located, such Area Representative may provide the training, support, marketing, and other services described in this Item 11 to you on our behalf and will have the authority to exercise many of our rights and perform many of our obligations under the Franchise Agreement.

Our Pre-Opening Obligations

For all Franchise Agreements, whether executed pursuant to a Development Agreement or otherwise, before you begin operating your Franchised Business:

- 1. Designate Areas.** We will designate your Territory. (Franchise Agreement - Section 1.4).
- 2. Site Selection.** We will review and approve any proposed site for the storage of your equipment, inventory and supplies (“Warehouse Supplies”). You will provide written notice of the proposed storage site for the Warehouse Supplies to us and, within 10 days thereafter, we will provide written notice to you if the proposed storage site is acceptable to us. We will not unreasonably withhold our approval of your proposed site but if you do not submit a site that meets our reasonable requirements we may terminate the Franchise Agreement. We shall have the right but not the obligation to inspect in person the proposed storage site. The foregoing process shall be repeated each time you desire to change the storage site for the Warehouse Supplies.

While we will provide assistance and guidance, it is solely your responsibility to select a suitable site for the Franchised Business. Our acceptance of a proposed site is not a warranty or representation of any kind as to the potential success or profitability of your Franchised Business.

You must secure a site that we have accepted by signing a site lease or purchase agreement within 90 days after the effective date of your Franchise Agreement (the “**Site Acquisition Deadline**”). We may extend this Site Acquisition Deadline by up to 90 days in our sole discretion, and we may require you to execute a general release as a condition of us agreeing to grant such extension. If we have accepted a site for your Franchised Business and you are unable or unwilling to acquire such site or an alternative site that we accept by the Site Acquisition Deadline or you are unable to identify a site for your Franchised Business

that we accept by the Site Acquisition Deadline, we may terminate the Franchise Agreement. (Franchise Agreement 2.3).

b. Approval of Site Lease. Before you make a binding commitment to purchase, lease, or sublease a site, we must approve in writing the proposed lease or purchase agreement or any letter of intent between you and the third-party seller or lessor. If you lease the site, unless we waive the requirement in writing, you must arrange for the execution of the Lease Rider in the form that is attached as Appendix G to the Franchise Agreement in Exhibit F of this Disclosure Document. We may require you to engage an attorney to review your lease or purchase agreement for the Site that we have accepted and to supply us with reasonable documentation in connection with such review, including a lease abstract and confirmation that the terms in the agreement reflect the terms in any letter of intent between you and the third-party seller or lessor. We will not provide you with any legal advice with respect to your lease or purchase of the site. Our review of the lease is for our benefit and is not intended to supplement or replace any review by a real estate attorney engaged on your behalf. You are strongly encouraged to engage competent legal counsel to assist in the review and negotiation of your site lease. (Franchise Agreement - Section 2.2).

3. Construction Project Management Services. You may use a construction project manager that we approve or designate to provide construction project management services, including architectural and engineering services (a “Construction Project Manager”). We will make available to the Construction Project Manager examples of approved warehouse designs for a Peachwood Floor Coverings Franchise Business (not for construction) and for the exterior and interior design and layout. The Construction Project Manager may engage designers, architects, and engineers to adapt for the Site our standard plans and specifications for the exterior and interior design and layout, fixtures, furnishings, signs, Trade Dress, and equipment for the Franchised Business. If we designate a Construction Project Manager, you may not engage any project managers, architects, engineers, or designers other than the Construction Project Manager and those selected by the Construction Project Manager without our prior written consent. (Franchise Agreement - Section 2.4)

4. Initial Training. We will provide Initial Training in the System and our policies and procedures to your Required Trainees. See “Training”, below in this Item. (Franchise Agreement - Section 5.2.1)

5. Manuals. We will provide you with electronic access to our Manuals, on loan for as long as this Agreement or a successor franchise agreement remains in effect. As of the date of this Disclosure Document, the Manuals are still under development and have not been completed. (Franchise Agreement – Section 9)

7. Advice. We will advise you as to development of local marketing and networking efforts. We will provide you with templates for customer agreements and/or related waivers for use in your Franchised Business, which you must adapt to comply with applicable laws and regulations. We must approve any modified forms of such agreements or waivers. (Franchise Agreement – Section 10)

8. Opening Approval. We will approve your Franchised Business opening, provided that you have met all of our requirements for opening, including, but not limited to, providing us with a certificate of occupancy and building the Franchised Business in compliance with our requirements. (Franchise Agreement - Section 2). We estimate that the typical length of time between signing a Franchise Agreement and opening your Franchised Business is approximately 90-120 days. Factors affecting this length of time include, among others: ability to select a site and negotiate a satisfactory lease; hiring of the requisite employees; successful completion of Initial Training; local ordinances or community requirements; delivery of fixtures, equipment, and signs; issuance of all necessary licenses, permits and

approvals; and procuring required insurance. You must open the Franchised Business no later than 180 days after the effective date of the Franchise Agreement and within 90 days after possession of the Site is delivered to you by your landlord. We may extend this deadline, in our sole discretion, which we may condition on you agreeing to pay an extension fee of \$2,500 for each month (or portion of a month) for which the deadline is extended and you executing a general release.

Ongoing Assistance

During the operation of your Franchise:

1. Review Advertising. We will review any advertising or promotional programs or materials that you develop. (Franchise Agreement – Section 10.1.5)

2. Marketing Fund Management. We will manage the Marketing Fund as described below in this Item, if we establish one. We will prepare an unaudited statement of contributions and expenditures for the Marketing Fund and make it available within 60 days after the close of our fiscal year to franchisees who make a written request for a copy. (Franchise Agreement - Section 6.2.2)

3. Relocation Review. We will evaluate sites to which you propose to relocate your Franchised Business in accordance with our then-current real estate project management requirements. (Franchise Agreement - Section 2.1)

4. Pricing. If we determine that we may lawfully require you to charge certain prices for goods or services, certain minimum prices for goods or services, or certain maximum prices for goods or services, you must adhere to our pricing policies as set forth in the Manuals or otherwise in writing from time to time. We currently require you to charge rates equal to or in excess of a minimum pricing schedule, which we will provide and may revise from time to time. Otherwise, you are solely responsible for determining the prices that you charge customers and must provide us with your current price list upon our request.

Advertising

Our Marketing. We may from time to time formulate, develop, produce, and conduct, at our sole discretion, advertising or promotional programs in such form and media as we determine to be most effective. We may make available for you to purchase approved advertising and promotional materials, including signs, posters, collaterals, etc. that we have prepared.

We have not conducted media advertising for the Peachwood Floor Coverings concept. If we conduct media advertising, we may use direct mail, print, radio, Internet, or television, which may be local, regional, or national in scope. We may produce the marketing materials in-house or employ a local, regional, or national advertising agency. We are not obligated to conduct any advertising or marketing programs within your market.

Local Marketing. You must use your best efforts to promote the use of the Mark in your market area. You must spend a minimum of 3% of your Gross Revenue per calendar quarter, beginning 90 days after you open for business on local advertising and promotional activities (the “**Marketing Spending Requirement**”). Your Marketing Spending Requirement is in addition to your Brand Fund Contribution. You may satisfy your Marketing Spending Requirement through the use of direct advertisements in your local market, including digital marketing, or by applying the Marketing Spending Requirement amount towards the salary and/or commissions of dedicated sales personnel. We have the right to designate in the Manuals the types of expenditures that will or will not count toward the Marketing Spending Requirement.

At our request, you must submit appropriate documentation to verify compliance with the Marketing Spending Requirement. If you fail to spend (or prove that you spent) the Marketing Spending Requirement in any quarter, then we may, in addition to and without limiting our other rights and remedies, require you to pay us the shortfall as an additional Brand Fund Contribution or to pay us the shortfall for us to spend on local marketing for your Franchised Business.

You must participate in such advertising, promotional, and community outreach programs that we may specify from time to time, at your own expense. Any media advertising or direct mail marketing that you conduct must be predominantly focused within your Territory, unless we and franchisees in neighboring territories agree otherwise. You must ensure that all of your advertising, marketing, promotional, customer relationship management, public relations and other brand related programs and materials that you or your agents or representatives develop or implement relating to the Franchised Business is completely clear, factual and not misleading, complies with all applicable laws and regulations, and conforms to the highest ethical standards and the advertising and marketing policies that we periodically specify. Moreover, you must conduct all advertising in a dignified manner and in conformance with the standards and requirements we specify in the Manuals.

You must submit to us in writing for our prior approval all sales promotion materials and advertising that have not been prepared by or previously approved by us. If our written approval is not received within 14 days from the date we received the material, the material is deemed disapproved. We will have the final decision on all creative development of advertising and promotional messages. We reserve the right to require you to discontinue the use of any advertising or marketing materials.

Grand Opening Advertising. In connection with the opening of the Franchised Business, you must spend a minimum of \$20,000 for grand opening advertising and promotion in the 90 days after opening the Franchised Business in accordance with a plan that you must submit to us. We have the right to modify your grand opening plan, in our sole discretion, and may require you to use a public relations firm to assist with your grand opening. No amount paid by you for your grand opening will be credited toward the Marketing Spending Requirement. You must provide us with supporting documentation evidencing these expenditures upon request.

Marketing Fund. We may, but are not obligated to, establish the Peachwood Floor Coverings Marketing Fund, a segregated or independent fund into which all Brand Fund Contributions will be paid (the “**Marketing Fund**”). While currently we do not collect the Brand Fund Contribution, we may collect a Brand Fund Contribution of up to 2% of your Gross Revenue from you for contribution to the Marketing Fund. We may use monies in the Marketing Fund and any earnings on the Marketing Fund account for any costs associated with advertising (media and production), branding, marketing, public relations and/or promotional programs and materials, and any other activities we believe would benefit the Peachwood Floor Coverings brand or the Franchised Businesses generally, including advertising campaigns in various media; creation, maintenance, and optimization of the System Website or other websites; keyword or adword purchasing programs; conducting and managing social media activities; direct mail advertising; market research, including, without limitation, secret shoppers and customer satisfaction surveys; branding studies; employing advertising and/or public relations agencies; purchasing promotional items; conducting and administering promotions, contests, giveaways, public relations events, and community involvement activities; and providing promotional and other marketing materials and services to our franchisees. We have the right to direct all marketing programs, with the final decision over creative concepts, materials, and media used in the programs and their placement. We do not guarantee that you will benefit from the Marketing Fund in proportion to your contributions to the Marketing Fund.

We will make any sales and other materials produced with Marketing Fund monies available to you without charge or at a reasonable cost, and we will deposit the proceeds of such sales into the Marketing Fund.

We will not use the Marketing Fund for anything whose sole purpose is the marketing of franchises; however, the Peachwood Floor Coverings website, public relations activities, community involvement activities, and other activities supported by the Marketing Fund may contain information about franchising opportunities.

We will not use any contributions to the Marketing Fund to defray our general operating expenses, except for reasonable administrative costs and overhead we incur in activities reasonably related to the administration of the Marketing Fund or the management of Marketing Fund-supported programs (including the pro-rata amount of salaries of our personnel who devote time to Marketing Fund activities and retainers and fees for outside agencies). We may use monies in the Marketing Fund to pay for an independent audit of the Marketing Fund, if we elect to have it audited.

In no event will we be deemed a fiduciary with respect to any Brand Fund Contributions we receive or administer. We are not required to have an independent audit of the Marketing Fund completed. We will prepare an unaudited statement of contributions and expenditures for the Marketing Fund and make it available within 60 days after the close of our fiscal year to franchisees who make a written request for a copy.

All franchisees and Franchised Businesses operated by us or our affiliates will contribute to the Marketing Fund a uniform percentage of their Gross Sales.

As of the date of this Disclosure Document, we have not created a Marketing Fund and, accordingly, there were no Marketing Fund expenditures. Any sums in the Marketing Fund at the end of any year shall be applied toward the following years' expenditures.

Digital Marketing. We may, in our sole discretion, establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, "**Digital Marketing**") that are intended to promote the Marks, your Franchised Business, and the entire network of Franchised Businesses. We will have the sole right to control all aspects of any Digital Marketing, including those related to your Franchised Business.

Unless we consent otherwise in writing, you and your employees may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Franchised Business or the network. If we do permit you or your employees to conduct any Digital Marketing, you or your employees must comply with any policies, standards, guidelines, or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such policies, standards, guidelines, or requirements. If we permit you or your employees to conduct Digital Marketing, we will have the right to retain full control over all websites, social media accounts, mobile applications or other means of digital advertising that we have permitted you to use. We may withdraw our approval for any Digital Marketing or suspend or terminate your use of any Digital Marketing platforms at any time.

You are not authorized to have a website for your Franchised Business or to have a webpage related to your Franchised Business in any third-party website, including, without limitation, social networking

sites without our prior written approval. As part of our Digital Marketing, we or one of our designees will operate and maintain the Peachwood Floor Coverings website, which will include basic information related to the Franchised Business, the ability for customers to purchase products or services at your Franchised Business, and access to the Franchised Business's reservation system.

Promotional Programs. You must participate in all in-Franchised Business promotional programs that we offer to franchisees. You will follow our guidelines concerning the acceptance and reimbursement of gift certificates, gift cards, coupons, corporate discounts, and other promotional programs as we set forth from time to time in the Manuals or otherwise in writing. You will not allow use of gift certificates, gift cards, or coupons (including Groupons and similar discounts) unless approved or offered by us.

Advertising Cooperatives. We currently do not have any advertising cooperatives and have no plans to form such cooperatives in the immediate future. However, you must join and actively participate in any organizations or associations of franchisees or advertising cooperatives that we establish or that are established at our direction for the purpose of promoting, coordinating, and purchasing advertising in local, regional, or national areas where there are multiple Franchised Businesses, and you must abide by the bylaws, rules, and regulations duly required by such advertising cooperative, which we have the right to mandate or approve if and when we form such cooperative. If we form an advertising cooperative, we will have the right to determine how membership will be defined, whether Company-owned Franchised Businesses will participate in the cooperative, and whether we, an affiliate, a franchisee, or a third party will administer the cooperative. If you join an advertising cooperative, we or the advertising cooperative may require you to spend additional funds on marketing programs conducted by the advertising cooperative, which may be in addition to your Brand Fund Contribution or the Marketing Spending Requirement. There is no cap on this potential spending obligation. If we form an advertising cooperative, we will make any governing documents available to you for your review.

Advertising Councils. We currently do not have an advertising council composed of franchisees to advise us on our advertising policies. We may decide to implement an advertising council in the future, at which point we will set policies related to such council. If we form an advertising council, we may appoint members, allow franchisees to elect members, or have a mix of appointed and elected positions. The advertising council may consist of both franchisees and our representatives. Any advertising council will be advisory and will not have any decision-making authority. We will have the right to modify or dissolve any advertising council that we create.

Computer System You must obtain, maintain, and use the Business Management and Technology System that we specify periodically in the Manuals to (i) enter and track purchase orders and receipts, and customer information, (ii) update inventory, (iii) enter and manage your customer's contact information, (iv) generate sales reports and analysis relating to the Franchised Business, and (iv) provide other services relating to the operation of the Franchised Business.

The Business Management and Technology System typically includes one iPad, a laptop computer, a laser measuring device which integrates with other elements of the Business Management and Technology System, one printer, one paper scanner, and one smartphone device. Components of the Business Management and Technology System must be connected to the Internet via a high-speed Internet connection. The Business Management and Technology System will use third-party software from our approved vendors. For any proprietary software or third party software that we require you to use, you must execute and be responsible for the fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require.

We estimate that the Business Management and Technology System will cost between \$1,000 and \$3,500, which includes the cost of the hardware, software licenses, related equipment, and network

connections, including related installation costs. We, or our approved suppliers, will act as vendors or suppliers of some or all of the components of the Business Management and Technology System.

You must maintain the Business Management and Technology System at your expense and must purchase any hardware or software maintenance or technical support programs that we require. You must replace, upgrade, or update the Business Management and Technology System as we may require from time to time. We will establish reasonable deadlines for implementation of any changes to our Business Management and Technology System requirements, but there are no contractual limitations on our right to require changes to the Business Management and Technology System.

We currently do not require you to enter into, or expect that you will need to enter into, any maintenance, updating, upgrading, or support contracts related to the Business Management and Technology System. We, our affiliates, and third-party vendors are not obligated to provide you with any ongoing maintenance, repairs, upgrades, or updates. Vendors may be able to offer optional maintenance, updating, upgrading, or support contracts to you, which we estimate may cost between \$250 to \$500 per year.

You, at all times, must give us unrestricted and independent electronic access (including users IDs and passwords, if necessary) to the Business Management and Technology System for the purposes of obtaining the information relating to the Franchised Business. You must permit us to download and transfer data via a high-speed Internet connection or such other connection that we specify on a real-time basis. There are no contractual limitations on our right to access data stored in the Business Management and Technology System.

You must dedicate your computer system for use as the Business Management and Technology System only and use the Business Management and Technology System in accordance with our policies and operational procedures. Your employees must complete any and all training programs we reasonably require for the proper operation and use of the Business Management and Technology System. You may not use any other cash registers or computer systems in your Franchised Business.

Manuals

As of the date of this Disclosure Document, the Manuals are still under development and have not been completed. The current Table of Contents of the Manuals is attached as **Exhibit E** to this Disclosure Document. The Manuals currently consist of 105 pages. We may amend, modify, or supplement the Manuals at any time, so long as such amendments, modifications, or supplements will, in our good faith opinion, benefit us and our existing and future franchisees or will otherwise improve the System. You must comply with revised standards and procedures within 30 days after we transmit the updates.

Training

Initial Training. Your Required Trainees must personally attend and satisfactorily complete our Initial Training before you open your Franchised Business. Initial Training currently consists of: Virtual Pre-Training per the table below, followed by up to 5 days of in-person training in Peachtree Corners, Georgia which will include a combination of classroom and on the job training, followed by Virtual Post-Training. We reserve the right to modify the length, location, and timing of Initial Training. We may waive a portion of Initial Training or alter the training schedule if we determine that your Required Trainees have sufficient prior experience or training. We may provide the entire Initial Training program virtually via video conference in our discretion. The materials used in our training program will include the Operating Manual, power point presentations, online videos and documents, and in-person or virtual live training presentations. Initial Training will be provided as soon as practicable after you sign your Franchise

Agreement. We anticipate conducting training on a bi-monthly basis but may conduct more frequent training sessions at our discretion based upon the number of incoming franchises into our System.

We will provide instructors, facilities, and materials for Initial Training for up to three of your representatives (including your Required Trainees) at no additional cost to you, provided that all of your trainees are trained during the same training session. If space is available, you may bring more than three representatives to Initial Training. We reserve the right to charge a training fee of \$1,000, which we may increase upon 60 days' written notice to you, for (i) each person who is repeating the course or replacing a person who did not pass, and (ii) each subsequent Operating Principal, Key Manager, or employee who attend the course. You are responsible for any travel and living expenses, wages, and other expenses incurred by your trainees during Initial Training or any other training programs.

If we have appointed an Area Representative for the area in which your Franchised Business is located, they may provide the on-the-job portions of the first week of Initial Training at their Franchised Business and may perform the second week of Initial Training at your Franchised Business.

Our Initial Training currently consists of the following:

TRAINING PROGRAM

Virtual Pre-Training:

Subject	Hours of Classroom Training (Virtual)	Hours of On-the-Job Training	Location
Product Training (Carpet, Tile, Vinyl, Hardwood, Laminate, Accessories)	20-24 hours	N/A	Virtual
Basic Installation	8-10 hours	N/A	
Business Set up (Licensing, Insurance, Funding, Budgeting/Business Plan, Commercial space search and sign lease) Build out plan for Design Center, CRM Training, Credit Applications, Testing)	80-120+ hours	N/A	
TOTALS:	108-154+		

In-Person Training:

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introductions and Peachwood Floor Coverings Background/Vision/Flooring Industry	2 hours	N/A	Peachtree Corners, Georgia
Product Training (Carpet, Tile, Vinyl, Hardwood, Laminate, Accessories)	10 hours	N/A	
Leadership/Administration Duties	4 hours	N/A	
Measuring and Estimating	8 hours	N/A	
Marketing	3 hours	N/A	
Sales Process	12 hours	N/A	
Production Management/Installation	4 hours	N/A	
Financial	2 hours	N/A	
TOTALS:	45		

Virtual Post-Training:

Subject	Hours of Classroom Training (Virtual)	Hours of On-the-Job Training	Location
Sales	6-12 hours	N/A	Virtual
Installation	8 hours	N/A	
Financial	8-12 hours	N/A	
Product Knowledge	12-24 hours	N/A	
Marketing	12-14 hours	N/A	
Administration	3-6 hours	N/A	
TOTALS:	49-76 hours		

We use manuals, online presentations, and Power Point presentations as instructional materials in our training programs. The instructors for our initial training program all have experience working with us or similar facilities as Franchised Businesses offered under this Disclosure Document. The following individuals will lead our training programs: Owners, including Ryan Cornell, who has 8 years of experience in our industry and will train in flooring, flooring types, pricing, sales, and general operations, Mike O'Connor and Matt Wood, who both have over 8 years of experience in business ownership and will instruct on small business ownership, operational structure, client maintenance, contracts, scaling, and staffing. Training may also be provided by additional employees who will provide training in finance, accounting, bookkeeping, back end processes, and marketing.

Your Required Trainees must successfully complete Initial Training at least ten days before the Opening Deadline. We will determine, in our discretion, what constitutes successful completion of the program. If your Required Trainees are unable to successfully complete, in our sole discretion, Initial Training for any reason, your Required Trainees must repeat Initial Training or you must send replacement Required Trainees to complete Initial Training. If your Required Trainees have not, in our sole discretion, successfully completed Initial Training ten days before the Opening Deadline, we may terminate the Franchise Agreement, in which case we will not refund any initial fees paid by you.

Additional Training. We may periodically conduct mandatory or optional training programs for your Required Trainees and/or your employees at our office or another location that we designate. There will be no charge for training programs that we require you or your employees to attend, but we may charge you a reasonable fee for optional training programs. We may provide additional training in person or via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as we determine. We may require your Required Trainees or employees to satisfactorily complete any additional training programs that we specify. We may require your Required Trainees to participate in refresher or advanced training each year.

If, in our sole judgment, you fail to maintain the quality and service standards set forth in the Manuals, we may, in addition to all of our other rights and remedies, assign trainers to the Franchised Business to retrain Franchised Business employees and restore service levels and/or require you or your employees to repeat Initial Training or attend additional training programs at a location that we designate. We may charge a reasonable fee for each trainer assigned to your Franchised Business and any remedial training.

If your Key Manager ceases to be employed by you at the Franchised Business and you are unable to immediately appoint and train a new manager, we may, in our sole discretion and for a reasonable fee, provide a Key Manager to work at your Franchised Business temporarily until a new Key Manager is appointed and trained.

Training by You. You and/or your Operating Principal and your Key Managers are responsible for training all of your other employees (and subsequent Key Managers) in accordance with our standards and training programs. If, in our sole judgment, you fail to properly train your employees in accordance with our standards, we may prohibit you from training additional employees and either require them to attend training at our headquarters or pay for our costs and expenses to send one of our representatives to train them at your Franchised Business.

Delegation. We may delegate the performance of any or all of our obligations under the Franchise Agreement to an Area Representative, affiliate, agent, independent contractor, or other third party. As described in Item 1, if we appoint an Area Representative in the area that includes your Franchised Business, the Area Representative will provide training, support, marketing, and other services to you on our behalf.

and will have the authority to exercise many of our rights and perform many of our obligations under the Franchise Agreement.

ITEM 12 TERRITORY

Franchise Program

Site. Premises. You must locate your franchise at a specific site that we approve, which may be your personal residence (the “Site”). Unless we agree otherwise in writing, you must select a Premises that we have accepted within the Protected Territory that we specify. The Premises will be added to the Franchise Agreement once we accept it and you secure it, usually within 14 days after signing the Franchise Agreement.

Relocation of the Franchised Business. If you would like to relocate your Franchised Business, you must receive our written consent. Our approval will not be unreasonably withheld, provided (i) the new location for the Franchised Business is satisfactory to us and within your Territory, (ii) your lease, if any, for the new location complies with our then-current requirements, (iii) you comply with our then-current requirements for constructing and furnishing the new location, (iv) the new location will not, as determined in our sole discretion, materially and adversely affect the Gross Revenue of any other Franchised Business, (v) you have fully performed and complied with each provision of the Franchise Agreement within the last three years prior to, and as of, the date we consent to such relocation (the “**Relocation Request Date**”), (vi) you are not in default, and no event exists which with the giving of notice and/or passage of time would constitute a default, exists as of the Relocation Request Date, and (vii) you have met all of our then-current training requirements. If you lose your lease, you must secure our approval of another site and enter into a lease for the new approved site within 90 days after you lose your site lease. You must pay us a relocation fee as specified in Item 6.

Territory. Upon signing your Franchise Agreement, we will provide you an area in which you will have protected rights (the “**Territory**” or “**Protected Territory**”). The size of your Protected Territory may vary from other System franchisees based on the location and demographics surrounding your Premises. Typically, a Protected Territory will consist of approximately 225,000 Qualified Homeowners depending upon geography, demographics, and other factors. The demographics, geography, and other factors we use in defining your Territory are based upon information provided to us by third-party sources that we select at our sole discretion.

The boundaries of your Territory may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map. The sources we use to determine the population within your Territory will be publicly available population information (such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources).

Because we retain certain “reserved rights” (described below) within your Protected Territory, the Protected Territory is not an exclusive territory. “Protected” means that we will neither operate, nor award to another person a franchise to operate, another Franchised Business in your Protected Territory, nor will we service, or authorize others to service, customers in your Protected Territory, except in limited circumstances described below in this Item 12, and provided you are not in default under the Franchise Agreement.

As long as you are in compliance with the Franchise Agreement, your exclusive rights in the Territory will not be modified for any reason, except by mutual written agreement signed by both parties.

During the Term, you must meet the following minimum performance levels (the “**Minimum Performance Levels**”): (i) in your second full calendar year of operation, the Gross Revenue for your Franchised Business must be greater than or equal to 50% of the average Gross Revenue for all Franchised Businesses that have been open for at least one full calendar year (“**Mature Franchised Businesses**”) during such calendar year; and (ii) in your third or subsequent full year of operation, the Gross Revenue for your Franchised Business must be greater than or equal to 70% of the average Gross Revenue for all Mature Franchised Businesses during such calendar year. If you fail to meet the Minimum Performance Levels in any calendar year, you must create a business plan that we must approve in writing and you must diligently implement the business plan during the next calendar year. If you fail to meet the Minimum Performance Levels for two consecutive years, we may reduce the size of your Territory, terminate the Franchise Agreement, or exercise other remedies outlined in the Franchise Agreement.

Reserved Rights. Among other things, we and our affiliates have the right to (a) establish or license franchises and/or company-owned commercial and/or residential flooring Franchised Businesses, or other businesses offering similar or identical products or services, and using the System or elements of the System (i) under the Marks anywhere outside of the Territory or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Territory; (b) sell or offer, or license others to sell or offer, any products or services using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail stores, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Territory; (c) advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside of the Territory; and (d) acquire, be acquired by, or merge with other companies with existing commercial and/or residential flooring facilities or businesses anywhere (including inside or outside of the Territory) and, even if such businesses are located in the Territory, (i) convert the other businesses to the Peachwood Floor Coverings name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Franchised Businesses to such other name.

We will not compensate you for any of our activities in your Territory, even if they have an impact on your Franchised Business.

Restriction on Rights. You do not have the right to open additional Franchised Businesses nor do you have any rights of first refusal on any other location. You do not have the right to use the Marks or the System at any location other than the Site or in any wholesale, e-commerce, or other channel of distribution besides the retail operation of the Franchised Business at the Site. Any media advertising or direct mail marketing that you conduct must be predominantly focused within your Territory, unless we agree otherwise. There are no territorial restrictions from accepting business from customers that reside or work or are otherwise based outside of your Territory if these customers contact you, but we reserve the right to implement additional rules and restrictions regarding soliciting such customers in the future in our Manuals.

We reserve the right to establish guidelines concerning the acceptance and reimbursement of gift certificates, gift cards, coupons, corporate discounts, and other promotional programs as we set forth from time to time in the Manuals or otherwise in writing, including policies related to the allocation of monies when a gift certificate is purchased at one Franchised Business and redeemed at another Franchised Business. We do not have these policies or procedures in place, however, as of the date of this Disclosure Document.

Open Territory Operations. You may service customers outside your Protected Territory, with our prior written approval, if customers are located in areas geographically contiguous to your Protected Territory, and no other franchisee of ours has been awarded that territory, nor is the territory protected as an affiliate-owned business (an “**Open Territory**”).

You may only operate your Franchised Business and service customers within your Protected Territory, unless we have approved you to service customers in Open Territories. As long as you are in compliance with the Franchise Agreement, we will not, during the term of your Franchise Agreement, operate or grant others the right to operate any other Franchised Business within the Protected Territory.

You may not intentionally direct your advertising or marketing at customers in other franchisees' territories. You must obtain our prior written approval before selling products or services in unassigned Open Territories outside your assigned Protected Territory. Generally, we will grant permission for you to operate in Open Territories.

If we give you permission to operate in an Open Territory, we have the right to sell or assign it or any part of it at any time, without notice to you. We may revoke your rights to operate in any Open Territory at any time, even if we permitted you to service customers in that Open Territory in the past. You will not have a right of first refusal or option to buy a territory that was formerly designated as an Open Territory. Once an Open Territory is assigned to another System franchisee or affiliate-owned business, you will have no further rights to service customers in that area.

Development Program

Development Area. If you enter into a Development Agreement, you will have the right to develop a mutually agreed upon number of Franchised Businesses in the Development Area in accordance with the Development Schedule. The total number of Franchised Businesses to be opened in your Development Area, as well as the size of the Development Area, will be dependent upon a number of factors such as (i) the number of Franchised Businesses we grant you the right to open and operate; and (ii) the location and demographics of the general area where we mutually agree you will be opening these locations. The boundaries of your Development Area may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map attached to the Development Agreement.

You must execute our then-current Franchise Agreement for each Franchised Business that you develop under a Development Agreement. With our written approval, you may utilize one Site located within the Development Area to operate all of the Franchised Businesses you open. Similarly, with our written approval, one Business Management and Technology System may be utilized to operate all of the Franchised Businesses that you open in your Development Area.

The Development Area is an exclusive territory. This means that while the Development Agreement is in effect, provided that you open and operate the Franchised Businesses in accordance with the Development Schedule and the minimum number of Franchised Businesses that you have open and operating in the Development Area at any given time is not less than the minimum required under the Development Schedule, we will not operate, or license any person other than you to operate, a Franchised Business under the Marks and the System within the Development Area.

You must comply with your development obligations under the Development Agreement, including your Development Schedule, in order to maintain your exclusive right to develop Franchised Businesses within the Development Area. If you do not comply with your Development Schedule, we may terminate your Development Agreement and any further development rights you have under that agreement. Otherwise, we will not modify the size of your Development Area except by mutual written agreement signed by both parties.

If a Franchised Business is destroyed or damaged by any cause beyond your control such that it may no longer continue to be open for the operation of business ("**Destruction Event**"), you must diligently

work to repair and restore the Franchised Business to our approved plans and specifications as soon as possible at the same location or at a substitute site accepted by us within the Development Area. Under such circumstances, the Franchised Business will continue to be deemed a “Franchised Business in operation” for the purpose of this Agreement for up to 60 days after the occurrence. If a Franchised Business (i) is closed in a manner other than those described in the Development Agreement or as otherwise agreed by us in writing or (ii) fails to reopen within 60 days after a Destruction Event, then we may terminate the Development Agreement and all of your exclusive territorial rights, if any, will be eliminated.

The Development Agreement and your exclusive right to develop Franchised Businesses in the Development Area will expire on the last development deadline in the Development Schedule, unless the Development Agreement is terminated sooner. Upon the expiration or termination of the Development Agreement, your right to develop Franchised Businesses within the Development Area will be terminated. However, Franchised Businesses that you have opened will continue to operate under the terms of the applicable Franchise Agreements.

Reserved Rights. Among other things, we reserve the right to: (a) establish or license franchises and/or company-owned commercial and/or residential flooring Franchised Businesses or other businesses offering similar or identical products or services, and using the System or elements of the System (i) under the Marks anywhere outside of the Development Area or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Development Area; (b) sell or offer, or license others to sell or offer, any products or services, using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail stores, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Development Area; (c) advertise, or authorize others to advertise anywhere, using the Marks; (d) acquire, be acquired by, or merge with other companies with existing company-owned commercial and/or residential flooring facilities or businesses anywhere (including inside or outside of the Development Area) and, even if such businesses are located in the Development Area, (i) convert the other businesses to the Peachwood Floor Coverings name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Franchised Businesses to such other name; and (e) engage in any other activity, action or undertaking that we are not expressly prohibited from taking under the Development Agreement. We will not compensate you for any actions we take in your Development Area.

Additional Disclosures

We have not established other franchises or company-owned outlets or another distribution channel offering or selling similar products or services under a different trademark. Neither we nor our affiliates have established, or presently intend to establish, other franchised or company-owned businesses that offer residential and commercial floor covering services, Franchised Businesses or similar products or services under a different trade name or trademark, but we reserve the right to do so in the future without your consent.

ITEM 13 TRADEMARKS

We grant you the right to operate a business specializing in the operation of residential and commercial floor covering services Franchised Businesses under the Peachwood Floor Coverings mark, and other trademarks, service marks, associated designs, artwork, and logos that we specify from time to time. We may require you to use the Marks in conjunction with other words or symbols or in an abbreviated form.

We have applied for registration of the following Marks with the Principal Register of the United States Patent and Trademark Office (“USPTO”) and we will file required affidavits with respect to each of the Marks:

Mark	Application No.	Application Date
PEACHWOOD FLOOR COVERINGS	90,893,857	August 20, 2021
	90,893,887	August 20, 2021

At this time, we do not have a registration for these trademarks. Therefore, these trademarks do not have many of the legal benefits and rights as a federally-registered trademark. If your right to use this trademark is challenged, you may have to change to an alternative trademark which will increase your expenses.

There are no currently effective determinations of the USPTO, Trademark Trial and Appeal Board, the Trademark Administrator of any state, or any court; nor is there any pending infringement, opposition or cancellation proceedings, or material litigation, involving any of the Marks. We do not know of any superior prior rights or infringing uses that could materially affect your use of any of the Marks. There are no currently effective agreements that significantly limit our rights to use or license the use of the Marks listed above in a manner material to the franchise.

You may also use certain other Marks owned by or licensed to us in the operation of your Franchised Business. You must use the Marks only in strict accordance with the Franchise Agreement and Operations Manual. You may not use any Mark (i) as part of any corporate or legal business name, (ii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (iii) in selling any unauthorized services or products, (iv) as part of any domain name, electronic address, metatag, social media account, or otherwise in connection with any website or other electronic medium without our consent, or (v) in any other manner we have not expressly authorized in writing. You must display the Marks in a manner that we specify on signage at the Franchised Business and on all written materials, forms, advertising, promotional materials, supplies, employee uniforms, business cards, receipts, letterhead, contracts, stationary, and other materials we designate. Upon receipt of notice from us, you must discontinue, alter or substitute any of the Marks as we direct.

You must display in a conspicuous location in or upon the Franchised Business, or in a manner that we specify, a sign containing the following notice (or an alternative notice that we specify): "This business is owned and operated independently by [name of franchisee] who is an authorized licensed user of the trademark “Peachwood Floor Coverings”, which is a trademark owned by Peachwood Franchising, LLC”. You must include this notice or other similar language that we specify on all forms, advertising, promotional materials, business cards, receipts, letterhead, contracts, stationary, and other written materials we designate.

You must promptly notify us if any other person or Entity attempts to use any of the Marks or any colorable imitation of any of the Marks. You must immediately notify us of any infringement of or challenge to your use of any of the Marks. We will have the right to take any action that we deem appropriate, but the Franchise Agreement does not require us to take any action to protect your right to use

any of the Marks or to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any of the Marks. We will have the right to control any administrative proceeding or litigation related to the Marks. We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to us or our affiliates in connection with any such action. You agree to execute all documents and, render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Marks.

If we decide that you should modify or discontinue using any of the Marks, or use one or more additional or substitute service marks or trademarks, you must comply with our directions in the time that we reasonably specify, and neither we nor any of its affiliates will have any obligation to reimburse you for the cost of complying with our directions.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We own no rights in, or licenses to, any patents or patent applications.

Except as provided below, we own no rights in, or licenses to, any copyrights. We have not registered any copyrights with the United States Copyright Office. However, we claim copyrights with respect to our advertising materials and Operations Manual, as well as other materials we may periodically develop. There are no determinations of the Copyright Office or any court regarding any of our copyrights. There are no agreements limiting the use of any copyrights by us.

Any copyrights used by you in the Franchised Business belong solely to us or our affiliates. You agree to notify us in writing of any suspected infringement of our or our affiliates' copyrights. We and our affiliates have exclusive rights to bring an action for infringement and retain any amounts recovered with respect to such action, and to control any infringement proceeding whether brought by or against us or you. We have no obligation to defend or otherwise protect you against any claims involving any copyright, including without limitation any copyright infringement claim, or to indemnify you for any losses you may incur as a result of our copyrights infringing the rights of any other copyright owner. If so requested by us, you will discontinue the use of the subject matter covered by any copyright used in connection with the Franchised Business.

During the term of your Franchise Agreement, we or our affiliates may disclose in confidence to you, either orally or in writing, certain trade secrets, know-how, and other confidential information relating to the System, our business, our vendor relationships, our products and services, or the construction, management, operation, or promotion of the Franchised Business (collectively, **"Proprietary Information"**). You may not, nor may you permit any person or Entity to, use or disclose any Proprietary Information (including any portion of the Operations Manual) to any other person, except to the extent necessary for your employees to perform their functions in the operation of your Franchised Business. You must take reasonable precautions necessary to protect Proprietary Information from unauthorized use or disclosure, including conducting orientation and training programs for your employees to inform them of your obligation to protect Proprietary Information and their related responsibilities and obligations. If we or our affiliates so request, you must obtain from your officers, directors, Owners, Key Managers, and employees confidentiality agreements in a form satisfactory to us or our affiliates. You will be responsible for any unauthorized disclosure of Proprietary Information by any person to whom you have disclosed Proprietary Information.

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

At all times that your Franchised Business is open for business, it must be under the personal, on-premises supervision of either you, your Operating Principal, your Key Manager, or a trained attendant. Your Key Manager or another trained manager must be available at all times the Franchised Business is open for business. You or your Operating Principal and your Key Manager must successfully complete our training program and any other training programs that we may require. You may not permit your Franchised Business to be operated, managed, directed, or controlled by any other person without our prior written consent.

Your Operating Principal must have at least a 10% ownership interest in your Entity and must have authority over all business decisions related to your Franchised Business and must have the power to bind you in all dealings with us. In addition, you must appoint a Key Manager to manage the day-to-day business of your Franchised Business, who may also be the Operating Principal. The Key Manager is not required to have an ownership interest in your Entity. You must provide us with written notice of your Operating Principal and Key Manager at least 60 days prior to opening and may not change your Operating Principal and Key Manager without our prior approval.

We may also require you to obtain from your officers, directors, Key Managers, instructors, your Owner's spouses, and other individuals that we may designate executed agreements containing nondisclosure and noncompete covenants in a form acceptable to us, such as the form attached as **Exhibit J**, which specifically identify us as having the independent right to enforce them.

Each Owner, including the Operating Principal, must sign the Payment and Performance Guarantee (the "**Guarantee**") attached to the Franchise Agreement, assuming and agreeing to discharge all obligations of the franchisee under the Franchise Agreement and agreeing to comply with the confidentiality, indemnification, covenant not to compete, and assignment provisions of the Franchise Agreement. If you are a party to a Development Agreement, each individual with a direct or indirect ownership interest in your Entity must sign the Guarantee attached to the Development Agreement.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer for sale in the Franchised Business only the products and services that we have approved in writing. In addition, you must offer the specific products and services that we require in the Manuals or otherwise in writing. We may designate specific products or services as optional or mandatory. You must offer all products or services that we designate as mandatory. You may sell products only in the varieties, forms, and packages that we have approved. You must maintain a sufficient supply of required products to meet the inventory standards we prescribe in the Manuals (or to meet reasonably anticipated customer demand, if we have not prescribed specific standards).

We may, without limitation, change the types, amounts, or specifications of the goods or services that you may offer. We may, without limitation and in our sole discretion, revoke approval of a previously-approved product or service that you have been selling, in which case, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to 30 days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation. After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining formerly-approved inventory as we direct.

We impose no restriction on the retail customers that you may serve at your Franchised Business, but you may not make any sales of products or services outside of the Franchised Business, or use vendor relationships that you establish through your association with us or the Peachwood Floor Coverings brand for any other purpose besides the operation of the Franchised Business, unless we consent in writing. You agree to purchase products solely for resale to retail customers, and not for resale or redistribution to any other party, including other Peachwood Floor Coverings franchisees. You may not offer products or services in connection with the Marks on any website on the Internet or any other electronic communication network unless we consent in writing. Any media advertising or direct mail marketing that you conduct must be predominantly focused within your Territory, unless we agree otherwise. While there are no territorial restrictions from accepting business from customers that reside or work or are otherwise based outside of your Territory if these customers contact you, we reserve the right to implement rules and restrictions regarding soliciting such customers in the future in our Manuals or otherwise in writing.

You must ensure that all customers purchase products and arrange for services through the Business Management and Technology System and make payments through the Business Management and Technology System.

You may not offer products or services in connection with the Marks on any website on the Internet or any other electronic communication network unless we consent in writing. Any media advertising or direct mail marketing that you conduct must be predominantly focused within your Territory, unless we agree otherwise.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

The table below lists certain important provisions of the Franchise Agreement. You should read these provisions in the form of Franchise Agreement attached to this Disclosure Document as Exhibit F.

A. Franchise Agreement

Provision	Section (§) in Franchise Agreement	Summary
a. Length of the franchise term	§4.1	The term is 10 years from the date we execute the Franchise Agreement.
b. Renewal or extension of the term	§4.2	If Franchisee is not in default under this Agreement, and if Franchisee has the right to continue to occupy the Site, Franchisee may renew this Agreement (a “Renewal”) for two (2) additional terms of five (5) years each (each a “Renewal Term”).

Provision	Section (§) in Franchise Agreement	Summary
c. Requirements for you to renew or extend ¹	§4.2	Franchisee shall exercise its option to renew the Initial Term of this Agreement for a Renewal Term by providing written notice thereof to Franchisor not less than six (6) and not more than twelve (12) months prior to the expiration of the Initial Term or the then current Renewal Term; otherwise, the renewal option shall expire automatically (the Initial Term and each Renewal Term is referred to herein as the “Term”). At least thirty (30) days prior to the start of a Renewal Term, Franchisee shall pay to Franchisor a renewal fee in an amount equal to twenty percent (20%) of the then current initial franchise fee charged by Franchisor to similarly situated franchisees executing new franchise agreements. Each Renewal will be in accordance with Franchisor’s then current terms and conditions for granting renewal franchises, which may include: (i) execution of a new and modified franchise agreement with different performance standards, fee structures and/or increased fees; (ii) execution of a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its parent, subsidiaries or affiliates (if applicable) and their officers, directors, attorneys, shareholders and employees; and (iii) a requirement that Franchisee upgrade or refurbish Equipment to conform to Franchisor’s then-current standards.
d. Termination by you	N/A	Subject to state law
e. Termination by us without cause	N/A	N/A
f. Termination by us with cause	§14	As defined in (g.) and (h.) below. In addition, your default under any other agreement that you or an affiliate has with us, or our affiliates, will constitute a default subject to any applicable provisions for notice and cure set forth in the other agreement.

Provision	Section (§) in Franchise Agreement	Summary
g. "Cause" defined – curable defaults	§14.1.2	If Franchisee fails to pay any financial obligation pursuant to this Agreement (a) within five (5) days of the date on which Franchisor gives notice of such delinquency, (b) immediately upon written notice if such payment has not been made within sixty (60) days after the date on which it is required to be paid, or (c) immediately upon written notice if Franchisee is determined to have under-reported its Gross Sales during any month by two percent (2%) or more of the actual Gross Sales during such month on two (2) or more occasions during the Term of this Agreement, whether or not Franchisee subsequently rectifies such deficiency; If Franchisee fails, for a period of fifteen (15) days after notification of non-compliance by an appropriate authority to comply with any law or regulation applicable to the operation of the Business; If Franchisee fails to perform or breaches any covenant, obligation, term, condition, warranty, or certification herein or fails to operate the Business as specified by Franchisor in the Manual, fails to pay promptly any undisputed invoices from Franchisor or suppliers, and fails to cure such non-compliance or deficiency within thirty (30) days (or such longer term as granted by Franchisor) after Franchisor's written notice thereof; If Franchisee abandons or ceases to operate all or any part of the Business conducted under this Agreement for seventy-two (72) hours or longer (except as otherwise provided herein) or defaults under any mortgage, deed of trust or lease with Franchisor or any third party covering the Business or the Site, fails to cure such abandonment or default and Franchisor or such third party treats such act or omission as a default, and Franchisee fails to cure such default to the satisfaction of Franchisor or such third party within any applicable cure period granted Franchisee by Franchisor or such third party.

Provision	Section (§) in Franchise Agreement	Summary
h. “Cause” defined – non-curable defaults	§14.1.1	Automatically, without notice or action required by Franchisor, if Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, or, unless otherwise prohibited by law, if a petition in bankruptcy is filed by Franchisee, or such a petition is filed against and consented to by Franchisee or not dismissed within thirty (30) days, or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee’s business or assets is filed and consented to by Franchisee, or if a receiver or other custodian (permanent or temporary) of Franchisee’s assets or property, or any part thereof, is appointed; or if a final judgment in excess of Five Thousand Dollars (\$5,000) against Franchisee relating to the Business remains unsatisfied or of record for sixty (60) days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment in the relevant jurisdiction); If Franchisee fails to commence operation of the Business as required by Article 8; If Franchisee makes, or has made, any materially false statement or report to Franchisor in connection with this Agreement or application therefore; If there is any violation of any transfer and assignment provision contained in Article 13 of this Agreement; If Franchisee receives from Franchisor three (3) or more notices to cure the same or similar defaults or violations of this Agreement during any twelve (12) month period; If Franchisee or its Designated Owner or Designated Representative fails to complete to Franchisor’s reasonable satisfaction any of the training required pursuant to Section 8.4 of this Agreement; If Franchisee violates any covenant of confidentiality or non-disclosure contained in Article 9 of this Agreement or otherwise discloses, uses, permits the use of, copies, duplicates, records, transmits or otherwise reproduces any manuals, materials, goods, or information created or used by Franchisor and designated for confidential use within the System without Franchisor’s prior approval; If Franchisee or any person controlling, controlled by or under common control with Franchisee, or any principal officer or employee of Franchisee or any such person, owning an interest in the Business is convicted of a felony, or any other crime or offense that is reasonably likely, in the sole opinion of Franchisor, to affect adversely the System, the Marks, or the goodwill associated therewith; If Franchisee or any guarantor(s) hereof default on any other agreement with Franchisor, or any affiliate or parent corporation of Franchisor, and such default is not cured in accordance with the terms of such other agreement; If Franchisee fails to perform or breaches any covenant, obligation, term, condition, warranty or certification in this Agreement related to the Marks, including misuse of the Marks.

Provision	Section (§) in Franchise Agreement	Summary
i. Your obligations on termination/ non-renewal	§15.1	Cease operating the Business under the System. Franchisee shall not thereafter, directly or indirectly, represent to the public that the former franchised business is operated or in any way connected with Franchisor or the System or hold itself out as a present franchisee of Franchisor; Pay all sums owing to Franchisor, including those invoiced to Franchisee after this Agreement expires or is terminated. Upon termination of this Agreement pursuant to any default by Franchisee, such sums shall include, but not be limited to, actual and consequential damages, costs and expenses (including reasonable attorneys' fees) incurred by Franchisor as a result of the termination. Return to Franchisor the Manual and all trade secret and other confidential materials, equipment and other property owned by Franchisor, and all copies thereof. Franchisee shall retain no copy or record of any of the foregoing; provided Franchisee may retain its copy of this Agreement, any correspondence between the parties, and any other document which Franchisee reasonably needs for compliance with any applicable provision of law; Take such action as may be required by Franchisor to transfer and assign to Franchisor or its designee or to disconnect and forward all telephone numbers, e-mail, internet and other electronic references and advertisements, and all trade and similar name registrations and business licenses, and to cancel any interest which Franchisee may have in the same; and Cease to use any methods, procedures or techniques associated with the System; cease to use the Marks and indicia of operation associated with the System, and any marks confusingly similar thereto, and remove all trade dress, physical characteristics, color combinations and other indications of operation under the System. Without limiting the generality of the foregoing, Franchisee agrees that in the event of any termination or expiration of this Agreement, it will de-identify so as to make it not confusingly similar to Franchisor's standardized and recognizable indicia or colors. If Franchisee fails to make such alterations within fifteen (15) days after termination or expiration of this Agreement, Franchisee agrees that Franchisor or its designated agents may enter upon the Site at any time to make such alterations, at Franchisee's sole risk and expense, without liability for trespass.

Provision	Section (§) in Franchise Agreement	Summary
j. Assignment of contract by us	§13.1	This Agreement and all rights and duties hereunder may be freely assigned or transferred by Franchisor, in whole or in part, without Franchisee's consent, in its sole discretion, but only to a person or legal entity that agrees to assume Franchisor's obligations hereunder, and shall be binding upon and inure to the benefit of Franchisor's successors and assigns including, without limitation, any entity which acquires all or a portion of the equity of Franchisor or any entity resulting from or participating in a merger, consolidation or reorganization in which Franchisor is involved, and to which Franchisor's rights and duties hereunder (in whole or in part), are assigned or transferred.
k. "Transfer" by you – defined	§13.2	Directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest; (i) in this Agreement or any portion or aspect thereof, (ii) the Business, or (iii) any equity or voting interest in Franchisee that equals or exceeds twenty percent (20%) of the total equity or voting interests in Franchisee on a fully diluted basis, nor permit the Business to be operated, managed, directed or controlled, directly or indirectly, by any person other than Franchisee
l. Our approval of transfer by you	§13.2	Transfers require (i) our prior written consent, which will not be unreasonably withheld; and (ii) the satisfaction of certain conditions.
m. Conditions for our approval of transfer	§13.3	The proposed transferee is a person or entity that meets the Franchisor's standards of qualification then applicable with respect to all new applicants for similar Franchisees; The proposed Transfer is on commercially reasonable terms; As of the effective date of the proposed Transfer, all obligations of Franchisee hereunder and under any other agreements between Franchisee and Franchisor are fully satisfied; As of the effective date of the proposed Transfer, all obligations of the proposed transferee to the Franchisor under all other agreements of any kind between the proposed transferee and Franchisor are fully satisfied; and As of the effective date of the proposed Transfer, Franchisor shall have forwarded to Franchisee its approval, granted in its reasonable business judgment, of the proposed Transfer to the proposed transferee, in accordance with the following provisions of this Article 13.
n. Our right of first refusal to acquire your business	§13.5.2	We can match any offer for your business.
o. Our option to purchase your business	§8.2.3 & §13	Upon expiration or termination of the Franchise Agreement, we may purchase your business.
p. Your death or disability	§13.6	Same requirements as for transfer in (m.) above

Provision	Section (§) in Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise	§12.1	Franchisee agrees: To use its best efforts in operating the Business and in recommending, promoting and encouraging patronage of all Peachwood Floor Coverings businesses; Not to engage, directly or indirectly, as an owner, operator, or in any managerial capacity in any Competing Business (as defined below) at or within a twenty-five (25)- mile radius of the Site or the protected territory of any other System franchisees in operation. 12.3.1. “Competing Business” means any business that offers (or grants franchises or licenses to others to operate a business that offers) professional flooring services the same as or similar to those provided by System franchises or in which Franchisor’s confidential information, trade secrets, methods of operation or any proprietary components could be used to the disadvantage of Franchisor or its other franchisees; provided, however, that the term Competing Business shall not apply to (a) any business operated under a franchise agreement with Franchisor, or (b) any business operated by a publicly held entity in which Franchisee or any owner or employee of Franchisee owns less than a five percent (5%) legal or beneficial interest.
r. Non-competition covenants after the franchise is terminated or expires	§12.2	For a period of two (2) years after such termination, expiration, non-renewal, transfer, or assignment, not to engage, directly or indirectly, as an owner, operator, or in any managerial capacity, in any Competing Business at or within a twenty-five (25)- mile radius of the Site or the protected territory of any other System franchisees in operation at the time of such termination, expiration, non-renewal, transfer or assignment.
s. Modification of the agreement	§19	The Manual is subject to change. Modifications become effective upon delivery of written notice to you unless the notice specifies a longer period. No modification unless by mutual written agreement.
t. Integration/merger clause	§25.1.1	All agreements between the parties are in the Franchise Agreement and its exhibits. Subject to applicable state law, only the terms of the Franchise Agreement are binding. Any representations or promises made outside this disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration	§22.2	Mandatory mediation and arbitration in Gwinnett County, Georgia. We may seek injunctive relief without submitting to mandatory mediation or arbitration. Subject to applicable state law.
v. Choice of forum	§22.2	Except for certain claims, all disputes must be arbitrated in Gwinnett County, Georgia. Subject to applicable state law.
w. Choice of law	§22.1	Georgia law applies. Subject to applicable state law.

DEVELOPMENT AGREEMENT

The table below lists certain important provisions of the Development Agreement. You should read these provisions in the form of Development Agreement attached to this Disclosure Document as Exhibit H.

B. Development Agreement

Provision	Section (§) in Development Agreement	Summary
a. Length of the franchise term	§5	The term expires upon the deadline to develop the Businesses specified in the Development Schedule or upon the development of all Businesses.
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d. Termination by franchisee	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	§6.1	We can terminate only if you default (see (g.) and (h.) below).
g. "Cause" defined – curable defaults	Not Applicable	Not Applicable
h. "Cause" defined - non-curable defaults	§6.1	You fail to have open and operating, the minimum number of Businesses specified in the Development Schedule by any Opening Deadline specified in the Development Schedule; any Franchise Agreement is terminated a result of default; or you breach or otherwise fail to comply fully with any other provision of the Development Agreement.
i. Franchisee's obligations on termination/non-renewal	§6.2	You will lose the right to continue to develop Action Tree Service businesses in your Development Area.
j. Assignment of contract by franchisor	§7	Fully assignable and transferrable by us.
k. "Transfer" by franchisee - defined	§7	Includes transfer of the Development Agreement, any interest in the Development Agreement, or, if you are a business entity, any interest in the entity.
l. Franchisor approval of transfer by franchisee	§7	We have the right to approve or not approve all transfers in our sole discretion.
m. Conditions for franchisor approval of transfer	§7	We have sole discretion in setting conditions for our approval of a transfer.
n. Franchisor's right of first refusal to acquire franchisee's business	§7	We have the first right of refusal on all transfer, exercisable withing 30 days of receiving an executed copy of the contract of transfer.
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	§8	The non-competition covenants in your Franchise Agreement shall apply to your Development Agreement

Provision	Section (§) in Development Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	§8	The non-competition covenants in your Franchise Agreement shall apply to your Development Agreement.
s. Modification of the agreement	§9	No modifications to the Development Agreement unless you and we agree in writing. We may amend the Manual at any time.
t. Integration/merger clause	§9	Only the terms of the Development Agreement and any Franchise Agreements are binding (subject to state law). Any promises outside the Development Agreement, the Franchise Agreements, and this FDD may not be enforceable. However, nothing in the Franchise Agreement will have the effect of disclaiming any of the representations made in this FDD.
u. Dispute resolution by arbitration or mediation	§8	The dispute resolution provisions of the Franchise Agreement apply to any disputes under the Development Agreement (subject to applicable state law)
v. Choice of forum	§8	The choice of forum provision of the Franchise Agreement applies to the Development Agreement (subject to applicable state law)
w. Choice of law	§8	The choice of law provision of the Franchise Agreement applies to the Development Agreement (subject to state law)

ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote our Franchises but may do so in the future.

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.

In the Item 19 Tables below, we disclose a comprehensive overview of the historical performance results generated by Peachwood Floor Coverings, LLC in connection with its ownership and operation of a Company-Owned Outlet that is: (i) operated in a substantially similar manner as a Franchised Business would be operated, and (ii) is operating in and around the Atlanta area where it has been in operation since March of 2020 and has high awareness among consumers and a significant market presence. From March of 2020 to August of 2021, the Company-Owned Outlet operated under the name "Fairway Flooring". In August of 2021, the Company-Owned Outlet began operating under the name "Peachwood Floor Coverings". During the Measurement Period (defined below), the Company-Owned Outlet performed some jobs outside of its primary operating areas in what would be considered an "Open Territory" if the Company-Owned Outlet were a Franchised Business.

The Company-Owned Outlet's fiscal year follows the calendar year, beginning January 1 and ending December 31. The period measured for Table 1 is separated into 3-month calendar quarters beginning on January 1, 2020 through December 31, 2020. The period measured for Table 2 is separated into 3-month calendar quarters beginning on January 1, 2021 through, September 30, 2021, and also includes October of 2021, (the "Measurement Period(s)"). The Company Owned Outlet began operating in March of 2020 and thus the "Q1 – 2020" column in Table 1 does not reflect a full quarter of operations.

In Table 3 we disclose the total number of requested services estimates that were opened per month for the period beginning January 1, 2021 through July of 2021, as well as the total number of estimates that ultimately resulted in services being performed for customers of the Company-Owned Outlet.

The Company-Owned Outlet does not pay any Royalty Fees to us. In the tables below, we have included an expense calculated as five percent (5%) of the Total Income to represent what the Company-Owned Outlet would have paid to us as a Royalty Fee if it were operated under our current form of Franchise Agreement. Neither we nor a certified public accountant have independently audited or verified the information.

The explanatory notes included with the following charts are an integral part of this financial performance representation and should be read in their entirety for a full understanding of the information contained in the following charts.

Table 1 – Company-Owned Outlet Historical Performance Jan. 1, 2020 to Dec. 31, 2020

	Q1 2020¹	Q2 2020	Q3 2020	Q4 2020	2020
Total Income	\$102,570	\$399,721	\$812,393	\$634,902	\$1,949,586
Contractors	\$18,631	\$100,197	\$233,982	\$209,849	\$562,660
Cost of Goods Sold	\$38,121	\$145,728	\$368,276	\$282,124	\$834,248
Total COGS	\$56,752	\$245,925	\$602,258	\$491,973	\$1,396,908
Gross Profit	\$45,818	\$153,796	\$210,135	\$142,929	\$552,678
Salaries & Wages	\$0	\$23,197	\$65,253	\$ 95,236	\$183,686
Advertising & Marketing	\$715	\$1,304	\$ 7,477	\$ 8,223	\$17,719
Insurance	\$280	\$508	\$5,180	\$11,138	\$17,106
Legal & Professional Services	\$0	\$2,950	\$2,036	\$900	\$5,886
Meals & Entertainment	\$0	\$269	\$427	\$3,752	\$4,448
Office Supplies & Software	\$3,641	\$3,363	\$2,791	\$3,874	\$13,670
Other Business Expenses	\$743	\$1,461	\$ 937	\$505	\$ 3,646
QuickBooks Payments Fees	\$197	\$879	\$2,451	\$2,715	\$6,242
Rent & Lease	\$0	\$21,175	\$19,152	\$19,116	\$59,442
Utilities	\$0	\$2,394	\$6,695	\$5,504	\$14,593
Warehouse equipment/supplies	\$475	\$4,514	\$2,401	\$1,987	\$9,376
Repairs & Maintenance	\$0	\$725	\$1,050	\$2,254	\$4,029
Car & Truck	\$0	\$4,682	\$(6,593)	\$3,047	\$1,136
Job Supplies	\$0	\$592	\$1,858	\$3,312	\$5,762
Total Operating Expenses	\$6,051	\$68,013	\$111,115	\$161,564	\$346,742
Vehicle Purchases	\$0	\$0	\$0	\$0	\$0
Franchise Specific Fees²					
Royalty	\$5,128	\$19,986	\$40,620	\$31,745	\$97,479
EBITDA³ if Franchised	\$ 34,639	\$65,797	\$58,401	\$(50,380)	\$108,457

Table 2 – Company-Owned Outlet Historical Performance Jan. 1, 2021 to Oct. 31, 2021

	Q1 2021	Q2 2021	Q3 2021	Oct. 2021	2021 (Jan. – Oct.)
Total Income	\$831,447	\$1,296,158	\$1,538,002	\$672,165	\$4,337,772
Contractors	\$199,712	\$350,512	\$483,945	\$199,072	\$1,233,241
Cost of Goods Sold	\$383,606	\$567,115	\$684,893	\$241,440	\$1,877,054
Total COGS	\$583,318	\$917,626	\$1,168,838	\$440,512	\$3,110,294
Gross Profit	\$248,129	\$378,532	\$369,164	\$231,653	\$1,227,478
Salaries & Wages	\$97,283	\$109,291	\$156,808	\$56,585	\$419,968
Advertising & Marketing	\$9,406	\$11,786	\$12,413	\$12,127	\$45,732
Insurance	\$3,850	\$2,373	\$5,500	\$10,816	\$22,538
Legal & Professional Services	\$293	\$1,581	\$270	\$3,140	\$5,284
Meals & Entertainment	\$581	\$1,420	\$2,676	\$0	\$4,678
Office Supplies & Software	\$3,338	\$4,410	\$4,887	\$4,862	\$17,497
Other Business Expenses	\$7,217	\$1,899	\$4,625	\$497	\$14,237
QuickBooks Payments Fees	\$2,262	\$10,442	\$26,031	\$7,160	\$45,895
Rent & Lease	\$21,034	\$21,296	\$22,298	\$7,099	\$71,727
Utilities	\$6,069	\$7,569	\$11,626	\$3,420	\$28,685
Warehouse equipment/supplies	\$2,422	\$3,463	\$4,528	\$2,166	\$12,580
Repairs & Maintenance	\$1,415	\$1,050	\$1,831	\$350	\$4,646
Car & Truck	\$4,505	\$2,312	\$4,878	\$2,328	\$14,022
Job Supplies	\$2,784	\$367	\$2,732	\$568	\$6,450
Total Operating Expenses	\$162,458	\$179,260	\$261,103	\$111,117	\$713,938
Vehicle Purchases	\$16,935	\$2,000	\$0	\$0	\$18,935
Franchise Specific Fees²					
Royalty	\$41,572	\$64,808	\$76,900	\$33,608	\$216,889
EBITDA³ if Franchised	\$27,163	\$132,464	\$31,161	\$86,928	\$277,716

Notes to Item 19 Tables 1 and 2.

1. The Company Owned Outlet began operating in March of 2020 and thus the “Q1 – 2020” column in Table 1 does not reflect a full quarter of operations.

2. The Company-Owned Outlet does not pay any Royalty Fees to us. In the tables below, we have included an expense calculated as five percent (5%) of the Total Income to represent what the Company-Owned Outlet would have paid to us as a Royalty Fee if it were operated under our current form of Franchise

Agreement. Currently, we do not require you to contribute any amounts as a Brand Fund Contribution, but we may require a Brand Fund Contribution of up to 2% of your Gross Revenue upon 30 days' written notice to you. Franchised Businesses are also required to pay a Technology Fee, currently set at \$300 per month. We have not imputed a separate Technology Fee as part of the Franchise Specific Fees because the Company-Owned Outlet expended at least this amount per month on technology services that are included in the Technology Fee, and these expenses are included above in the Office Supplies and Software line item.

3. "EBITDA if Franchised" does not include interest paid on debt, taxes, depreciation, or amortization expenses.

Table 3: Total Estimates and Conversion Rate – January - July 2021

Estimates	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	2021 Totals
Total ¹	98	150	134	104	146	127	152	911
Converted ²	77	112	110	91	110	104	125	729
Conversion Rate³	78.5%	74.7%	82.1%	87.5%	75.3%	81.9%	82.2%	80.0%

Notes to Item 19 Table 3:

1. "Total" includes all estimates completed for customers between January 1, 2021 and July 31, 2021, broken down by month.
2. "Converted" means the estimate resulted in an engagement for services to be performed for a customer of the Company-Owned Outlet.
3. "Conversion Rate" is calculated by taking the number of Converted estimates divided by the number of Total estimates for each month listed.

Notes Regarding the Company-Owned Outlet and Item 19 Generally,;

1. The figures in the tables above use the historical information that the Company-Owned Outlet provided to us. You should be advised that no certified public accountant has audited these figures or expressed his or her opinion concerning their contents or form, nor have we sought to independently verify their accuracy. Upon your reasonable request, we will provide written substantiation for this financial performance representation.
2. The actual performance of any outlet will depend on a number of factors specific to the location, including:
 - The impact of the COVID 19 pandemic and any related closures or stay at home orders;
 - Any health care law and/or regulatory compliance expenses;
 - Rent, interest or other financing costs for land, buildings, equipment, and inventory;
 - Initial franchise fee and organization costs;

- Economic and weather conditions of various geographic areas;
- Competition from a variety of other businesses;
- Different acquisition, development, construction, and property costs;
- Cost of equipment;
- Occupancy expenses such as rent, utilities and property taxes;
- Labor costs, payroll taxes and laws concerning employees and employee benefits;
- Different traffic counts, accessibility, visibility, and parking;
- Different results from advertising;
- Outlets have been in business for different periods of time in their respective markets;
- Cost of product and supply costs;
- Franchise payments including royalties; and
- Workers' compensation and insurance coverage.

These and other expenses you incur will affect the net income and cash flow of the outlet. You should consider them and evaluate the impact on your operations.

3. The flooring and tile services business is highly competitive and affected by, among other things, changes in geographic area, changes in preferences, local, regional, and national economic conditions, population trends, and traffic patterns. Additionally, acquiring a site is highly competitive with other businesses for suitable sites. The performance of your Franchised Business will be affected by the region in which you operate, your competitors, and the success you have in marketing and managing your operations.
4. The Company-Owned Outlet operated in and around the Atlanta, Georgia metropolitan area under the name "Fairway Flooring" from March of 2020 until changing its name to Peachwood Floor Coverings in August of 2021. The brand has likely obtained more of a reputation and positive goodwill among the relevant target market (as compared to another region of the United States where there are no Franchised Businesses in operation).
5. This Item 19 does not reflect certain pre-opening costs and expenses over the Measuring Periods that you are likely to incur in connection with development of a new Franchised Business. See Item 7 for details about pre-opening costs for your Franchised Business.
6. You should consult other sources for financial information including your financial, business, and legal advisors in connection with the information provided and our franchisees listed in Exhibit F to this Franchise Disclosure Document to obtain additional information necessary for you to develop estimates of the sales, costs, expenses, earnings, and profits.
7. Written substantiation to support the information appearing in this financial performance representation is available to you upon reasonable request.

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such

representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Mike O'Connor, 6670 Corners Industrial Ct, Suite B, Norcross, Georgia 30092, 704-998-8719, Inquiries@PeachwoodFC.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Our fiscal year ends on December 31st of each year.

Table No. 1
Systemwide Franchised Business Summary
For years 2018 to 2020

Franchised Business Type	Year	Franchised Businesses at the Start of the Year	Franchised Businesses at the End of the Year	Net Change
Franchised	2018	0	0	0
	2019	0	0	0
	2020	0	0	0
Company-Owned	2018	0	0	0
	2019	0	1	+1
	2020	1	1	0
Total	2018	0	0	0
	2019	0	1	+1
	2020	1	1	0

*Fairway Flooring was opened in Norcross, Georgia in 2019 and is substantially similar to the Franchised Businesses offered under this Disclosure Document. In 2021, Fairway Flooring changed its name to "Peachwood Floor Coverings" and continues to operate a Company-Owned Outlet in the Norcross, Georgia and the surrounding area.

Table No. 2
Transfers of Franchised Businesses from Franchisees to New Owners (other than to us)
For years 2018 to 2020

State	Year	Number of Transfers
Total	2018	0
	2019	0
	2020	0

Table No. 3
Status of Franchised Businesses
For years 2018 to 2020

State	Year	Franchised Businesses at Start of Year	Franchised Businesses Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Franchised Businesses at End of the Year
Total	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0

Table No. 4
Status of Affiliate-Owned Franchised Businesses
For years 2018 to 2020

State	Year	Franchised Businesses at Start of Year	Franchised Businesses Opened	Franchised Businesses Reacquired From Franchisee	Franchised Businesses Closed	Franchised Businesses Sold to Franchisee	Franchised Businesses at End of the Year
Totals	2018	0	0	0	0	0	0
	2019	0	1	0	0	0	1
	2020	1	0	0	0	0	1

Table No. 5
Projected Openings as of December 31, 2020
For following 12-month Period

State	Franchise Agreements Signed But Franchised Business Not Opened	Projected New Franchised Businesses in the Next Fiscal Year	Projected New Affiliate-Owned Franchised Businesses in the Next Fiscal Year
Total	0	0	1

Current and Former Franchisees. Set forth on **Exhibit B** are (i) the names of all current franchisees and the address and telephone number of each of their Franchised Businesses, and (ii) the names, city and state, and the current business telephone number, or, if unknown, the last known home telephone number of every franchisee who had a Franchised Business terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under any Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of this Disclosure Document's issuance date.

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

Confidentiality Agreements. From time to time we may enter into confidentiality agreements with current and former franchisees which may limit their ability to speak to you. As of the issuance date

of this Disclosure Document, we have not entered into any confidentiality agreements with current or former franchisees. 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.

Trademark-Specific Franchisee Organizations. As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with our franchise system.

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit C to this Disclosure Document is our unaudited opening balance sheet as of November 30, 2021. These financial statements have been prepared in accordance with generally accepted United States accounting principles. As we were formed in August 2021 and began offering franchises in November 2021, we have not been in business for three years or more and cannot include all of the financial statements required by the FTC Rule for our last three fiscal years. Our fiscal year ends on December 31.

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

ITEM 22 CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

Franchise Agreement	Exhibit F
Personal Guaranty	Appendix B to the Franchise Agreement
Lease Rider	Appendix G to the Franchise Agreement
Development Agreement	Exhibit H
General Release	Exhibit I
Nondisclosure and Noncompete Agreement	Exhibit J

ITEM 23 RECEIPT

Attached as the last two pages of this Disclosure Statement are copies of the Receipt which you will be required to sign. One signed copy of the Receipt must be returned to us, as provided on the Receipt.

EXHIBIT A
TO THE
FRANCHISE DISCLOSURE DOCUMENT

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	
Hawaii	
Illinois	
Indiana	Pending
Maryland	
Michigan	Pending
Minnesota	
New York	
North Dakota	
Rhode Island	Pending
South Dakota	
Virginia	
Washington	
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT B
TO THE
FRANCHISE DISCLOSURE DOCUMENT
LIST OF CURRENT AND FORMER FRANCHISEES**

LIST OF CURRENT FRANCHISEES

NONE.

LIST OF FORMER FRANCHISEES

NONE.

**EXHIBIT C
TO THE
FRANCHISE DISCLOSURE DOCUMENT**

Financial Statements

(Attached)

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

PFC Franchise

Balance Sheet

As of November 30, 2021

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Tandem Franchise Checking (0833)	203.80
Total Bank Accounts	\$203.80
Other Current Assets	
Alt Tab Capital	33,000.00
Total Other Current Assets	\$33,000.00
Total Current Assets	\$33,203.80
TOTAL ASSETS	\$33,203.80
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
Amex Franchise	8,748.41
Total Credit Cards	\$8,748.41
Total Current Liabilities	\$8,748.41
Total Liabilities	\$8,748.41
Equity	
Owner's Investment	113,375.00
Retained Earnings	
Net Income	-88,919.61
Total Equity	\$24,455.39
TOTAL LIABILITIES AND EQUITY	\$33,203.80

**EXHIBIT D
TO THE
FRANCHISE DISCLOSURE DOCUMENT**

State Administrators and Agents for Service of Process

<u>CALIFORNIA</u>	<u>CONNECTICUT</u>
(state administrators) Department of Financial Protection and Innovation: 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll Free (866) 275-2677 2101 Arena Blvd. Sacramento, CA 95834 (916) 445-7205 1350 Front Street San Diego, CA 92101 (619) 525-4233 One Sansome St., Suite 600 San Francisco, California 94104 (415) 972-8565 (agents for service of process) California Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 California Commissioner of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, California 94104 California Commissioner of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834	(state administrator) State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230 (agent for service of process) Banking Commissioner Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800

<u>HAWAII</u> (state administrator) Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 (agent for service of process) Commissioner of Securities State of Hawaii 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2722	<u>ILLINOIS</u> (state administrator) Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465 (agent for service of process) Illinois Attorney General Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
<u>INDIANA</u> (state administrator) Indiana Secretary of State Securities Division, E-111 302 Washington Street Indianapolis, Indiana 46204 (317) 232-6681 (agent for service of process) Indiana Secretary of State 200 West Washington Street E-111 Indianapolis, Indiana 46204 (317) 232-6531	<u>MARYLAND</u> (state administrator) Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360 (agent for service of process) Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
<u>MICHIGAN</u> (state administrator) Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117 (agent for service of process) Corporations Division Bureau of Commercial Services Department of Labor and Economic Growth P.O. Box 30054 Lansing, Michigan 48909	<u>MINNESOTA</u> (state administrator) Minnesota Department of Commerce Securities-Franchise Registration 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600 (agent for service of process) Minnesota Commissioner of Commerce Minnesota Department of Commerce Securities-Franchise Registration 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198

<u>NEW YORK</u> (state administrator) NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8285 (agent for service of process) Attention: Uniform Commercial Code New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231 (518) 472-2492	<u>NORTH DAKOTA</u> (state administrator) North Dakota Securities Department State Capitol, Fifth Floor, Dept. 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712 (agent for service of process) Securities Commissioner North Dakota Securities Department State Capitol, Fifth Floor, Dept. 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712
<u>OREGON</u> Department of Business Services Division of Finance and Corporate Securities Labor and Industries Building 350 Winter Street, NE Room 410 Salem, Oregon 97310 (503) 378-4387	<u>RHODE ISLAND</u> Securities Division Department of Business Regulation, Bldg 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9582
<u>SOUTH DAKOTA</u> Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	<u>VIRGINIA</u> (state administrator) State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 (for service of process) Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733

<u>WASHINGTON</u> (state administrator) Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507-9033 (360) 902-8760 (agent for service of process) Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501	<u>WISCONSIN</u> (state administrator) Division of Securities Department of Financial Institutions 345 W. Washington Avenue Madison, Wisconsin 53703 (608) 266-1064 (agent for service of process) Administrator, Division of Securities Department of Financial Institutions 345 W. Washington Ave Madison, Wisconsin 53703
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**EXHIBIT E
TO THE
FRANCHISE DISCLOSURE DOCUMENT**



Table of Contents for Franchise Operations Manual

Introduction - 13
Start Up - 15
Accounting - 16
Human Resources - 28
Marketing & Social Media - 18
Daily Operations - 10
Safety – 5

TOTAL PAGES: 105

**EXHIBIT F
TO THE
FRANCHISE DISCLOSURE DOCUMENT**

FRANCHISE AGREEMENT

(Attached)



FRANCHISE AGREEMENT

between

PEACHWOOD FRANCHISING, LLC

and

Date: _____

TABLE OF CONTENTS

ARTICLE 1.	PARTIES AND RECITALS	1
ARTICLE 2.	LOCATION OF BUSINESS.....	2
ARTICLE 3.	GRANT OF FRANCHISE	3
ARTICLE 4.	TERM AND RENEWAL	4
ARTICLE 5.	OPERATING ASSISTANCE	4
ARTICLE 6.	FEES	5
ARTICLE 7.	MARKS	6
ARTICLE 8.	STANDARDS OF OPERATION.....	9
ARTICLE 9.	OPERATIONS MANUAL	12
ARTICLE 10.	ADVERTISING AND MARKETING.....	13
ARTICLE 11.	STATEMENTS, RECORDS, AND FEE PAYMENTS	15
ARTICLE 12.	COVENANTS	17
ARTICLE 13.	TRANSFER AND ASSIGNMENT	18
ARTICLE 14.	DEFAULT AND TERMINATION.....	22
ARTICLE 15.	POST TERM OBLIGATIONS	25
ARTICLE 16.	INSURANCE	26
ARTICLE 17.	TAXES, PERMITS, AND INDEBTEDNESS	26
ARTICLE 18.	INDEMNIFICATION AND INDEPENDENT CONTRACTOR.....	26
ARTICLE 19.	WRITTEN APPROVALS, WAIVERS, FORMS OF AGREEMENT, AND AMENDMENT	27
ARTICLE 20.	ENFORCEMENT.....	28
ARTICLE 21.	NOTICES	28
ARTICLE 22.	GOVERNING LAW AND DISPUTE RESOLUTION	28
ARTICLE 23.	SEVERABILITY AND CONSTRUCTION	30
ARTICLE 24.	CONFIDENTIALITY	31
ARTICLE 25.	ACKNOWLEDGEMENTS.....	31

Appendices

- A. Franchisee Information and Protected Territory
- B. Personal Guaranty
- C. Forms of General Release
- D. Forms of Confidentiality and Noncompete Agreement
- E. Franchisee/Compliance Questionnaire
- F. Electronic Funds Transfer Authorization Form
- G. Lease Rider

Franchisee acknowledges that before entering into this Franchise Agreement, Franchisee has received, read, and understands Franchisor's current Franchise Disclosure Document ("FDD"), and has had the opportunity to discuss it with Franchisee's attorney, or declined to do so in Franchisee's own discretion.

Signature: _____

Print Name: _____

Title: _____

1. PARTIES AND RECITALS

1.1. This Franchise Agreement ("**Agreement**") is made and entered into as of the date set forth in Appendix A to this Agreement (the "**Effective Date**") (Appendix A and all attachments and schedules attached to this Agreement are hereby incorporated by this reference) by and between Peachwood Franchising, LLC, a Georgia limited liability company, with an address of 6670 Corners Industrial Ct NW, Suite B, Norcross, Georgia 30092 ("**Franchisor**"), and the person or entity identified in Appendix A as the franchisee ("**Franchisee**") with its principal place of business as set forth in Appendix A. "**We**", "**us**" and "**our**" refers to Franchisor. "**You**" and "**your**" refers to Franchisee.

1.2. Franchisor owns the limited exclusive right to develop, operate, and grant franchises for the operation of the Peachwood Floor Coverings system of professional flooring businesses (each, a "**Business**") under the trade name Peachwood Floor Coverings (referred to herein as the "**Peachwood System**" or the "**System**"). Franchisor may, from time to time, add to, amend, modify, delete or enhance any portion of the System as Franchisor may determine to enhance the reputation, efficiency, competitiveness and/or quality of the System, or to adapt it to new conditions, materials or technology, or to better serve the public. Franchisee, at its expense, will fully comply with all such conditions and modifications.

1.3. The System incorporates proprietary standards, specifications, and methods of operation ("**System Standards**"), including those set forth in the Operations Manual, which are more fully defined in Article 9 below.

1.4. Franchisor desires to grant traditional franchises, whereby the Franchisee will provide professional flooring services to customers within the geographic area stated in Appendix A to this Agreement (the "**Territory**").

1.5. Franchisee has independently investigated the business risks involved in purchasing a Business and other matters as Franchisee deems important, including current and potential market conditions and competitive factors and risks. Franchisee has had the opportunity to read Franchisor's Franchise Disclosure Document ("**FDD**") provided to Franchisee and has not relied on any representations not stated in this Agreement or in the FDD. Aware of the relevant

facts, Franchisee desires to enter into this Agreement to obtain a license to use the System and the Marks (as defined below) to operate a Business within the Territory.

2. LOCATION OF BUSINESS

2.1. The location or facility at which the Business will store its equipment, inventory and supplies (“Warehouse Supplies”) referred to in this Agreement as the “**Storage Site.**” Franchisee shall provide written notice of the “**Proposed Storage Site**” to Franchisor and, within ten (10) days thereafter, Franchisor will provide written notice to Franchisee if the Proposed Storage Site is acceptable to Franchisor. Franchisor shall have the right, but not the obligation, to inspect the Proposed Site in person. Franchisee is solely responsible for selecting the Proposed Storage Site. If Franchisor approves the Proposed Storage Site, the Proposed Storage Site will be designated as the Storage Site. If Franchisor does not approve the Proposed Storage Site, Franchisee must select an alternative Proposed Storage Site and submit it to the Franchisor for review and approval as provided above. Franchisor has the right to approve or disapprove the Proposed Storage Site based on such factors as it deems appropriate. The foregoing process shall be repeated each time Franchisee desires to change the Storage Site.

2.2. Before you make a binding commitment to purchase, lease, or sublease a site, we must approve in writing the proposed lease or purchase agreement or any letter of intent between you and the third-party seller or lessor. If you lease the site, unless we waive the requirement in writing, you must arrange for the execution of the Lease Rider in the form that is attached as Appendix G. We may require you to engage an attorney to review your lease or purchase agreement for the Site that we have accepted and to supply us with reasonable documentation in connection with such review, including a lease abstract and confirmation that the terms in the agreement reflect the terms in any letter of intent between you and the third-party seller or lessor. We will not provide you with any legal advice with respect to your lease or purchase of the site. Our review of the lease is for our benefit and is not intended to supplement or replace any review by a real estate attorney engaged on your behalf. You are strongly encouraged to engage competent legal counsel to assist in the review and negotiation of your site lease.

2.3. You must secure a site that we have accepted by signing a site lease or purchase agreement within 90 days after the effective date of your Franchise Agreement (the “**Site Acquisition Deadline**”). We may extend this Site Acquisition Deadline by up to 90 days in our sole discretion, and we may require you to execute a general release as a condition of us agreeing to grant such extension. If we have accepted a site for your Business and you are unable or unwilling to acquire such site or an alternative site that we accept by the Site Acquisition Deadline or you are unable to identify a site for your Business that we accept by the Site Acquisition Deadline, we may terminate this Agreement.

2.4. You may use a construction project manager that we approve or designate to provide construction project management services, including architectural and engineering services (a “Construction Project Manager”). We will make available to the Construction Project Manager examples of approved warehouse designs for a Peachwood Floor Coverings Franchise Business (not for construction) and for the exterior and interior design and layout. The Construction Project

Manager may engage designers, architects, and engineers to adapt for the Site our standard plans and specifications for the exterior and interior design and layout, fixtures, furnishings, signs, Trade Dress, and equipment for the Business. If we designate a Construction Project Manager, you may not engage any project managers, architects, engineers, or designers other than the Construction Project Manager and those selected by the Construction Project Manager without our prior written consent.

2.5. You must open the Business no later than 180 days after the effective date of the Franchise Agreement and within 90 days after possession of the Storage Site is delivered to you by your landlord (the “Opening Deadline”). We may extend this Opening Deadline, in our sole discretion, which we may condition on you agreeing to pay an extension fee of \$2,500 for each month (or portion of a month) for which the deadline is extended and you executing a general release.

3. GRANT OF FRANCHISE

3.1. Subject to all terms and conditions of this Agreement, Franchisor grants to Franchisee the right to operate one (1) Business within the Territory in accordance with the terms and conditions of this Agreement, the System Standards, and the Operations Manual.

3.2. Franchisee shall operate its Business solely within the Territory. Franchisee acknowledges and agrees that the Territory may differ in size or orientation from other territories that have been granted to other System franchisees or may be granted to other System franchisees from time to time in the future.

3.3. A Territory is a protected area for purposes of this Article 3, meaning that during the Term (as defined below), except as otherwise provided in this Agreement, and provided that Franchisee has fully complied with the terms and conditions of this Agreement, Franchisor shall not operate, or grant to another person or business entity a franchise to operate, another Business that uses the Marks in the Territory and will not permit another person or business entity to service customers located in the Territory as a Business that uses the Marks. For avoidance of doubt, nothing herein shall require Franchisor or any affiliate of Franchisor to cease operation of any business operating in the Territory under any trade name, trademark, or service mark other than the Marks, whether operating at the time of this Agreement or subsequently acquired. Franchisor is not obligated to reserve contiguous territories for Franchisee to operate.

3.4. Franchisor reserves all rights not specifically granted to Franchisee under this Agreement. The rights reserved to Franchisor include, without limitation, the right of Franchisor or its affiliates, (1) to solicit customers, advertise and promote sales of the System anywhere, including within the Territory; (2) to offer and sell (or authorize others to offer and sell) anywhere, including within the Territory, products and services (regardless of similarity to services sold in the Business) under any names and marks other than the Marks; (3) to establish and operate, and grant to others the right to establish and operate, a Business anywhere outside of the Territory, regardless of proximity to the Territory or the Business; (4) to purchase, merge, acquire (or be acquired by), affiliate with, or engage in any transaction with other businesses (whether competitive or not) having one or more locations, wherever located, including, but not limited to,

transactions or arrangements involving competitive outlets and/or brand conversions (to or from the Peachwood System and brand); (5) to distribute or license the manufacture or distribution of goods and products, regardless of whether or not such products are authorized for offer and sale through the Business, under the Marks or other marks held by Franchisor, through any means of distribution not otherwise prohibited hereby; (6) to develop, operate and franchise similar or dissimilar systems, under trademarks, service marks and commercial symbols other than the Marks, without offering them to Franchisee; and (7) to engage in any other activity, action or undertaking that is not expressly prohibited under this Agreement.

4. TERM AND RENEWAL

4.1. This Agreement, unless sooner terminated pursuant to Article 14, shall extend for ten (10) years from the Effective Date (the “**Initial Term**”).

4.2. If Franchisee is not in default under this Agreement, and if Franchisee has the right to continue to occupy the Storage Site, Franchisee may renew this Agreement (a “**Renewal**”) for two (2) additional terms of five (5) years each (each a “**Renewal Term**”). Franchisee shall exercise its option to renew the Initial Term of this Agreement for a Renewal Term by providing written notice thereof to Franchisor not less than six (6) and not more than twelve (12) months prior to the expiration of the Initial Term or the then current Renewal Term; otherwise, the renewal option shall expire automatically (the Initial Term and each Renewal Term are collectively referred to herein as the “**Term**”). At least thirty (30) days prior to the start of a Renewal Term, Franchisee shall pay to Franchisor a renewal fee in an amount equal to Two-Thousand Five-Hundred dollars (\$2,500). Each Renewal will be in accordance with Franchisor’s then-current terms and conditions for granting renewal franchises, which may include: (i) execution of a new and modified franchise agreement with different performance standards, fee structures and/or increased fees; (ii) execution of a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its parent, subsidiaries or affiliates (if applicable) and their officers, directors, attorneys, shareholders and employees; and (iii) a requirement that Franchisee upgrade or refurbish its Storage Site to conform to Franchisor’s then-current standards.

5. OPERATING ASSISTANCE

5.1. Franchisee shall safely store equipment at the Storage Site. Franchisee may not change the location of the Storage Site without Franchisor’s prior written approval. A Franchisee may only operate the Business within the Territory, except in Open Territories as provided in Section 4.1.1.

5.1.1. Franchisee may, with Franchisor’s prior written approval which may be withheld in its sole and absolute discretion, service customers outside the Territory, if such customers are located in areas geographically contiguous to the Territory and are not within the protected territories of other franchisees’ businesses, or a Company-Owned Outlet (an “**Open Territory**”). Upon the designation of an Open Territory as the protected territory of another franchisee, or the Franchisor, a Franchisee must cease servicing customers in the Open Territory immediately.

5.2. Prior to Franchisee beginning operations of the Business as provided in Section 7.4, Franchisor shall provide Franchisee with the following assistance, on the same basis as it from time to time makes available to other similarly situated Franchisees:

5.2.1. Training in the operation of the Business for the principal executive(s) of Franchisee (the “**Principal Executive**”) and/or the designated representative or management personnel selected by Franchisee and approved by Franchisor (the “**Designated Representative**”). Such training shall be conducted exclusively by Franchisor or its designee at a site to be designated by Franchisor or through a virtual environment. There is no charge for the initial training program for up to three (3) persons; however, Franchisee shall pay all its and its Principal Executives’ and Designated Representatives’ costs incurred in such training, including travel, room, board, wages, and living expenses. Franchisee will be charged Franchisor’s then current training fees for training additional Principal Executives or Designated Representatives or for retraining any persons who fail to complete Franchisor’s initial program to Franchisor’s satisfaction.

5.2.2. If requested in writing by Franchisee, Franchisor will provide on-Site additional and supplementary pre-opening or opening assistance by Franchisor or its representative(s) in the initial operation of the Business as Franchisor may, in its discretion, deem appropriate. Franchisee shall pay Franchisor’s then current training fees for such additional training.

5.2.3. One (1) copy of the Operations Manual, and a copy of any set of any written materials which Franchisor may make available.

6. FEES

6.1. In consideration for the execution of this Agreement, Franchisee agrees to pay Franchisor an initial franchise fee (the “**Initial Franchise Fee**”) in the amount set forth in Appendix A, which shall be paid in full by the Effective Date. The Initial Franchise Fee is non-refundable.

6.2. Beginning on the first day of the month following the beginning operations of the Business as provided in Section 7.4:

6.2.1. Franchisee shall pay Franchisor a “**Royalty Fee**” in the manner provided in Section 5.3, which will be the greater of 5% of the Gross Revenues received by Franchisee during each calendar month of the year or a “Minimum Royalty”, which will be equal to (i) \$0 per month for your first six months of operations; (ii) \$450 per month beginning in month number seven and continuing through month number twelve; (iii) \$900 per month beginning in month number thirteen and continuing through month number twenty-four; and \$2,000 per month beginning in month number twenty-five and continuing beyond, subject to CPI Increase. To calculate the “CPI Increase” on any amount, multiply that amount by a fraction, the numerator of which is the Inflation Index on the first day of the year for which the increase is to apply, and the denominator for which is the Inflation Index on January 1 of the year of the Effective Date or the effective date of the most recent CPI Increase, whichever is more recent. The “Inflation Index” means the U.S. City Average Price Index for All Urban Consumers for

All Items (Base Year 1982-84), as published by the United States Department of Labor, Bureau of Labor Statistics, or, if such index is discontinued or unavailable, such other comparable index for calculating changes in the cost of living or purchasing power for consumers in the United States that we reasonably designate.

6.2.2. Franchisee shall pay to Franchisor a monthly brand fee to be contributed to the Marketing Fund (described in Article 10) equal to zero percent (0%) of Franchisee's monthly Gross Revenues (the "**Brand Fee(s)**"). The Marketing Fund shall be maintained in accordance with the terms of Article 10. The amount of the Brand Fee may be revised from time to time by Franchisor upon 30 days' written notice to you, not to exceed two percent (2%) of Gross Revenues, in its sole and absolute discretion. All Brand Fees shall be paid in the same manner as Royalty Fees, as provided in Section 6.3. We will prepare an unaudited statement of contributions and expenditures for the Marketing Fund and make it available within 60 days after the close of our fiscal year to franchisees who make a written request for a copy.

6.2.3. Franchisee shall pay an amount equal to all sales, use, gross receipts, or similar taxes assessed against or payable by Franchisor and calculated on continuing payments required to be paid hereunder, unless the tax is an income tax or an optional alternative to an income tax otherwise payable by Franchisor. Such amount is due and payable within seven (7) days after receipt of Franchisor's invoice therefor.

6.2.4. We may require you to use us, our affiliate, or a third-party processor to process all credit card transactions related to your Business. If we require you to use us or our affiliates, we will disclose to you any required fees that you must pay, which will be reasonable in amount.

6.3. Unless otherwise specified by us in writing from time to time, all fees required to be paid to us under this Agreement shall be paid by Franchisee to Franchisor via electronic funds transfer, or any other means reasonably specified by Franchisor, and shall be paid monthly during the Term. Franchisor retains the right to alter the collection period at its discretion upon 30 days' written notice to Franchisee. You must execute the electronic funds transfer authorization attached as Appendix F contemporaneously with your execution of this Agreement, or any future funds transfer authorization form that we require from time to time to allow us to transfer funds as required under this Agreement.

6.4. If any fee or any other amount due under this Agreement is not paid within five (5) days after such payment is due, Franchisee shall pay a service charge equal to the lesser of an annual rate of eighteen percent (18%) or the highest rate then permitted by applicable law, plus \$50.00 for each week that a payment is paid after the due date for the payment specified. This charge shall accrue whether or not Franchisor exercises its right to terminate this Agreement pursuant to Article 14.

6.5. The term "**Gross Revenue(s)**" as used in this Agreement, shall mean all revenue that you receive or otherwise derive from operating the Business, whether from cash, check, credit or debit card, gift card or gift certificate, or other credit transactions, and regardless of collection or when you actually provide the products or services in exchange for the revenue. If you receive

any proceeds from any business interruption insurance applicable to loss of revenue at the Business, there shall be added to Gross Revenue an amount equal to the imputed gross revenue that the insurer used to calculate those proceeds. Gross Revenue includes promotional allowances or rebates paid to you in connection with your purchase of products or supplies or your referral of customers. Gross Revenue does not include (i) any bona fide returns and credits that are actually provided to customers and (ii) any sales or other taxes that you collect from customers and pay directly to the appropriate taxing authority. You may not deduct payment provider fees (i.e., bank or credit card company fees and gift card vendor fees) from your Gross Revenue calculation.

6.6. All payments by Franchisee pursuant to this Article 6 shall be applied in such order as Franchisor may designate from time to time. Franchisee agrees that it may not designate an order for application of any fees different from that designated by Franchisor and expressly acknowledges and agrees that Franchisor may accept fees paid pursuant to different instructions without any obligation to follow such instructions, even if such payment is made by its terms conditional on such instructions being followed. This provision may be waived only by written agreement signed by Franchisor, which written agreement must be separate from the check or other document constituting payment.

6.7. You must pay us, or a third party that we designate, a technology fee for various technology services that we will provide or arrange for third parties to provide to you, which services are subject to change over time (the “**Technology Fee**”). Currently, the Technology Fee is \$300 per month from the date that you open your Business for business and will be billed monthly in arrears. We reserve the right to increase the Technology Fee by providing you with written notice of any change at least 30 days prior to the implementation of the new fee amount. The Technology Fee currently includes fees related to your maintenance, licensing, access to and usage of our designated software, our intranet, and the system website. We may add, delete, or otherwise modify the products and services that are included in the Technology Fee. In addition to the monthly Technology Fee, you will be responsible for any “per transaction” fee charged by third-party vendors for mobile application or online bookings, if any, as well as any account setup fees which we incur on your behalf for any services or products that we require. We will pass the cost of the account setup fee onto you.

7. MARKS

7.1. The System may include certain trademarks, logos, and other designs as identified in the Operations Manual from time to time (“**Marks**”). Franchisee shall have the non-exclusive right for the Term to use the Marks solely for purposes of operating the Business under the System in compliance with this Agreement. Franchisee may use the Marks only in the manner and format specified in the Operations Manual or otherwise with the prior written consent of Franchisor. Franchisor reserves the right to specify the use of the Marks and to pre-approve in writing any non-specified use of the Marks. Franchisee shall not use or permit to be used any of the Marks in connection with any other business owned or operated by Franchisee or its affiliates. Franchisee shall not use any marks to identify the Business other than the Marks as specified by Franchisor.

7.2. Franchisee expressly acknowledges Franchisor's rights in and to the Marks, and Franchisee agrees not to represent in any manner that Franchisee has acquired any ownership rights in the Marks. Franchisee agrees not to use any of the Marks or any marks, names or indicia which are or may be confusingly similar in its own corporate or business name except as authorized in this Agreement. Franchisee further acknowledges and agrees that any and all goodwill associated with the System and identified by the Marks (including all future distinguishing characteristics, improvements and additions to or associated with the System) is Franchisor's property and shall inure directly and exclusively to the benefit of Franchisor and that, upon the expiration or termination of this Agreement for any reason, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Marks.

7.3. Franchisee understands and agrees that any use of the Marks other than as expressly authorized by this Agreement, without Franchisor's prior written consent, may constitute an infringement of Franchisor's rights therein and that the right to use the Marks granted herein does not extend beyond the termination or expiration of this Agreement. Franchisee expressly covenants that, during the Term of this Agreement and thereafter, Franchisee shall not, directly or indirectly, commit any act of infringement or contest or aid others in contesting the validity of Franchisor's right to use the Marks or take any other action in derogation thereof.

7.4. Franchisee shall promptly notify Franchisor of any claim, demand, or cause of action that Franchisor may have based upon or arising from any unauthorized attempt by any person or legal entity to use the Marks, any colorable variation thereof, or any other mark, name or indicia in which Franchisor has or claims a proprietary interest. Franchisor may, in its sole and absolute discretion, take any action in connection with any infringement, challenge or claim relating to the Marks but Franchisor shall not be required to take any action. Franchisee shall assist Franchisor, upon request and at Franchisor's expense, in taking such action, if any, as Franchisor may deem appropriate to halt such activities, but shall take no action nor incur any expenses on Franchisor's behalf without Franchisor's prior written approval. If Franchisor undertakes the defense or prosecution of any litigation relating to the Marks, Franchisee agrees to execute any and all documents and to do such acts and things as may, in the opinion of Franchisor's legal counsel, be reasonably necessary to carry out such defense or prosecution.

7.5. Franchisee further agrees and covenants to operate and advertise only under the names or marks from time to time designated by Franchisor; to adopt and use the Marks solely in the manner prescribed by Franchisor; to refrain from using the Marks to perform any activity or to incur any obligation or indebtedness in such a manner as may, in any way, subject Franchisor to liability therefore; to observe all laws with respect to the registration of trade names and assumed or fictitious names, to include in any application therefore a statement that Franchisee's use of the Marks is limited by the terms of this Agreement, and to provide Franchisor with a copy of any such application and other registration document(s); to observe such requirements with respect to trademark and service mark registrations and copyright notices as Franchisor may, from time to time, require, including, without limitation, affixing "SM", "TM", or ®, adjacent to all such Marks in any and all uses thereof; and, to utilize such other appropriate notice of ownership, registration and copyright as Franchisor may require.

7.6. If it becomes advisable at any time in Franchisor's sole discretion for Franchisor and/or Franchisee to modify or discontinue use of any Mark, and/or use one or more additional or substitute trade or service marks, Franchisee agrees to comply with Franchisor's directions to modify or otherwise discontinue the use of such Mark within the time specified in the notice thereof given to Franchisee by Franchisor. Franchisor shall not be obligated to compensate Franchisee for any costs incurred by Franchisee in connection with such modification or discontinuance. Any expenses or costs associated with the use by Franchisee of any such new, modified or replacement Marks shall be the sole responsibility of Franchisee.

8. STANDARDS OF OPERATION

8.1. Franchisor shall establish and Franchisee shall maintain standards of quality, appearance, and operation for the Business. For the purpose of giving distinctiveness to the Marks, enhancing the public image and reputation of businesses operating under the System and for the purpose of increasing the demand for services and products provided by Franchisees and Franchisor, the Franchisee agrees to operate in strict conformity with Franchisor's standards and all rules, and regulations and policies which are by their terms mandatory, including, without limitation, those contained in the Operations Manual.

8.2. Franchisee must purchase the required equipment, supplies, and vehicles for its use in the Business. The equipment, supplies, and vehicles must meet the specifications (brand, model and/or performance specifications) in the Operations Manual, including supplies, communications equipment and business and software used in the Business. These specifications include standards for delivery, performance, design, reliability, and appearance. Such specifications may be modified periodically, and any costs associated with such modifications shall be the sole responsibility of Franchisee.

8.2.1. Franchisee shall maintain the equipment and vehicles in good condition and repair throughout the term of this Agreement. Franchisee shall follow all service guidelines and bulletins regarding the periodic maintenance and servicing of the equipment and vehicles provided by Franchisor or the supplier.

8.2.2. Franchisee must use the equipment and vehicles in strict accordance with this Franchise Agreement and Operations Manual. Among other restrictions, Franchisee may use the equipment and vehicles solely for the Business and for no other purpose and Franchisee may not sell, encumber or transfer any rights in the equipment or vehicles except in strict compliance with this Franchise Agreement.

8.2.3. In the event this Agreement is terminated for whatever reason and the Franchisee is no longer operating a Business, the Franchisor shall have the right of first refusal, but not the obligation, to purchase the equipment and vehicles at a price the parties agree on.

8.3. The Business shall begin operations after receipt of authorization to do so by Franchisor, which authorization must be requested by Franchisee, in writing, at least fifteen (15) days in advance of Franchisee's desire to open for business. Franchisee shall begin operations of the Business no later than one hundred twenty (180) days after the Effective Date, subject to your

compliance with all other terms of this Agreement, including your completion of our pre-opening training programs.

8.4. Prior to beginning operations of the Business, the Principal Executive or Designated Representative, as applicable, shall have been certified by Franchisor as meeting Franchisor's qualifications for management. Franchisee agrees that the Business shall only be operated directly by a Principal Executive or by a Designated Representative employed by Franchisee who has previously been approved by Franchisor and not thereafter disapproved by Franchisor. Franchisee shall notify Franchisor in writing at least thirty (30) days prior to employing any such Designated Representative, setting forth in reasonable detail all pertinent information relative to the individual's character and business background and experience. No such Designated Representative shall be employed to operate the Business (or any part thereof) without Franchisor's prior consent, based upon such standards and requirements as Franchisor may from time to time specify, in writing or otherwise. If Franchisor rejects or later disapproves such Designated Representative, it shall notify Franchisee of the pertinent reasons cited for disapproval. Notwithstanding the right of Franchisor to protect the goodwill of the System by disapproving any Designated Representative employed by Franchisee, such Designated Representative shall not be deemed an employee of Franchisor for any purpose whatsoever. Principal Executives, and any Designated Representatives, as approved by Franchisor shall complete, to Franchisor's reasonable satisfaction, any and all training programs as Franchisor may reasonably require. If any trainee fails to complete the required initial training program satisfactorily, Franchisor shall notify Franchisee of such failure and require Franchisee to designate a substitute trainee. Franchisee's Business shall at all times continue to be managed by personnel who have met Franchisor's training requirements. All expenses incurred in training, including, without limitation, cost of travel, room, board, and wages of the person(s) receiving such training shall be borne by Franchisee. Franchisee shall also bear the cost of any additional training that may be required by Franchisor. Franchisee agrees that at all times during the Term of this Agreement there shall be at least one Principal Executive or Designated Representative who: (a) is principally responsible for the operation of the Business on a full-time, in-person basis at the Storage Site, and (b) has attended and satisfactorily completed such training, retraining or refresher training program as Franchisor may require, at such times and places prior to the expiration of this Agreement as Franchisor may reasonably designate.

8.5. Unless otherwise specifically approved by Franchisor, the Business shall be open for the conduct of business at such times and for the minimum number of hours specified by Franchisor in the Operations Manual, as may be amended from time to time; and Franchisee shall at all times staff the Business with such number of employees and operate the Business diligently so as to maximize its revenues and profits.

8.6. Franchisee shall use only business stationery, business cards, marketing materials, advertising materials, printed materials or forms that have been approved in advance by Franchisor. Franchisee shall not employ any person to act as a representative of Franchisee in connection with local promotion of the Business in any public media without the prior written approval of Franchisor.

8.7. In all advertising, Franchisee shall, in such form and manner as may be specified by Franchisor in the Operations Manual, notify the public that Franchisee is operating the Business as an independently owned and operated franchisee of Franchisor and shall identify its business location in the manner specified by Franchisor in the Operations Manual.

8.8. Franchisee shall, within forty-eight (48) hours of receipt of any customer complaint, notify Franchisor of the complaint and all pertinent details. Franchisee shall respond promptly to customer complaints and shall take such other steps as may be required to ensure positive customer relations, including abiding by any service guaranties or similar policies required by Franchisor and/or as set forth in the Operations Manual. Franchisee shall inform Franchisor of the resolution of the complaint.

8.9. Franchisee hereby grants to Franchisor and its agents the right to inspect the equipment and vehicles without notice, at any reasonable time. Franchisee agrees to take such steps as may be necessary immediately to correct any deficiencies detected during such an inspection upon the request of Franchisor or its agents.

8.10. Franchisee shall purchase, install, and utilize at its sole cost and expense any communications equipment and devices, computer hardware and information technology systems and software (including without limitation accounting and dispatching software) as required by Franchisor from time to time. Franchisee shall install, update or replace any equipment, devices, computers, or software designated by Franchisor for use pursuant to the System, including, without limitation, software designed to facilitate or enhance communications (such as e-mail, call center or web based dispatch services), software designed for the purpose of recording receipts at point of sale, devices that will telecommunicate gross sales directly to Franchisor on a daily basis, and Franchisee shall utilize equipment including software of such kind and in such manner as is specified by Franchisor in the Operations Manual or otherwise in writing.

8.11. Franchisee hereby grants to Franchisor the right to take such steps as are necessary to manage the Business for the account of Franchisee in the event of Franchisee's death or in the event that an independent third party (such as a medical doctor or judicial authority) reasonably determines that Franchisee is incapacitated or incapable of running the Business, and Franchisor shall receive a reasonable fee for such services.

8.12. Franchisee shall require that all of its managers, officers, shareholders, members, and employees which have access to any confidential information sign a written agreement (which is satisfactory to Franchisor) imposing an obligation of confidentiality regarding the Operations Manual and all other confidential and proprietary information of Franchisor.

8.13. Franchisee's Principal Executive or Designated Representative, as applicable, must actively participate in the actual operation of the Business, and devote as much of its time as is reasonably necessary for the efficient operation of the Business.

8.14. Franchisee will be required to meet the minimum performance requirements detailed below (the "**Minimum Performance Requirements**"). If Franchisee enters into a

Development Agreement, the following Minimum Performance Requirement will apply separately for each Territory and must be satisfied independently and not in the aggregate.

8.15. Minimum Performance Requirements. During the Term, you must meet the following minimum performance levels (the “Minimum Performance Levels”): (i) in your second full calendar year of operation, the Gross Revenue for your Business must be greater than or equal to 50% of the average Gross Revenue for all Businesses that have been open for at least one full calendar year (“Mature Businesses”) during such calendar year; and (ii) in your third or subsequent full year of operation, the Gross Revenue for your Business must be greater than or equal to 70% of the average Gross Revenue for all Mature Businesses during such calendar year. If you fail to meet the Minimum Performance Levels in any calendar year, you must create a business plan that we must approve in writing and you must diligently implement the business plan during the next calendar year. If you fail to meet the Minimum Performance Levels for two consecutive years, we may reduce the size of your Territory, terminate the Agreement, or exercise other remedies outlined herein.

8.15.1. If Franchisee fails to meet the applicable Minimum Performance Requirements, Franchisor retains the right to:

- 8.15.1.1.** reduce the size of the territory;
- 8.15.1.2.** establish or license a third party(ies) to establish a Business within the Territory;
- 8.15.1.3.** require Franchisee to implement a revenue improvement program, which may include, among other things, engaging in specified marketing activities; or
- 8.15.1.4.** terminate the Franchise Agreement.

8.15.2. If we require you to implement a revenue improvement program, your failure to comply with the terms of the revenue improvement program or failure to achieve Minimum Performance Requirements will allow us to terminate the Franchise Agreement.

9. OPERATIONS MANUAL

9.1. Franchisor will make available to Franchisee its Operations Manual, and any other manual, or proprietary information Franchisor may now or hereafter designate for use in operating the Business (collectively the “**Operations Manual**”). Franchisee must operate the Business in strict compliance with the Operations Manual, as it may be reasonably changed from time to time. Any expense associated with changes to the Operations Manual or System Standards shall be Franchisee’s sole responsibility. The Operations Manual must remain confidential and is Franchisor’s exclusive property. Franchisee will not disclose, duplicate, or make any unauthorized use of any portion of the Operations Manual. The provisions of the Operations Manual constitute provisions of this Agreement as if fully set forth herein. Franchisee shall ensure that its copy of the Operations Manual is current and up to date and shall keep a copy of the Operations Manual

accessible to it at all times. If there is a dispute relating to the contents of the Operations Manual, the master copy, which Franchisor maintains at Franchisor's corporate headquarters, will control. Franchisor reserves the right to disclose updates to the Operations Manual via electronic means, including over Franchisor's website or any intranet or extranet system established in connection with the System.

9.2. Franchisee shall at all times use its best efforts to keep the Operations Manual and any other manuals, materials, goods and information created or used by Franchisor and designated for confidential use, within the System and the information contained therein as confidential and shall limit access to employees of Franchisee on a need-to-know basis. Franchisee acknowledges that the unauthorized use or disclosure of Franchisor's confidential information or trade secrets will cause irreparable injury to Franchisor and that damages are not an adequate remedy. Franchisee accordingly covenants that it shall not at any time, without Franchisor's prior written consent, disclose, use, permit the use thereof, copy, duplicate, record, transfer, transmit or otherwise reproduce such information, in any form or by any means, in whole or in part, or otherwise make the same available to any unauthorized person or source. Any and all information, knowledge and know-how not known about the System and Franchisor's products, services, standards, procedures, techniques, and such other information or material as Franchisor may designate as confidential shall be deemed confidential for purposes of this Agreement.

9.3. Franchisee understands and acknowledges that Franchisor may, from time to time, revise the contents of the Operations Manual to implement new or different requirements for the operation of the Business, and Franchisee expressly agrees to comply with all such changed requirements at its expense.

10. ADVERTISING AND MARKETING

10.1. Recognizing the value of standardized advertising and marketing programs to the furtherance of the goodwill and public image of the System, and in order to enable such programs in an effective and consistent manner, the parties agree as follows:

10.1.1. Franchisor has established and administers a marketing fund for national, regional and/or local advertising, public relations and marketing programs and market research ("**Marketing Fund**"). Franchisor shall direct and have sole and absolute discretion over the Marketing Fund and its expenditures, including concepts, materials and media used therein. All Brand Fees paid by Franchisee pursuant to Section 5.2 shall be part of the Program. Neither Franchisee nor any other franchisees of Franchisor shall be obligated to contribute to the Marketing Fund shall be deemed a third-party beneficiary with respect to the Program or have any right to enforce any obligation to contribute thereto. Franchisee understands and acknowledges that Company-Owned Outlets may not be required to contribute to the Marketing Fund. Franchisee understands and acknowledges that the Marketing Fund is intended to benefit the System as a whole and that Franchisor and its designee undertake no obligation in administering the Marketing Fund to ensure that any particular franchisee benefits directly or pro rata from the Marketing Fund. In the event of termination or expiration of this Agreement, Franchisee shall not be entitled to a refund of any Brand Fees paid by Franchisee. Franchisor may, in its sole discretion from time to time, advance monies to the Marketing Fund

and charge the Marketing Fund interest on such advances and may authorize repayment of such advances from the Marketing Fund, all in accordance with such terms as Franchisor deems necessary or appropriate. Franchisee agrees that the Marketing Fund may otherwise be used to meet any and all costs incident to such Marketing Fund, including joint or collective advertising and brand awareness campaigns of Franchisor's direct or indirect parent corporations or subsidiaries thereof or affiliated companies using the System. In addition, Franchisor shall have the right to expend all, or any portion of, the monies in the Marketing Fund for cooperative advertising, brand awareness or promotional programs on a regional or local basis; provided, however, that such programs shall be available to all similarly situated franchisees as determined by Franchisor. Furthermore, Franchisor reserves the right to terminate the Marketing Fund, but in such event will spend or use all remaining Marketing Fund assets for the purposes stated herein.

10.1.2. All payments to the Marketing Fund may be deposited in Franchisor's general operating account; may be commingled with Franchisor's general operating funds, though segregated administratively in Franchisor's books and records; and may be deemed an asset of Franchisor, subject however to Franchisor's obligation to expend the monies in the Marketing Fund in accordance with the terms hereof. Franchisor shall furnish Franchisee with annual financial statements of the Marketing Fund, certified to be correct by an officer of Franchisor, upon request within one-hundred twenty (120) days following the end of the fiscal year. Franchisor may, in its sole discretion, elect to accumulate monies in the Marketing Fund for such periods of time as it deems necessary or appropriate, with no obligation to expend all monies received in any fiscal year during such fiscal year. The parties do not intend that the Marketing Fund be deemed a trust.

10.1.3. At its expense and in addition to any sums paid to the Marketing Fund, Franchisee agrees to conduct on an annual basis continuing local advertising in form, content, and media approved by Franchisor, in an amount equal to not less than 3% of Gross Revenue per quarter (the "Local Marketing Spending Requirement"). Your Local Marketing Spending Requirement can be achieved through (a) dollars spent in digital advertising or local advertising; (b) dollars in the form of salary or commission spent on dedicated sales personnel; or (c) your gross profit up to 25% if sales are generated through owner-operated activities. Franchisee shall submit evidence of any such expenditure to Franchisor on a quarterly basis. In the event that Franchisee shall fail to expend the Local Marketing Spending Requirement on local advertising, Franchisor may, immediately upon notice provided to Franchisee, conduct the required local advertising on Franchisee's behalf, and shall bill Franchisee for any amounts expended on Franchisee's behalf.

10.1.4. In connection with the opening of the Business, you must spend a minimum of \$20,000 for grand opening advertising and promotion in the 90 days after opening the Business in accordance with a plan that you must submit to us. We have the right to modify your grand opening plan, in our sole discretion, and may require you to use a public relations firm to assist with your grand opening. Your Grand Opening Marketing Spend amount shall be credited toward your first 90 days of your Local Marketing Spending Requirement. You must provide us with supporting documentation evidencing these expenditures upon request.

10.1.5. Franchisor may provide Franchisee, from time to time, with local advertising, brand awareness and marketing materials, including without limitation newspaper mats, radio commercial tapes, merchandising materials, sales aids, special promotions, and similar advertising and brand awareness campaigns at a reasonable price, plus handling. You must participate in all promotional programs and campaigns which we may establish from time to time.

10.1.6. Franchisee shall submit to Franchisor for its prior approval samples of all advertising to be used by Franchisee that have not been prepared or previously approved by Franchisor.

10.1.7. Franchisee agrees to participate in all advertising, brand awareness, and marketing programs designated by Franchisor as mandatory.

11. STATEMENTS, RECORDS, AND FEE PAYMENTS

11.1. Franchisee shall use such customer data management, sales data management, accounting, bookkeeping, administrative, and inventory control procedures and systems as Franchisor may specify in the Operations Manual or otherwise in writing. Franchisee shall, in a manner satisfactory to Franchisor, and in accordance with generally accepted accounting principles, maintain original, full and complete receipts, other records, accounts, books, data, licenses, contracts and product supplier invoices which shall accurately reflect all particulars relating to Franchisee's Business and such statistical and other information or records as Franchisor may require and shall keep all such information for not less than three (3) years, even if this Agreement is no longer in effect. Upon Franchisor's request, Franchisee shall furnish Franchisor with copies of any or all product supply invoices reflecting purchases by or on behalf of the Business. In addition, Franchisee shall compile and provide to Franchisor any statistical or financial information regarding the operation of the Business, the products and services sold by it, or data of a similar nature including, without limitation, any financial data that Franchisor believes that it needs to compile or disclose in connection with the sale of franchises or that Franchisor may elect to disclose in connection with the sale of franchises. All data provided to Franchisor under this Article 11 shall belong to Franchisor and may be used and published by Franchisor in connection with the System. Franchisor and its designated agents shall have the right to examine and audit such records, accounts, books, and data at all reasonable times to ensure that Franchisee is complying with the terms of this Agreement. If such inspection discloses that the Gross Revenues during any scheduled reporting period actually exceeded the amount reported by Franchisee as its Gross Revenues by more than two (2%) percent, Franchisee shall bear the cost of such inspection and audit and shall pay any such deficiency with interest from the date due at the lesser of eighteen (18%) percent per year of such overdue amount or the highest rate permitted by applicable law, immediately upon the request of Franchisor.

11.2. No later than the tenth (10th) day of each month, Franchisor shall have received from Franchisee, on forms prescribed by Franchisor, statements stating the fees due to Franchisor during the preceding month, itemized by revenue-producing activity as specified from time to time by Franchisor, the Gross Revenue for the prior month, and such other information as Franchisor may require, all signed and certified as true and correct by an authorized agent of Franchisee.

11.3. Upon Franchisor's request, Franchisee shall furnish Franchisor with a copy of each of its reports and returns of sales, use, and gross receipt taxes and complete copies of any state or federal income tax returns covering the operation of the Business, all of which Franchisee shall certify as true and correct.

11.4. Franchisee shall prepare and deliver to Franchisor on a monthly basis, no later than the tenth (10th) day of each month, an unaudited profit and loss statement in a form satisfactory to Franchisor in its sole and absolute discretion covering Franchisee's business for the prior month and such additional reports as Franchisor may require, all of which shall be certified by Franchisee as true and correct. Franchisee shall also submit to Franchisor by March 1 and September 1 of each year during the Term of this Agreement, an unaudited balance sheet reflecting the financial position of the Business as of the preceding December 31 and June 30. In addition, Franchisee, as well as any guarantor(s) of this Agreement, shall, within sixty (60) days after request from Franchisor, deliver to Franchisor a financial statement, certified as correct and current, in a form which is satisfactory to Franchisor, and which fairly represents the total assets and liabilities of Franchisee and any such guarantors. Within ninety (90) days after the close of each fiscal year of Franchisee, Franchisee shall furnish to Franchisor financial statements which shall include a statement of income and retained earnings, a statement of changes in financial position, and a balance sheet of Franchisee, all as of the end of such fiscal year, which shall be certified to by an authorized agent of Franchisee as being true and correct.

11.5. Upon the request of Franchisor, in addition to the foregoing unaudited statements, within ninety (90) days after the close of each fiscal year of Franchisee, commencing after the Franchisee's third (3rd) full fiscal year from the Effective Date, Franchisee shall furnish to Franchisor, at Franchisee's expense, an audited statement of income and retained earnings of Franchisee for such fiscal year and an audited balance sheet of Franchisee as of the end of such fiscal year, all prepared in accordance with generally accepted accounting principles and certified by a certified public accountant. Prior to the Franchisee's third (3rd) full fiscal year from the Effective Date, or in the event Franchisor does not require audited financial statements from Franchisee, Franchisee shall furnish to Franchisor, at Franchisee's request, reviewed financial statements for each fiscal year of Franchisee, including a statement of income and retained earnings of Franchisee for such fiscal year and a balance sheet of Franchisee as of the end of such fiscal year, all prepared in accordance with generally accepted accounting principles and certified by a certified public accountant.

11.6. In addition to the foregoing statements, promptly upon request by Franchisor, and also within sixty (60) days after the close of each fiscal year, Franchisee shall furnish to Franchisor a list of all holders of legal and beneficial interests in Franchisee, certified as complete by an authorized agent of Franchisee. If any of Franchisee's general partners, officers, or directors cease to serve as such or any individual is elected as a general partner, officer, or director after execution of this Agreement, Franchisee will notify Franchisor in writing within ten (10) days after such change. Promptly upon request by Franchisor, Franchisee shall furnish a list of all holders of legal and beneficial interests in Franchisee, together with description and percentage amount, names, addresses and telephone numbers.

12. COVENANTS

12.1. During the Term of this Agreement, Franchisee, and each of its owners, covenants, individually:

12.1.1. To use its best efforts in operating the Business and in recommending, promoting, and encouraging patronage of all System businesses;

12.1.2. Not to engage, directly or indirectly, as an owner, operator, or in any managerial capacity in any Competing Business (as defined below) at or within a twenty-five (25) mile radius of the Storage Site or the Territory of any other System franchisees in operation.

12.2. In the event this Agreement is terminated, expires, or is not renewed, or if Franchisee, or any of Franchisee's owners, assigns or transfers its interest herein to any person or business organization (except pursuant to Article 13 hereof), then in such event Franchisee and any such owner covenants, for a period of two (2) years after such termination, expiration, non-renewal, transfer, or assignment, not to engage, directly or indirectly, as an owner, operator, or in any managerial capacity, in any Competing Business at or within a twenty-five (25) mile radius of the Storage Site or the Territory of any other System franchisees in operation at the time of such termination, expiration, non-renewal, transfer or assignment.

12.3. During the Term of this Agreement and thereafter, Franchisee and each owner covenants not to communicate, directly or indirectly, nor to divulge to or use for its benefit or the benefit of any other person or legal entity, any trade secrets which are proprietary to Franchisor, or any information, knowledge or know-how deemed confidential under Article 9 hereof, except as permitted by Franchisor. In the event of any termination, expiration or non-renewal of this Agreement, Franchisee agrees that it will never use Franchisor's confidential information, trade secrets, methods of operation or any proprietary components of the System in the design, development or operation of any Competing Business. Franchisee agrees that if it engages as an owner, operator, or in any managerial capacity in any such business, it will assume the burden of proving that it has not used Franchisor's confidential information, trade secrets, methods of operation or any proprietary components of the System. The protection granted hereunder shall be in addition to, and not in lieu of, all other protections for such trade secrets and confidential information as may otherwise be afforded in law or in equity. In addition, we may require Franchisee to execute employee non-disclosure and non-competition agreements with its managers or other employees or agents with access to confidential materials or information, which shall prohibit competition by such persons during and for a period of two (2) years after termination of their employment with Franchisee in any Competing Business selling at or within a twenty-five (25) mile radius of the Storage Site or the Territory of any other System franchisees and which shall further prohibit disclosure by such parties to any other person or legal entity of any trade secrets or any other information, knowledge or know-how deemed confidential by Franchisor concerning the operation of the Business. The form of such employee non-disclosure agreements shall be subject to the prior written approval of Franchisor and shall also be for the benefit of Franchisor. Franchisor shall be a third-party beneficiary of such agreements and Franchisee shall not amend, modify, or terminate any such agreement without Franchisor's prior written consent.

12.3.1. “**Competing Business**” means any business that offers (or grants franchises or licenses to others to operate a business that offers) professional flooring services the same as or similar to those provided by System franchises or in which Franchisor’s confidential information, trade secrets, methods of operation or any proprietary components could be used to the disadvantage of Franchisor or its other franchisees; provided, however, that the term Competing Business shall not apply to (a) any business operated under a franchise agreement with Franchisor, or (b) any business operated by a publicly held entity in which Franchisee or any owner or employee of Franchisee owns less than a five percent (5%) legal or beneficial interest.

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. Should any part of one (1) or more of these restrictions be found to be unenforceable by virtue of its scope in terms of area or time, and should such part be capable of being made enforceable by reduction of any or all such restrictions, Franchisee and Franchisor agree that the same shall be enforced to the fullest extent permissible under the law. In addition, Franchisor may, unilaterally, at any time, in its sole discretion, revise any of the covenants in this Article 12 so as to reduce the obligations of Franchisee hereunder. The running of any period of time specified in this Article 12 shall be tolled and suspended for any period of time in which Franchisee or any owner or employee of Franchisee is found by a court of competent jurisdiction to have been in violation of any restrictive covenant. Franchisee further 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 in this Article 12.

13. TRANSFER AND ASSIGNMENT

13.1. This Agreement and all rights and duties hereunder may be freely assigned or transferred by Franchisor, in whole or in part, without Franchisee’s consent, in its sole discretion, but only to a person or legal entity that agrees to assume Franchisor’s obligations hereunder, and shall be binding upon and inure to the benefit of Franchisor’s successors and assigns including, without limitation, any entity which acquires all or a portion of the equity of Franchisor or any entity resulting from or participating in a merger, consolidation or reorganization in which Franchisor is involved, and to which Franchisor’s rights and duties hereunder (in whole or in part), are assigned or transferred.

13.2. Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee and Franchisee’s owners, and that Franchisor has entered into this Agreement in reliance on many factors, including, without limitation, the individual or collective character, skill, aptitude, and business and financial capacity of Franchisee and its owners. Accordingly, neither Franchisee nor any person owning any direct or indirect equity interest therein, shall, without Franchisor’s prior written consent, directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest; (i) in this Agreement or any portion or aspect thereof, (ii) the Business, the license to use the System and the Marks; or (iv) any equity or voting interest in Franchisee that equals or exceeds twenty percent

(20%) of the total equity or voting interests in Franchisee on a fully diluted basis, nor permit the Business to be operated, managed, directed or controlled, directly or indirectly, by any person other than Franchisee (any such act or event is referred to as a “**Transfer**”) without the prior written approval of Franchisor. Any such purported Transfer occurring by operation of law or otherwise, including any Transfer by a trustee in bankruptcy, without Franchisor’s prior written consent, shall be a material default of this Agreement. Notwithstanding the foregoing, the transferor shall remain obligated under this Agreement until released by Franchisor, or until this Agreement is terminated and all Post-Term Obligations pursuant to Article 15 are fulfilled. In addition, in the event Franchisee is a corporation, the stock of such corporation shall not be publicly sold or traded on any securities exchange or in the over-the-counter market without the express prior written consent of Franchisor, which consent may be given or denied in Franchisor’s sole discretion.

13.3. Franchisee understands and acknowledges the vital importance of the performance of Franchisee to the market position and overall image of Franchisor. Franchisee also recognizes that there are many subjective factors that comprise the process by which Franchisor selects a suitable Franchisee. The consent of Franchisor to a Transfer by Franchisee shall remain a subjective determination and shall include, but not be limited to, the following conditions:

- 13.3.1.** the proposed transferee is a person or entity that meets the Franchisor’s standards of qualification then applicable with respect to all new applicants for similar Franchisees;
- 13.3.2.** the proposed Transfer is on commercially reasonable terms;
- 13.3.3.** as of the effective date of the proposed Transfer, all obligations of Franchisee hereunder and under any other agreements between Franchisee and Franchisor are fully satisfied;
- 13.3.4.** as of the effective date of the proposed Transfer, all obligations of the proposed transferee to the Franchisor under all other agreements of any kind between the proposed transferee and Franchisor are fully satisfied; and
- 13.3.5.** as of the effective date of the proposed Transfer, Franchisor shall have forwarded to Franchisee its approval, granted in its reasonable business judgment, of the proposed Transfer to the proposed transferee, in accordance with the following provisions of this Article 13.

12.4 Franchisee shall submit to Franchisor prior to any proposed Transfer of any equity or voting interest in Franchisee equal to twenty percent (20%) or more of the total equity or voting interests in Franchisee on a fully diluted basis, and at any other time upon request, a list of all holders of direct or indirect equity and voting interests in Franchisee reflecting their respective present and/or proposed direct or indirect interests in Franchisee, in such form as Franchisor may require.

12.5 Franchisor may require, as a condition of its approval of any proposed Transfer, satisfaction of the additional requirements set forth in these Sections 12.2-12.5 in the event

Franchisee is a partnership or privately-held corporation and the proposed Transfer, alone or together with all other previous, simultaneous and/or proposed Transfers, would have the effect of reducing directly or indirectly to less than a majority of the percentage of equity and voting interest (as reasonably determined by Franchisor) owned in Franchisee, or in the event Franchisee is a natural person and the proposed Transfer, alone or together with other simultaneous or proposed Transfers, would have the effect of reducing directly or indirectly Franchisee's equity or voting interest as reasonably determined by Franchisor in the Business to less than a majority, or would result in a Transfer of control, meaning a change of the unrestricted power to direct the management and/or policies of Franchisee (including those related to payment of financial obligations and a Transfer of control with respect to a general partnership interest), directly or indirectly, whether through ownership of interests, by contract or otherwise. In computing the percentages of equity and voting interest owned in Franchisee for purposes of these Sections 12.2-12.5, general partnership interests shall not be distinguished from limited partnership interests.

12.5.1 The requirements for all such Transfers under Section 13.5 are as follows:

12.5.1.1 Franchisee must request that Franchisor provide the prospective transferee with the Franchisor's current form of FDD, and a receipt for such document shall be delivered to Franchisor; provided, however, Franchisor shall not be liable for any representations other than those contained in the FDD;

12.5.1.2 The proposed transferee must execute a new franchise agreement, namely, Franchisor's then current form of a franchise agreement, which may contain terms and conditions substantially different from those in this Agreement, for an initial term equal to the time remaining in the Term of this Agreement as of the date of such transfer or, at Franchisor's discretion, an assumption agreement in lieu of a new franchise agreement, pursuant to which the proposed transferee assumes all obligations of the Franchisee under this Agreement;

12.5.1.3 Franchisee shall pay to Franchisor, together with the application for consent to the Transfer, the transfer fee of \$7,500 for any transfer resulting in a change of control; \$2,500 plus all of our administrative costs and expenses for non-control transfers and transfers to entities for the convenience of ownership; \$1,500 for transfers to immediate family members, plus all brokerage commissions, finder fees, and similar charges incurred by us in connection with the Transfer, the receipt of which is a condition precedent to the approval of the Transfer;

12.5.1.4 If permitted by applicable law, the Franchisee/transferor and the transferee shall have executed a general release under oath where required, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its parent, subsidiaries, affiliates and their officers, directors, attorneys, shareholders, and employees, in their corporate

and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances arising out of, or connected with, the performance of this Agreement or any other agreement to which the Franchisor is a party with the Franchisee;

12.5.1.5 The transferee shall demonstrate to Franchisor's sole satisfaction that it meets all of Franchisor's requirements for becoming a franchisee, including, without limitation, that it meets Franchisor's managerial and business standards then in effect for similarly situated franchisees; possesses a good moral character, business reputation, and satisfactory credit rating; is not a competitor of Franchisor; will comply with all instruction and training requirements of Franchisor and has the aptitude and ability to operate the Business (as may be evidenced by prior related business experience or otherwise); and

12.5.1.6 The transferee and/or its Designated Representative (as applicable) shall have completed, to Franchisor's satisfaction, the training then required by Franchisor.

12.5.2 If Franchisee or any person or entity holding any direct or indirect interest in Franchisee, this Agreement or the Business desires to make a Transfer for value, Franchisee shall first notify Franchisor in writing of such intention and offer to sell or transfer such interest to Franchisor upon the terms and conditions set forth in such notice, which shall be at least as favorable as those offered by a bona fide third party, if any (and such notice shall include a copy of any such third party offer), net of any applicable real estate and/or business brokerage commissions, at Franchisor's option. If Franchisor and Franchisee cannot agree within thirty (30) days of such notice on the terms and conditions of such Transfer, or if Franchisor notifies Franchisee that it does not want to acquire such interest, Franchisee may sell or transfer such interest to a bona fide third party; provided that such Transfer is made within one hundred twenty (120) days after the expiration of any offer to Franchisor, that such Transfer is made at a net price and on terms and conditions no more favorable than those provided to Franchisor or offered in writing by such third party and provided in the notice to Franchisor, that all applicable requirements of this Article 12 are met, and in connection with such Transfer, that the Business shall continue to be operated pursuant to the System. The failure of Franchisor to exercise this option shall not constitute a waiver of any other provision of this Agreement, including all requirements of this Article 12, with respect to a proposed Transfer. In the event the consideration, terms and/or conditions offered by a third party are such that Franchisor may not reasonably be able or required to furnish the same consideration, terms and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, an independent appraiser

shall be designated by Franchisor, and his determination of such reasonable equivalent in case shall be binding upon both Franchisor and Franchisee.

12.6. Upon the death or mental or physical incapacity (as reasonably determined by an independent third party such as a licensed doctor or judicial authority) of any person with any direct or indirect interest in Franchisee and who has managerial responsibility for the operation of the Business, the executor, administrator, or personal representative of such person shall transfer such person's interest to a third party approved by Franchisor within six (6) months after the death or finding of incapacity. Such transfers shall be subject to the same conditions as any lifetime Transfer under Sections 12.2-12.5. If the heirs or beneficiaries of any such person are unable to meet all of the conditions in Sections 12.2-12.5 hereof, Franchisor may terminate this Agreement.

12.7. If Franchisee is an individual, Franchisee may transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' written notice to Franchisor, provided, that:

12.7.1. the transferee entity conducts no business other than the operation of the Business;

12.7.2. you provide us with all formation documents for the transferee entity, with sufficient documentation detailing all holders of ownership interests in the transferee entity, such as operating agreements, corporate by-laws, stock ledgers, and similar documentation;

12.7.3. all persons signing this Agreement as Franchisee own all voting securities of the corporation or limited liability company;

12.7.4. all owners of a legal or beneficial interest in the transferee entity provide a personal guaranty of the transferee entity's obligations as the Franchisee under this Agreement;

12.7.5. you and the transferee entity execute any documents that we require in order to effectuate the transfer, which may include a general release in the form attached to this Agreement; and

13. DEFAULT AND TERMINATION

13.1. Franchisor may terminate this Agreement prior to the expiration of its Term upon the occurrence of any event of default described below.

13.1.1. Upon the occurrence of the following events of default, Franchisor may, at its option, and without waiving its rights under this Agreement or any other rights available at law or in equity, including its rights to damages, terminate this Agreement and all of Franchisee's rights hereunder effective immediately upon the date Franchisor gives written notice of termination:

13.1.1.1. automatically, without notice or action required by Franchisor, if Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, or, unless otherwise prohibited by law, if a petition in bankruptcy is filed by Franchisee, or such a petition is filed against and consented to by Franchisee or not dismissed within thirty (30) days, or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's Business or assets is filed and consented to by Franchisee, or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed; or if a final judgment in excess of \$5,000 against Franchisee relating to the Business remains unsatisfied or of record for 60 days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment in the relevant jurisdiction);

13.1.1.2. if Franchisee fails to commence operation of the Business as required by this Agreement;

13.1.1.3. if Franchisee makes, or has made, any materially false statement or report to Franchisor in connection with this Agreement or application therefore;

13.1.1.4. if there is any violation of any transfer and assignment provision contained in Article 13 of this Agreement;

13.1.1.5. if Franchisee receives from Franchisor three (3) or more notices to cure the same or similar defaults or violations of this Agreement during any twelve (12) month period;

13.1.1.6. if Franchisee or its Principal Executive or Designated Representative fails to complete, to Franchisor's reasonable satisfaction, any of the training required by this Agreement;

13.1.1.7. if Franchisee violates any covenant of confidentiality or non-disclosure contained in this Agreement or otherwise discloses, uses, permits the use of, copies, duplicates, records, transmits or otherwise reproduces any manuals, materials, goods or information created or used by Franchisor and designated for confidential use within the System without Franchisor's prior approval;

13.1.1.8. if Franchisee or any person controlling, controlled by or under common control with Franchisee, or any principal officer or employee of Franchisee or any such person, owning an interest in the Business is convicted of a felony, or any other crime or offense that is reasonably likely, in the sole opinion of Franchisor, to affect adversely the System, the Marks, or the goodwill associated therewith;

13.1.1.9. if Franchisee or any guarantor(s) hereof default on any other agreement with Franchisor, or any affiliate or parent corporation of Franchisor, and such default is not cured in accordance with the terms of such other agreement; or

13.1.1.10. if Franchisee fails to perform or breaches any covenant, obligation, term, condition, warranty, or certification in this Agreement related to the Marks, including misuse of the Marks.

13.1.2. Upon the occurrence of the following events of default, Franchisor may, at its option, and without waiving its rights hereunder or any other rights available at law or in equity, including its rights to damages, terminate this Agreement and all of Franchisee's rights hereunder effective immediately upon the occurrence of, or the lapse of the specified period following, an event of default:

13.1.2.1. if Franchisee fails to pay any financial obligation pursuant to this Agreement (a) within five (5) days of the date on which Franchisor gives notice of such delinquency, (b) immediately upon written notice if such payment has not been made within sixty (60) days after the date on which it is required to be paid, or (c) immediately upon written notice if Franchisee is determined to have under-reported its Gross Revenues during any month by two percent (2%) or more of the actual Gross Revenues during such month on two (2) or more occasions during the Term of this Agreement, whether or not Franchisee subsequently rectifies such deficiency;

13.1.2.2. if Franchisee fails, for a period of fifteen (15) days after notification of non-compliance by an appropriate authority to comply with any law or regulation applicable to the operation of the Business;

13.1.2.3. if Franchisee fails to perform or breaches any covenant, obligation, term, condition, warranty, or certification herein or fails to operate the Business as specified by Franchisor in the Operations Manual, fails to pay promptly any undisputed invoices from Franchisor or suppliers, and fails to cure such non-compliance or deficiency within thirty (30) days (or such longer term as granted by Franchisor) after Franchisor's written notice thereof;

13.1.2.4. if Franchisee abandons or ceases to operate all or any part of the Business conducted under this Agreement for seventy-two (72) hours or longer (except as otherwise provided herein) or defaults under any mortgage, deed of trust or lease with Franchisor or any third party covering the Business or the Storage Site, fails to cure such abandonment or default and Franchisor or such third party treats such act or omission as a default, and Franchisee fails to cure such default to the satisfaction of Franchisor or such third party within any applicable cure period granted Franchisee by Franchisor or such third party; or

13.1.2.5. if Franchisor determines that Franchisee is not sufficiently servicing the customers in Franchisee's Territory, Franchisor, or its affiliate, after providing notice and an opportunity to cure such default, shall have the right, but not the obligation, to operate a Business in the Territory to satisfy such demands. This right shall be in addition to Franchisor's right to terminate this Agreement, and not in lieu of such right, or any other rights Franchisor may have against Franchisee, upon a failure to cure any default within the time provided by Franchisor. In the event that Franchisor or its affiliate exercises the

rights described in this paragraph, Franchisee must reimburse Franchisor for all reasonable costs and overhead, if any, incurred in connection with its operation of the Business, including without limitation, costs of personnel for supervising and staffing, travel, and lodging.

14. POST-TERM OBLIGATIONS

14.1. Upon the expiration or termination of this Agreement, Franchisee shall immediately take the following actions (collectively, the “**Post-Termination Obligations**”):

14.1.1. cease operating the Business under the System. Franchisee shall not thereafter, directly or indirectly, represent to the public that the former Business is operated or in any way connected with Franchisor or the System or hold itself out as a present franchisee of Franchisor;

14.1.2. pay all sums owing to Franchisor, including those invoiced to Franchisee after this Agreement expires or is terminated. Upon termination of this Agreement pursuant to any default by Franchisee, such sums shall include, but not be limited to, actual and consequential damages, costs, and expenses (including reasonable attorneys’ fees) incurred by Franchisor as a result of the termination;

14.1.3. return to Franchisor the Operations Manual and all trade secret and other confidential materials, equipment and other property owned by Franchisor, and all copies thereof. Franchisee shall retain no copy or record of any of the foregoing; provided Franchisee may retain its copy of this Agreement, any correspondence between the parties, and any other document which Franchisee reasonably needs for compliance with any applicable provision of law;

14.1.4. take such action as may be required by Franchisor to transfer and assign to Franchisor or its designee or to disconnect and forward all telephone numbers, e-mail, internet and other electronic references and advertisements, and all trade and similar name registrations and business licenses, and to cancel any interest which Franchisee may have in the same; and

14.1.5. cease to use any methods, procedures or techniques associated with the System; cease to use the Marks and any other marks and indicia of operation associated with the System, and any marks confusingly similar thereto, and remove all trade dress, physical characteristics, color combinations and other indications of operation under the System. Without limiting the generality of the foregoing, Franchisee agrees that in the event of any termination or expiration of this Agreement, it will de-identify the Business so as to make it not confusingly similar to Franchisor’s standardized and recognizable indicia or colors. If Franchisee fails to make such alterations within fifteen (15) days after termination or expiration of this Agreement, Franchisee agrees that Franchisor or its designated agents may enter upon the Storage Site at any time to make such alterations, at Franchisee’s sole risk and expense, without liability for trespass.

14.2. The obligations set forth in this Article 14 shall survive the expiration or termination of this Agreement.

15. INSURANCE

15.1. Franchisee shall, at its expense and no later than the beginning of operations of the Business as provided in Article 8, procure and maintain in full force and effect throughout the Term of this Agreement the types of insurance enumerated in the Operations Manual or otherwise in writing which shall be in such amounts as may from time to time be required by Franchisor and which shall designate Franchisor as an additional named insured, including, but not limited to, the following:

15.1.1. employer's liability and workers' compensation insurance as prescribed by law; and

15.1.2. comprehensive general liability insurance covering the operation of the Business, including owned and non-owned motor vehicle insurance and products liability insurance.

15.2. Franchisee shall make timely delivery of certificates of all required insurance to Franchisor. Franchisee shall not cancel or materially alter any insurance policy required under this Article 15 without providing at least thirty (30) days' prior written notice to Franchisor.

15.3. The procurement and maintenance of such insurance shall not relieve Franchisee of any liability to Franchisor under any indemnity requirement of this Agreement.

15.4. Should Franchisee fail to maintain the required insurance, Franchisor may elect to maintain coverage for Franchisee and recover from Franchisee the amount of such costs and premiums.

16. TAXES, PERMITS, AND INDEBTEDNESS

16.1. Franchisee shall promptly pay when due, any and all federal, state, and local taxes, including without limitation unemployment and sales taxes, levied or assessed with respect to any services or products furnished, used or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by Franchisee in the operation of the Business.

16.2. Franchisee shall comply with all federal, state, and local laws, rules and regulations, and timely obtain any and all permits, certificates, and licenses for the full and proper conduct of the Business.

16.3. Franchisee hereby expressly covenants and agrees to accept full and sole responsibility for any and all debts and obligations incurred in the operation of the Business.

17. INDEMNIFICATION AND INDEPENDENT CONTRACTOR

17.1. Franchisee agrees to protect, defend, indemnify, and hold Franchisor, and its respective members, managers, directors, officers, agents, attorneys, and shareholders (jointly and

severally, “**Indemnitees**”) harmless and to promptly reimburse Indemnitees for, from and against all claims, actions, proceedings, damages, costs, expenses, and other losses and liabilities, consequently, directly or indirectly incurred (including without limitation, attorneys’ and accountants’ fees) as a result of, arising out of, or connected with the operation of the Business, including the operation of the equipment and use of the Marks. Franchisee also expressly indemnifies the Indemnitees for all costs incurred related to Franchisee’s default under this Agreement.

17.2. In all dealings with third parties including, without limitation, employees, suppliers and customers, Franchisee shall disclose in an appropriate manner acceptable to Franchisor that it is an independent entity licensed by Franchisor. Nothing in this Agreement is intended by the parties hereto to create a fiduciary relationship between them nor to constitute Franchisee an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of Franchisor for any purpose whatsoever. It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any contract, warranty, or representation or to create any obligation on behalf of Franchisor.

18. WRITTEN APPROVALS, WAIVERS, FORMS OF AGREEMENT, AND AMENDMENT

18.1. Whenever this Agreement requires, or Franchisee desires to obtain, Franchisor’s approval, Franchisee shall make a timely written request. Unless a different time period is specified in this Agreement, Franchisor shall use commercially reasonable efforts to respond with its approval or disapproval within sixty (60) days of receipt of such request. If Franchisor has not specifically approved a request within such sixty (60)-day period, such failure to respond shall not be deemed approval of any such request.

18.2. No failure of Franchisor to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Franchisor’s right to demand exact compliance with any of the terms of this Agreement. No waiver or approval by Franchisor of any particular breach or default by Franchisee, nor any delay, forbearance or omission by Franchisor to act or give notice of default or to exercise any power or right arising by reason of such default hereunder, nor acceptance by Franchisor of any payments due hereunder, shall be considered a waiver or approval by Franchisor of any preceding or subsequent breach or default by Franchisee of any term, covenant or condition of this Agreement.

18.3. No warranty or representation is made by Franchisor that all System franchise agreements heretofore or hereafter issued by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Further, Franchisee recognizes and agrees that Franchisor may, in its reasonable business judgment, due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements heretofore or hereafter granted to other System franchisees in a non-uniform manner, unless otherwise required by this Agreement or by law.

18.4. No amendment, change or variance from this Agreement shall be binding upon either Franchisor or Franchisee except by mutual written agreement. If an amendment of this

Agreement is executed at Franchisee's request, any legal fees, or costs of preparation in connection therewith shall, at the option of Franchisor, be paid by Franchisee.

19. ENFORCEMENT

19.1. In order to ensure compliance with this Agreement and to enable Franchisor to carry out its obligations under this Agreement, Franchisee agrees that Franchisor and its designated agents shall be permitted, with or without notice, full and complete access during business hours to inspect the Storage Site and all records thereof including, but not limited to, records relating to Franchisee's customers, suppliers, employees and agents. Franchisee shall cooperate fully with Franchisor and its designated agents requesting such access.

19.2. Franchisor or its designee shall be entitled to obtain, without bond, declarations, temporary and permanent injunctions, and/or orders of specific performance, to enforce the provisions of this Agreement relating to Franchisee's use of the Marks, the Post-Termination Obligations of Franchisee upon termination or expiration of this Agreement, the protection of Franchisor's confidential and proprietary information (including without limitation the Operations Manual), and the provisions of this Agreement relating to any unauthorized assignment or transfer of the Business and ownership interests in Franchisee, as well as to prohibit any act or omission by Franchisee or its employees which constitutes a violation of any applicable law or regulation, which is dishonest or misleading to prospective or current customers of businesses operated under the System, which constitutes a danger to other franchisees, employees, customers or the public, or which may impair the goodwill associated with the Marks.

19.3. If Franchisor secures any declaration, injunction or order of specific performance pursuant to Section 19.2 hereof, if any provision of this Agreement is enforced at any time by Franchisor or if any amounts due from Franchisee to Franchisor are, at any time, collected by or through an attorney at law or collection agency, Franchisee shall be liable to Franchisor for all costs and expenses of enforcement and collection including, but not limited to, court costs, expenses, and reasonable attorneys' fees.

20. NOTICES

20.1. Any notice required to be given hereunder shall be in writing and shall be either mailed by certified mail, return receipt requested or delivered by a recognized courier service, receipt acknowledged. Notices to Franchisee shall be addressed to it at the address listed in Article 1 of this Agreement. Notices to Franchisor shall be addressed to it at the address listed in Article 1 of this Agreement, Attention: Travis Hale. Any notice complying with these provisions shall be deemed to be given three (3) days after mailing, or on the date of receipt, whichever is earlier. Each party shall have the right to designate any other address for such notices by giving notice in the foregoing manner, and in such event all notices to be mailed after receipt of such notice shall be sent to such other address.

21. GOVERNING LAW AND DISPUTE RESOLUTION

21.1. *Choice of Law.* This Agreement is accepted by Franchisor in the State of Georgia and shall be governed by and construed in accordance with Georgia law, which laws shall prevail in the event of any conflict. Franchisee irrevocably submits to the jurisdiction of state or federal court of general jurisdiction in Gwinett County, Georgia and waives any objection it may have to either jurisdiction or venue of such court.

21.2. *Mediation and Arbitration.* Any and all disputes arising from or relating to the parties' relationship, or this Agreement, shall first be subject to mandatory mediation which shall be conducted and completed in Gwinett County, Georgia within thirty (30) days of written demand therefor. Any disputes not resolved by mandatory mediation shall be resolved by binding arbitration within 120 days of the initial written demand therefor. The arbitration hearing shall be held in Gwinett County, Georgia pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The arbitration award shall be reviewable only by state or federal courts in or having jurisdiction over Gwinett County, Georgia only for clear error of fact or law and on any additional statutory grounds for vacationing or reversing an arbitration award. Franchisor shall be entitled to recover its reasonable attorneys' fees and litigation costs and expenses including expert witness fees if it is the substantially prevailing party in any arbitration or litigation relating to this Agreement or the parties' relationship. Nothing contained herein shall preclude any party from commencing a suit in court for temporary or preliminary injunctive relief to prevent irreparable harm pending the arbitration decision, provided that any such suit for temporary or preliminary injunctive relief shall be commenced and maintained exclusively in state or federal courts in or having jurisdiction over Gwinett County, Georgia.

21.3. *Third-Party Beneficiaries.* Franchisor's officers, directors, shareholders, agents, and/or employees are express third-party beneficiaries of this Agreement and the mediation and other dispute resolution provisions contained herein, each having authority to specifically enforce the right to mediate and litigate claims asserted against such person(s) by Franchisee.

21.4. *Injunctive Relief.* Nothing in this Agreement will prevent Franchisor from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, Franchisee's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

21.5. *JURY TRIAL AND CLASS ACTION WAIVER.* THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES. THE PARTIES AGREE THAT ALL PROCEEDINGS, WHETHER LITIGATION, MEDIATION, OR ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE AND FRANCHISEE'S

PRINCIPALS AND YOU, AND FRANCHISOR OR ITS AFFILIATES OR EMPLOYEES, MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER PERSON OR ENTITY.

21.6. *Limitation on Action.* Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee unless brought before the expiration of one (1) year after the act, transaction, or occurrence upon which such action is based or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.

21.7. *Franchisee Waiver.* Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, arbitration, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

21.8. *Waiver of Punitive Damages.* Franchisee waives to the fullest extent permitted by law any right to or claim for any punitive, exemplary, incidental, indirect, special, or consequential damages (including, without limitation, lost profits) which it may have against Franchisor, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort, or otherwise) and agrees that in the event of a dispute, Franchisee's recovery shall be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, Franchisee's waiver of any right to claim any consequential damages.

21.9. *Costs and Attorney's Fees.* If Franchisee is in breach or default of any monetary or non-monetary material obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all reasonable attorneys' fees, court costs, and litigation expenses Franchisor incurs. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

22. SEVERABILITY AND CONSTRUCTION

22.1. Should any provision of this Agreement be for any reason held invalid, illegal, or unenforceable by a court of competent jurisdiction, such provision shall be deemed restricted in application to the extent required to render it valid; and the remainder of this Agreement shall in no way be affected and shall remain valid and enforceable for all purposes, both parties hereto

declaring that they would have executed this Agreement without inclusion of such provision. In the event such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this paragraph shall operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each party agrees to execute and deliver to the other any further documents that may be reasonably required to effectuate fully the provisions hereof. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, on a temporary or permanent basis, to reduce the scope of any covenant or provision of this Agreement binding upon Franchisee, or any portion hereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it will comply forthwith with any covenant as so modified, which shall be fully enforceable.

22.2. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute one and the same instrument.

22.3. The table of contents, headings, and captions contained herein are for the purposes of convenience and reference only and are not to be construed as a part of this Agreement. All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. The parties agree that each section of this Agreement shall be construed independently of any other section or provision of this Agreement.

23. CONFIDENTIALITY

23.1. All terms and provisions of this Agreement shall be kept in strict confidence. The terms and provisions of this Agreement may be revealed only with the written permission of Franchisor or by an order from an arbitrator or court.

24. ACKNOWLEDGEMENTS

24.1. Franchisee hereby acknowledges the following:

24.1.1. Franchisee has conducted an independent investigation of the Business contemplated by this Agreement and understands and acknowledges that the Business contemplated by this Agreement involves business risks, making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operator. Franchisee agrees that no claims of success or failure have been made to it prior to signing this Agreement; and that it undertakes all the terms and conditions of this Agreement. This Agreement contains all oral and written agreements, representations, and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and no representations or warranties are made or implied, except as specifically set forth herein. This Agreement cannot be changed or terminated orally. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

24.1.1.1. Franchisee has no knowledge of any representations by Franchisor or its members, managers, officers, directors, shareholders, employees, agents, or servants, about the Business contemplated by this Agreement that are contrary to the terms of this Agreement, or the documents incorporated herein. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining this Agreement.

24.1.2. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Storage Site does not constitute recommendation or endorsement of the location, nor any assurance by Franchisor that the Business in your location will be successful or profitable.

24.1.3. Franchisee acknowledges that it received the Franchisor's Franchise Disclosure Document the earlier of: (i) fourteen (14) business days prior to the earlier of the execution of this agreement or the payment of any consideration to the Franchisor in connection with the sale of this franchise; or (ii) at the appropriate time as required under the laws of the state where Franchisee was domiciled at such time or where the Territory is to be located.

24.1.4. Franchisee acknowledges that Franchisor gave completed copies of this Agreement and any related agreements to Franchisee at least seven (7) business days prior to actual execution.

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

24.1.6. Franchisee, together with its advisors, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to Business.

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

24.1.8. Franchisee acknowledges that this agreement and the accompanying guaranty of Franchisee's undertakings constitute the entire agreement of the parties with respect to the subject matter hereof. This Agreement terminates and supersedes any prior agreement between the parties concerning the same subject matter.

[Signature page follows]

Signature Page to the Franchise Agreement

IN WITNESS WHEREOF, the parties have duly signed and delivered this Agreement as dated below.

Franchisor:

PEACHWOOD FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

Franchisee:

(if entity)

(Entity Name)

By: _____

Name: _____

Title: _____

Date: _____

If individuals:

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

Date: _____

Appendix A to the Franchise Agreement

FRANCHISEE INFORMATION & PROTECTED TERRITORY

1. **Effective Date:** _____

2. **Franchisee's Name(s):** _____

3. **Ownership of Franchise:** *If the franchisee is a business entity (as defined in the Agreement), the following persons constitute all of the owners of a legal and/or beneficial interest in the franchisee:*

<u>Name</u>	<u>Percentage Ownership</u>
_____	_____%
_____	_____%
_____	_____%

4. **Principal Executive (Section 4.2):** _____

5. **Designated Representative (Section 4.2):** _____

6. **Franchise Fee (Section 5.1):** Fifty-Five Thousand U.S. Dollars (\$55,000)

7. **Franchisee's Address, Phone, and Email:** _____

8. **Protected Territory:** *[Attach map or list of distinguishing territory features such as list of zip codes]*

Appendix B to the Franchise Agreement

PERSONAL GUARANTY OF OWNER/SHAREHOLDER

This Personal Guaranty and Assumption of Obligations (this “**Guaranty**”) is given this ____ day of _____, 20____, by _____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (“**Franchise Agreement**”) by Peachwood Franchising, LLC (“**Franchisor**”), a Georgia limited liability company, and _____, a _____ (“**Franchisee**”), the undersigned hereby personally and unconditionally, jointly and severally: guaranties to Franchisor and its successors and assigns, for the Term of the Franchise Agreement and, including any renewal thereof, as provided in the Franchise Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant stated in the Agreement and any documents, agreements, and instruments signed with or in connection with the Franchise Agreement (collectively, the “**Franchise Documents**”); and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Documents applicable to the owners of Franchisee.

The undersigned waives:

1. acceptance and notice of acceptance by Franchisor of the foregoing undertakings;
2. notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guarantied;
3. protest and notice of default to any party with respect to the indebtedness of non-performance of any obligations hereby guarantied;
4. any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
5. any and all other notices and legal or equitable defenses to which the undersigned may be entitled.

The undersigned consents and agrees that:

1. the undersigned’s direct and immediate liability under this Guaranty shall be joint and several with all signatories to this and similar guaranties of Franchisee’s obligations;
2. the undersigned shall render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so;

3. this Guaranty shall apply to any claims Franchisor may have due to return of any payments or property Franchisor may have received from Franchisee as a preference, fraudulent transfer or conveyance or the like in any legal proceeding;
4. such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and
5. 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 any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which in any way modify or amend this Guaranty, which shall be continuing and irrevocable during and after the terms of the Franchise Documents, as the same may be amended or renewed, until Franchisee's duties and obligations to Franchisor are fully discharged and satisfied.

All capitalized terms when used shall have the meanings ascribed to them in the Franchise Agreement.

This Guaranty shall be governed, construed, and interpreted in accordance with the substantive laws of the state where Franchisor has its principal place of business at the time a dispute arises, without giving effect to its conflicts of law principles.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature as dated below.

GUARANTOR(S)

Signature _____

Print or Type Name _____

Date _____

Signature _____

Print or Type Name _____

Date _____

Appendix C to the Franchise Agreement

GENERAL RELEASE FOR RENEWAL OR TRANSFER

This GENERAL RELEASE (“**Release**”) effective as dated below by _____ (“**Releasor**”), with reference to the following facts:

The undersigned Releasor is the Franchisee under, and signatory to, that certain Franchise Agreement dated _____, 20____ (“**Franchise Agreement**”) by and between Peachwood Franchising, LLC, a Georgia limited liability company (“**Franchisor**”) and Releasor granting Releasor the right to use the System and Marks to operate the Business subject to the terms provided thereunder.

Releasor agrees that all capitalized terms in this Release will have the meaning that are ascribed to them in the Franchise Agreement.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS ACKNOWLEDGED, RELEASOR AGREES AS FOLLOWS:

1. *General Release.* In consideration of, and as an inducement to, Franchisor’s agreement to renew or consent to a transfer of the Franchise Agreement, as applicable, Releasor, for itself and on behalf of its current and former parents, subsidiaries, affiliates and related entities, and its and their respective current and former shareholders, owners, officers, directors, members, managers, attorneys, agents, representatives, employees, predecessors, successors and assigns, all persons acting on its or their behalf or claiming under it or them and all entities in which it or they has(ve) or had an ownership interest (individually, collectively, and in any combination, the “**Releasor Parties**”), hereby (i) releases and forever discharges Franchisor, their current and former parents, subsidiaries, affiliates and related entities, and its and their current and former shareholders, members, officers, directors, owners, managers, attorneys, agents, representatives, employees, predecessors, successors and assigns (individually, collectively, and in any combination, the “**Released Parties**”), from any and all claims, debts, rights, demands, obligations, liabilities, actions, causes of action, suits, proceedings, controversies, disputes, agreements, promises, allegations, costs and expenses, of every nature, character or description whatsoever, at law or in equity, whether known or unknown, vested or contingent, suspected or unsuspected or anticipated or unanticipated which any or all of the Releasor Parties now own or have, have ever had, or may ever have, against any or all of the Released Parties arising prior to or as of the date of this Release, and (ii) agrees that none of them will institute any litigation or other legal action or proceeding, at law or in equity, against the Released Parties relating to any claim or demand released under this Article 1; provided, however, that this release and covenant not to sue will not apply to any claims that arise under any applicable federal or state franchise laws, except to the extent that such claims may by law be released by this Release. Releasor will take whatever actions are necessary or appropriate to carry out the terms of this Release and covenant not to sue upon Franchisor’s request. This Article 1 will survive the expiration or termination of this Release.

2. *Waiver of Rights.* This release is intended by Releasor to be a full and unconditional general release, as that phrase is used and commonly interpreted, and to constitute a full, unconditional and final accord and satisfaction, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of Releasor (for itself and all other Releasor Parties) against the Released Parties regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. Releasor, for itself and the other Releasor Parties, hereby expressly, voluntarily, and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which they would be entitled, now or at any time hereafter under the statutory or common law of the state where the Business is located, whether now or hereinafter existing under the laws of the state where the Business is located, or any other applicable federal and state law with jurisdiction over the parties relationship. Releasor, on its own behalf and on behalf of the other Releasor Parties, expressly waive the provisions of Section 1542 of the Civil Code of the State of California (as well as under any other statutes or common law principles of similar effect whether now or hereinafter existing), which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his settlement with the debtor or released party.

In making this voluntary express waiver, Releasor acknowledges that claims or facts in addition to or different from those which are now known or believed to exist with respect to the matters mentioned herein may later be discovered and that it is Releasor's intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts.

3. *Release Not Admission.* Releasor understands and agrees that the giving or acceptance of this Release and the agreements contained herein will not constitute or be construed as an admission of any liability by Franchisor, or an admission of the validity of any claims made by or against Franchisor.

4. *Authority of Parties.* Each person executing this Release on behalf of a party hereto warrants and represents that he or she is duly authorized to execute this Release on behalf of such party.

5. *No Prior Assignments.* Releasor represents and warrants that Releasor has not previously assigned or transferred, or attempted to assign or transfer, to any third party any of the Claims which are the subject of this Release, all such Claims being released.

6. *Incorporation by Reference.* The parties hereby incorporate the recitals of this Release as part of the substantive provisions of this Agreement.

7. *Controlling Law.* This Release will be governed, construed, and interpreted in accordance with the substantive laws of the state where the Business is located.

IN WITNESS WHEREOF, Releasor has executed this Release on the date shown below.

Releasor:

By: _____

Name: _____

Title: _____

Date: _____

**GENERAL RELEASE
FOR RENEWAL OR TRANSFER
(for Owner)**

This GENERAL RELEASE (“**Release**”) effective as dated below by _____ (“**Releasor**”), with reference to the following facts:

The undersigned Releasor is the Franchisee under, and signatory to, that certain Franchise Agreement dated _____, 20____ (“**Franchise Agreement**”) by and between Peachwood Franchising LLC, a Georgia limited liability company (“**Franchisor**”) and Releasor granting Releasor the right to use the System and Marks to operate the Business subject to the terms provided thereunder.

Releasor agrees that all capitalized terms in this Release will have the meaning that are ascribed to them in the Franchise Agreement.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS ACKNOWLEDGED, RELEASOR AGREES AS FOLLOWS:

1. *General Release.* In consideration of, and as an inducement to, Franchisor’s agreement to renew or consent to a transfer of the Franchise Agreement, as applicable, Releasor, for itself and on behalf of its current and former parents, subsidiaries, affiliates and related entities, and its and their respective current and former shareholders, owners, officers, directors, members, managers, attorneys, agents, representatives, employees, predecessors, successors and assigns, all persons acting on its or their behalf or claiming under it or them and all entities in which it or they has(ve) or had an ownership interest (individually, collectively, and in any combination, the “**Releasor Parties**”), hereby (i) releases and forever discharges Franchisor, their current and former parents, subsidiaries, affiliates and related entities, and its and their current and former shareholders, members, officers, directors, owners, managers, attorneys, agents, representatives, employees, predecessors, successors and assigns (individually, collectively, and in any combination, the “**Released Parties**”), from any and all claims, debts, rights, demands, obligations, liabilities, actions, causes of action, suits, proceedings, controversies, disputes, agreements, promises, allegations, costs and expenses, of every nature, character or description whatsoever, at law or in equity, whether known or unknown, vested or contingent, suspected or unsuspected or anticipated or unanticipated which any or all of the Releasor Parties now own or have, have ever had, or may ever have, against any or all of the Released Parties arising prior to or as of the date of this Release, and (ii) agrees that none of them will institute any litigation or other legal action or proceeding, at law or in equity, against the Released Parties relating to any claim or demand released under this Article 1; provided, however, that this release and covenant not to sue will not apply to any claims that arise under any applicable federal or state franchise laws, except to the extent that such claims may by law be released by this Release. Releasor will take whatever actions are necessary or appropriate to carry out the terms of this Release and covenant not to sue upon Franchisor’s request. This Article 1 will survive the expiration or termination of this Release.

2. *Waiver of Rights.* This release is intended by Releasor to be a full and unconditional general release, as that phrase is used and commonly interpreted, and to constitute a full, unconditional and final accord and satisfaction, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of Releasor (for itself and all other Releasor Parties) against the Released Parties regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. Releasor, for itself and the other Releasor Parties, hereby expressly, voluntarily, and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which they would be entitled, now or at any time hereafter under the statutory or common law of the state where the Business is located, whether now or hereinafter existing under the laws of the state where the Business is located, or any other applicable federal and state law with jurisdiction over the parties relationship. Releasor, on its own behalf and on behalf of the other Releasor Parties, expressly waive the provisions of Section 1542 of the Civil Code of the State of California (as well as under any other statutes or common law principles of similar effect whether now or hereinafter existing), which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his settlement with the debtor or released party.

In making this voluntary express waiver, Releasor acknowledges that claims or facts in addition to or different from those which are now known or believed to exist with respect to the matters mentioned herein may later be discovered and that it is Releasor's intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts.

3. *Release Not Admission.* Releasor understands and agrees that the giving or acceptance of this Release and the agreements contained herein will not constitute or be construed as an admission of any liability by Franchisor, or an admission of the validity of any claims made by or against Franchisor.

4. *Authority of Parties.* Each person executing this Release on behalf of a party hereto warrants and represents that he or she is duly authorized to execute this Release on behalf of such party.

5. *No Prior Assignments.* Releasor represents and warrants that Releasor has not previously assigned or transferred, or attempted to assign or transfer, to any third party any of the Claims which are the subject of this Release, all such Claims being released.

6. *Incorporation by Reference.* The parties hereby incorporate the recitals of this Release as part of the substantive provisions of this Agreement.

7. *Controlling Law.* This Release will be governed, construed, and interpreted in accordance with the substantive laws of the state where the Business is located.

IN WITNESS WHEREOF, Releasor has executed this Release on the date shown below.

Releasor:

By: _____

Name: _____

Title: _____

Date: _____

Appendix D to the Franchise Agreement

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

(for trained employees, officers, directors, general partners, members, Controlling Person(s) and any other management personnel of Franchisee)

In consideration of my being a [INSERT TITLE/ROLE WITH FRANCHISEE] of _____ (the "Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I (the undersigned) hereby acknowledge and agree that Franchisee has acquired the right from Peachwood Franchising, LLC (the "Company") to: (i) establish and operate an Peachwood Floor Coverings Business (the "Business"); and (ii) use in the operation of the Business the Company's trade names, trademarks and service marks (collectively, the "Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of Peachwood Floor Coverings business (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: _____ (the "Premises").

1. The Company possesses certain proprietary and confidential information relating to the operation of the Business and System generally, including without limitation: Company's proprietary and confidential Operations Manual and other manuals providing guidelines, standards and specifications related to the establishment and operation of the Business (collectively, the "Manual"); Franchisor's proprietary training materials and programs, as well as proprietary marketing methods and other instructional materials, trade secrets; information related to any other proprietary methodology or aspects of the System or the establishment and continued operation of the Business; financial information; any and all customer lists, contracts and other customer information obtained through the operation of the Business and other Peachwood Floor Coverings businesses; any information related to any type of proprietary software that may be developed and/or used in the operation of with the Business; and any techniques, methods and know-how related to the operation of Peachwood Floor Coverings business or otherwise used in connection with the System, which includes certain trade secrets, copyrighted materials, methods and other techniques and know-how (collectively, the "Confidential Information").

2. Any other information, knowledge, know-how, and techniques which the Company specifically designates as confidential will also be deemed to be Confidential Information for purposes of this Agreement.

3. As [INSERT TITLE WITH RESPECT TO FRANCHISEE] of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Manual, and other general assistance during the term of this Agreement.

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

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

6. I will surrender any material containing some or all of the Confidential Information to the Company, upon request, or upon conclusion of the use for which the information or material may have been furnished.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business which provides or offers education, special education, or supplemental education classes and services including tutoring (collectively, a “Competing Business”). I also agree that I will not undertake any action to divert business from the Business to any Competing Business or solicit any of the former customers or employees of Franchisee for any competitive business purpose.

7.1 *Post-Term Restrictive Covenant for Controlling Person of Business or Manager/Officers/Directors of Franchisee.* In the event I am a manager of the Business, or an officer/director/manager/partner of Franchisee that has not already executed a personal guaranty agreeing to be bound by the terms of the Franchise Agreement, then I further agree that I will not be involved in a Competing Business of any kind for a period of one year after the expiration or termination of my employment with Franchisee for any reason: (i) at or within a 10-mile radius of the Premises; or (ii) within a 5-mile radius of any other Peachwood Floor Coverings business that exists at the time my employment with Franchisee ceases through the date of my involvement with the Competing Business. I also agree that I will not be involved in the franchising or licensing of any Competing Business at any location, or undertake any action to divert business from the Business to any Competing Business or solicit any of the former customers or employees of Franchisee for any competitive business purpose, during this one-year period following the termination or expiration of my employment with the Franchisee.

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

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

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security. I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees, and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. I shall not at any time, directly or indirectly, do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.

12. Franchisee shall make all commercially reasonable efforts to ensure that I act as required by this Agreement.

13. Any failure by Franchisor to object to or take action with respect to any breach of this Agreement by me shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by me.

14. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF GEORGIA AND MYSELF HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURT CLOSEST TO FRANCHISOR'S THEN-CURRENT HEADQUARTERS OR, IF APPROPRIATE, THE UNITED STATES DISTRICT COURT FOR THE DISTRICT FOR GEORGIA. I HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. I HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ME IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY GEORGIA OR FEDERAL LAW. I FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE ONE OF THE COURTS DESCRIBED ABOVE IN THIS SECTION; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

15. The parties acknowledge and agree that each of the covenants contained in this Agreement are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. 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 Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a part, I expressly agree to be bound by any lesser covenant subsumed within the terms of the 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.

16. This Agreement contains the entire agreement of the parties regarding the subject matter of this Agreement. This Agreement may be modified only by a duly authorized writing executed by all parties.

17. All notices and demands required to be given must be in writing and sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile or electronic mail, (provided that the sender confirms the facsimile or electronic mail, by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective party at the following address unless and until a different address has been designated by written notice.

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile or electronic mail shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties. "Business day" for the purpose of this Agreement excludes Saturday, Sunday and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day.

18. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and inure to the benefit of its respective parent, successor and assigns.

Signature Page for Appendix D - Form of Confidentiality and Noncompete Agreement

IN WITNESS WHEREOF, this Agreement is made and entered into by the undersigned parties as of the Effective Date.

UNDERSIGNED

Signature: _____

Name: _____

Address: _____

Title: _____

ACKNOWLEDGED BY FRANCHISEE

[FRANCHISEE NAME]

By: _____

Title: _____

Appendix E to the Franchise Agreement

FRANCHISEE QUESTIONNAIRE/COMPLIANCE CERTIFICATION

As you know, Peachwood Franchising, LLC (“we”, “us”), and you are preparing to enter into a franchise agreement for the right to operate one (1) or more Peachwood Floor Coverings franchises, and/or operate a franchisee Territory (each, a “**Business**”). The purpose of this Questionnaire is to: (i) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading; (ii) be certain that you have been properly represented in this transaction; and (iii) be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and pay us the appropriate Franchisee Fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

- Yes ____ No ____ 1. Have you received and personally reviewed the Franchise Agreement, as well as each exhibit or schedule attached to these agreements that you intend to enter into with us?
- Yes ____ No ____ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?
- Yes ____ No ____ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?
- Yes ____ No ____ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?
- Yes ____ No ____ 5. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Business(es) with these professional advisor(s)?
- Yes ____ No ____ 6. Do you understand the success or failure of your Business(es) will depend in large part upon your skills, abilities, and efforts and those of the persons you employ, as well as many factors beyond your control such as demographics of your Territory, competition, interest rates, the economy, inflation, labor and supply costs, lease terms, and the marketplace?
- Yes ____ No ____ 7. Do you understand we have only granted you certain, limited territorial rights under the Franchise Agreement, and that we have reserved certain rights under the Franchise Agreement?
- Yes ____ No ____ 8. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the System mark or any other mark at any location outside your Territory under

the Franchise Agreement, without regard to the proximity of these activities to the premises of your Business(es)?

- Yes ____ No ____ 9. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated and/or arbitrated, at our option, at our then-current headquarters?
- Yes ____ No ____ 10. Do you understand the Franchise Agreement provides that you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and are not entitled to any punitive, consequential, or other special damages?
- Yes ____ No ____ 11. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is us?
- Yes ____ No ____ 12. Do you understand that the Franchisee (or one of its principals if Franchisee is an organization), as well as any Principal Executive(s) (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Business to open or consent to a transfer of that Business?
- Yes ____ No ____ 13. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?
- Yes ____ No ____ 14. Do you understand that we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises (other than those that you timely fulfill your development obligations and have contracted to open under the Development Agreement, provided you have not materially breached that agreement and failed to timely cure that breach)?
- Yes ____ No ____ 15. Do you understand that we will send written notices, as required by your Franchise Agreement, to either your Business or home address until you designate a different address by sending written notice to us?
- Yes ____ No ____ 16. Do you understand that we will not approve your purchase of a franchise, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?
- Yes ____ No ____ 17. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

- Yes ____ No ____ 18. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes ____ No ____ 19. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and/or Development Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes ____ No ____ 20. Is it true that no broker, employee, or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property, or services from you in connection with a Business purchase with exception of those payments or loans provided in the Disclosure Document?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

Signature of Franchisee Applicant

Signature of Franchisee Applicant

Name (please print)

Name (please print)

Dated: _____

Dated: _____

Signature of Franchisee Applicant

Signature of Franchisee Applicant

Name (please print)

Name (please print)

Dated: _____

Dated: _____

GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES ON BACK OF THIS PAGE (REFER TO QUESTION NUMBER).

Appendix F to the Franchise Agreement

ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM

Bank Name: _____

ABA#: _____

Acct. No.: _____

Acct. Name: _____

Effective as of the date of the signature below, [Franchisee Name] _____ (the “Franchisee”) hereby authorizes Peachwood Franchising, LLC (the “Franchisor”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Franchisor or its affiliates under the franchise agreement dated _____ (the “Franchise Agreement”) for the business located at: _____

_____ (the “Business”): (i) all Royalty Fees; (ii) Fund Contributions; (iii) any amounts due and owing the Franchisor or its affiliates in connection with marketing materials or other supplies or inventory that is provided by Franchisor or its affiliates; and (iv) all other fees and amounts due and owing to Franchisor or its affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Franchisor (or its designee) as set forth in the Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement.

Such withdrawals shall occur on a weekly basis, or on such other schedule as Franchisor shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Franchisor. Franchisee shall provide Franchisor, in conjunction with this authorization, a voided check from the above-referenced account.

[Signature page follows]

Signature Page to Appendix F – Electronic Funds Transfer Authorization

AGREED:

FRANCHISEE

[INSERT FRANCHISEE NAME]

By: _____

Name (Print): _____

Title: _____

FRANCHISOR APPROVAL

Peachwood Franchising, LLC

By: _____

Name (Print): _____

Title: _____

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

Appendix G to the Franchise Agreement

LEASE RIDER

THIS LEASE RIDER is entered into this _____ day of _____, 20____ by and between:

Peachwood Franchising, LLC (“**Franchisor**”),

_____ (“**Franchisee**”), and

_____ (“**Landlord**”).

WHEREAS, Franchisor and Franchisee are parties to a Franchise Agreement dated _____, 20____ (the “**Franchise Agreement**”); and

WHEREAS, the Franchise Agreement provides that Franchisee will operate a Business at a location that Franchisee selects and Franchisor accepts; and

WHEREAS, Franchisee and Landlord propose to enter into the lease to which this Rider is attached (the “**Lease**”), pursuant to which Franchisee will occupy premises located at _____

_____ (the “**Premises**”) for the purpose of constructing and operating the Business in accordance with the Franchise Agreement; and

WHEREAS, the Franchise Agreement provides that, as a condition to Franchisor’s authorizing Franchisee to enter into the Lease, the parties must execute this Lease Rider;

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth in this Rider and in the Franchise Agreement, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. During the term of the Franchise Agreement, Franchisee will be permitted to use the Premises for the operation of the Business and for no other purpose.
2. Subject to applicable zoning laws and deed restrictions and to prevailing community standards of decency, Landlord consents to Franchisee’s installation and use of such trademarks, service marks, signs, decor items, color schemes, and related components of the System as Franchisor may from time to time prescribe for the Business.
3. Landlord agrees to furnish Franchisor with copies of all letters and notices it sends to Franchisee pertaining to the Lease and the Premises, at the same time it sends such letters and notices to Franchisee. Notice shall be sent to Franchisor by the method(s) as stated in the lease to:

Peachwood Franchising, LLC
ATTN: Mike O'Connor
6670 Corners Industrial Ct. NW, Suite B
Norcross, Georgia 30092
Tel: (678) 935-6091
Email: inquiries@peachwoodFC.com

4. Franchisor will have the right, without being guilty of trespass or any other crime or tort, to enter the Premises at any time or from time to time (i) to make any modification or alteration it considers necessary to protect the System and Marks, (ii) to cure any default under the Franchise Agreement or under the Lease, or (iii) to remove the distinctive elements of Franchisor's trade dress upon the Franchise Agreement's expiration or termination. Neither Franchisor nor Landlord will be responsible to Franchisee for any damages Franchisee might sustain as a result of action Franchisor takes in accordance with this provision. Franchisor will repair or reimburse Landlord for the cost of any damage to the Premises' walls, floor, or ceiling that result from Franchisor's removal of trade dress items and other property from the Premises.
5. Franchisee will be permitted to assign the Lease to Franchisor or its designee upon the expiration or termination of the Franchise Agreement. Landlord consents to such an assignment and agrees not to impose any assignment fee or similar charge, or to increase or accelerate rent under the Lease, in connection with such an assignment.
6. If Franchisee assigns the Lease to Franchisor or its designee in accordance with the preceding paragraph, the assignee must assume all obligations of Franchisee under the Lease from and after the date of assignment but will have no obligation to pay any delinquent rent or to cure any other default under the Lease that occurred or existed prior to the date of the assignment.
7. Franchisee may not assign the Lease or sublet the Premises without Franchisor's prior written consent, and Landlord will not consent to an assignment or subletting by Franchisee without first verifying that Franchisor has given its written consent to Franchisee's proposed assignment or subletting.
8. Landlord and Franchisee will not amend or modify the Lease in any manner that could materially affect any of the provisions or requirements of this Lease Rider without Franchisor's prior written consent.
9. The provisions of this Lease Rider will supersede and control any conflicting provisions of the Lease.
10. Landlord acknowledges that Franchisor is not a party to the Lease and will have no liability or responsibility under the Lease unless and until the Lease is assigned to, and assumed by, Franchisor.

Signature Page to Appendix G - Lease Rider

IN WITNESS WHEREOF, the parties have executed this Lease Rider of the date first above written:

FRANCHISOR:

FRANCHISEE:

PEACHWOOD FRANCHISING LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

LANDLORD:

By: _____

Name: _____

Title: _____

**EXHIBIT G
TO THE
FRANCHISE DISCLOSURE DOCUMENT**

STATE SPECIFIC ADDENDA

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

OUR WEBSITE (www.peachwoodfloorcoverings.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT dfpi.ca.gov.

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of California:

ITEM 3 – LITIGATION

1. Neither the Franchisor, nor any person identified in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange

ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. The Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
2. 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).
3. The Franchise Agreement and the Development Agreement contain provisions requiring application of the laws of Oregon. This provision may not be enforceable under California law.
4. The Franchise Agreement and the Development Agreement require venue to be limited to Oregon. This provision may not be enforceable under California law.
5. The Franchise Agreement contains a covenant not to compete which extends beyond the termination or non-renewal of the franchise. This provision may not be enforceable under California law.
6. THE FRANCHISE AGREEMENT MAY REQUIRE THE FRANCHISEE TO EXECUTE A GENERAL RELEASE OF CLAIMS UPON EXECUTION OF THE FRANCHISE AGREEMENT. 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).
7. California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Corporations before we ask you to consider a material modification of your Franchise Agreement or the Development Agreement.

8. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
9. The Franchise Agreement and Area Development Agreement require binding arbitration. The arbitration will occur in Oregon. If we are the substantially prevailing party, we will be entitled to recover reasonable attorney's fees and litigations costs and expenses in connection with the arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

CONNECTICUT ADDENDUM TO DISCLOSURE DOCUMENT

DISCLOSURES REQUIRED BY CONNECTICUT LAW

The state of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

Peachwood Franchising, LLC

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

The following paragraphs are added in the state cover pages:

THESE FRANCHISES WILL HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN 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 THE PROSPECTIVE FRANCHISEE AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, AND THIS ADDENDUM, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS ADDENDUM AND THE DISCLOSURE DOCUMENT CONTAIN 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 THE FRANCHISOR AND FRANCHISEE.

The name and address of the Franchisor's agent in this state authorized to receive service of process is: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., the Franchise Disclosure Document for Box Painting Franchising LLC in connection with the offer and sale of franchises for use in the State of Hawaii shall be amended to include the following:

This proposed registration is effective/exempt from registration or will shortly be on file in California, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington, and Wisconsin. No states have refused, by order or otherwise, to register these franchises. No states have revoked or suspended the right to offer these franchises. The proposed registration of these franchises has not been involuntarily withdrawn in any state.

Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., are met independently without reference to this Addendum to the Disclosure document.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

Illinois law governs the Disclosure Document and Franchise Agreement(s).

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

Your 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 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 ADDENDUM TO DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Agreement or Area Development Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. The Franchise Agreement and Development Agreement will be governed by Indiana law, Venue for litigation will not be limited to a venue outside of the State of Indiana, as specified in the Franchise Agreement and Development Agreement.
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 therein as a material breach of the Franchise Agreement, shall supersede any conflicting provisions of the Franchise Agreement and the Development Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.
3. No release language set forth in the Franchise Agreement or Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.
4. The post-termination non-competition covenants set forth in the Franchise Agreement and Development Agreement shall be limited in time to a maximum of three (3) years and in geographic scope to the designated territory granted by the Agreement.
5. Nothing in the Franchise Agreement or Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana, and the laws of the State of Indiana supersede any conflicting choice of law provisions set forth herein if such provision is in conflict with Indiana law.
6. You will not be required to indemnify us and the other Indemnities for any liability caused by your proper reliance on or use of procedures or materials provided by us or caused by our negligence.
7. If we receive any payments related to purchases from you that we do not pass on in full to the supplier, we will promptly account for the amount of the payment that we retained and we will transmit the retained amount to you.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document, Franchise Agreement or Development Agreement and will apply to all franchises offered and sold under the laws of the State of Maryland:

Item 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. No release language in the Franchise Agreement or Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Maryland. Any general release required as a condition of renewal, sale and/or assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. A franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within three years after the grant of the franchise.
3. The provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE MICHIGAN FRANCHISE INVESTMENT LAW**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

- (A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.
- (B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.
- (C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS 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 FRANCHISED BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, MARKETING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.
- (E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.
- (F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.¹
- (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:

¹ NOTE: NOTWITHSTANDING PARA. (F) ABOVE, WE INTEND TO FULLY ENFORCE THE PROVISIONS OF THE ARBITRATION SECTION OF OUR AGREEMENTS. WE BELIEVE THAT PARA. (F) IS PREEMPTED BY THE FEDERAL ARBITRATION ACT AND THAT PARA. (F) IS THEREFORE UNCONSTITUTIONAL.

- (i) THE FAILURE OF THE PROPOSED FRANCHISEE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.
 - (ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.
 - (iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.
 - (iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.
- (H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).
- (I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

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

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN \$100,000, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: MICHIGAN DEPARTMENT OF COMMERCE, CORPORATION AND SECURITIES BUREAU, 6546 MERCANTILE WAY, P.O. BOX 30222, LANSING, MICHIGAN 48910.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE
CORPORATE OVERSIGHT DIVISION
ATTN: FRANCHISE
670 G. MENNEN WILLIAMS BUILDING
LANSING, MICHIGAN 48913

INFORMATION REQUIRED BY THE STATE OF MINNESOTA

Notwithstanding anything to the contrary set forth in the Disclosure Document, the Franchise Agreement, or the Development Agreement, the following provisions will supersede and apply:

1. We will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the same.
2. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit the Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.
3. No release language set forth in the Franchise Agreement or Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.
4. Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, subdivisions 3, 4, and 5 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 nonrenewal of the Franchise Agreement or Development Agreement.
5. Under the terms of the Franchise Agreement and Development Agreement, as modified by the Minnesota Addendum to the Franchise Agreement, you agree that if you engage in any non-compliance with the terms of the Franchise Agreement or unauthorized or improper use of the System Marks, or Proprietary Materials during or after the period of the Agreements, we will be entitled to seek both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law, and you consent to the seeking of these temporary and permanent injunctions.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

NOTICE TO PROSPECTIVE FRANCHISEES IN THE STATE OF NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT D 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 NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

Neither the Franchisor, nor its affiliates, officers, or directors during the 10 year period immediately preceding the date of the offering prospectus have (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one (1) year after the officer or general partner of the franchisor held this position in the company or partnership.

4. The following are revisions to Item 5 of the Franchise Disclosure Document

The Initial Franchise Fee is to be used for the purpose of sales development, training, and marketing costs as set forth in Item 7.

5. The following is added to the end of the "Summary" section 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 Section 687.4 and 687.5 be satisfied.

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

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

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

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

8. The following is added to the end of the "Summary" section 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.

9. Any requirements of the Area Representative Agreement that you consent to the entry of an injunction prohibiting any breach by you of your obligations under the Franchise Agreement are modified in the State of New York to provide only that you consent to the seeking of such an injunction.
10. The following sentence is added at the end of the section entitled "Modifications To System" in Item 17 of the Franchise Disclosure Document:

However, any new or different requirement set forth will not unreasonably increase your obligations or place an excessive economic burden on your operations.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In North Dakota, the Disclosure Document is amended as follows to conform to North Dakota law:

1. Item 17(c) “**Requirements for Franchisee to Renew or Extend**” of the Disclosure Document is amended to provide as follows: “Any provision in the Franchise Agreement which requires the franchisee to sign a general release upon renewal of the Franchise Agreement is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.”
2. Item 17(r) “**Non-competition Covenants**” of the Disclosure Document is amended to provide as follows: “Any provision in the Franchise Agreement restricting competition is contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust or inequitable within the intent of Section 51-09-09 of the North Dakota Franchise Investment Law”.
3. Item 17(u) “**Dispute Resolution**” of the Disclosure Document is amended to provide as follows: “Any provision in the Franchise Agreement which provides that the parties agree to an arbitration or mediation of disputes which place at a location that is remote from the site of Franchisee’s business is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.”
4. Item 17(v) “**Venue**” of the Disclosure Document is amended to provide as follows: “Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.”
5. Item 17(w) “**Governing Law**” is amended to provide as follows: “Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.”

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Rhode Island.

ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

§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.”

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

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

Additional Disclosure: The following statements are added to Item 17:

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 do not constitute “reasonable cause” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

INFORMATION REQUIRED BY THE STATE OF WASHINGTON

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.

INDIANA ADDENDUM TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Agreement or Area Development Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. The Franchise Agreement and Development Agreement will be governed by Indiana law, Venue for litigation will not be limited to a venue outside of the State of Indiana, as specified in the Franchise Agreement and Development Agreement.
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 therein as a material breach of the Franchise Agreement, shall supersede any conflicting provisions of the Franchise Agreement and the Development Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.
3. No release language set forth in the Franchise Agreement or Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.
4. The post-termination non-competition covenants set forth in the Franchise Agreement and Development Agreement shall be limited in time to a maximum of three (3) years and in geographic scope to the designated territory granted by the Agreement.
5. Nothing in the Franchise Agreement or Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana, and the laws of the State of Indiana supersede any conflicting choice of law provisions set forth herein if such provision is in conflict with Indiana law.
6. You will not be required to indemnify us and the other Indemnities for any liability caused by your proper reliance on or use of procedures or materials provided by us or caused by our negligence.
7. If we receive any payments related to purchases from you that we do not pass on in full to the supplier, we will promptly account for the amount of the payment that we retained and we will transmit the retained amount to you.
8. This Addendum will only have effect if the Franchise Agreement, Development Agreement, and/or the relationship between you and the Franchisor satisfy all of the jurisdictional requirements of the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act, without considering this Addendum. Except as modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

FRANCHISEE

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

By: _____

Name: _____

Title: _____

Date: _____

**ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT
AGREEMENT**

This Addendum amends the Franchise Agreement and/or Development Agreement dated _____ between Box Painting Franchising LLC, an Oregon limited liability company, (“Franchisor”) and _____, a _____ (“Franchisee” or “your”).

Illinois law governs the Disclosure Document, Franchise Agreement(s), and Development Agreement(s).

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

Your 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 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.

This Addendum will only have effect if the Franchise Agreement, Development Agreement, and/or the relationship between you and the Franchisor satisfy all of the jurisdictional requirements of the Illinois Franchise Disclosure Act, without considering this Addendum. Except as modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

By: _____

Name: _____

Title: _____

Date: _____

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

With respect to franchisor's right to terminate you upon your bankruptcy as set forth in the Franchise Agreement and the Development Agreement, termination of the Franchise Agreement or Development Agreement for this reason may not be enforceable under federal bankruptcy (11 U.S.C. 101 et. Seq.).

Any general release required by the terms and conditions of the Franchise Agreement as a condition of renewal, assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Notwithstanding anything to the contrary in the Franchise Agreement or Development Agreement, the Maryland Franchise Registration and Disclosure Law prohibits the Franchisor from precluding the Franchisee from initiating litigation against the Franchisor in Maryland. Accordingly, the Franchise Agreement and Development Agreement are hereby modified to provide that the Franchisee may initiate litigation or sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

No representation or disclaimer by the Franchisee in the Franchise Agreement is intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

This Addendum will only have effect if the Franchise Agreement, Development Agreement, and/or the relationship between you and the Franchisor satisfy all of the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, without considering this Addendum. Except as modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

The undersigned does hereby acknowledge receipt of this addendum.

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR:

By: _____
Name: _____
Title: _____
Date: _____

MINNESOTA ADDENDUM TO THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

In recognition of the Minnesota Franchise Law, Minn. Stat. §§ 80C.01-80C.22 and the Rule and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, the parties agree to modify the Franchise Agreement and Area Development Agreement as follows:

1. Releases.

Notwithstanding anything to the contrary set forth in this Agreement, the Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01-80C.22, provided that foregoing shall not bar the voluntary settlement of disputes.

2. Term and Successor Franchise Agreement, Default and Termination.

Notwithstanding anything to the contrary set forth in this Agreement, Franchisor will comply with Minnesota Statutes Clause 80C.14 Subdivision 3, 4, and 5, which require, except in certain cases, that Minnesota Franchisees be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

3. Licensed Marks.

Franchisor will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the same provided that your use is in accordance with the requirements of the Franchise Agreement and the System..

4. Time Limit on Filing.

Notwithstanding anything to the contrary set forth in this Agreement, any claim or action arising out of or relating to the Minnesota Franchise Law must be commenced within three (3) years from the occurrence of the facts giving rise to the claim or action, or the claim or action is barred.

5. Jurisdiction and Venue.

Nothing in this Agreement will abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction, including the right to submit matters to the jurisdiction of the courts in Minnesota. Minnesota Stat. §80C.21 and Minn. Rule 2860.4400J prohibits us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes.

6. Under the terms of the Franchise Agreement and Development Agreement, as modified by this Addendum, you agree that if you engage in any non-compliance with the terms of the Franchise Agreement or unauthorized or improper use of the Franchisor's System Marks, or Proprietary Materials during or after the period of the Agreements, we will be entitled to seek both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law, and you consent to the seeking of these temporary and permanent injunctions.

7. This Addendum will only have effect if the Franchise Agreement, Development Agreement, and/or the relationship between you and the Franchisor satisfy all of the jurisdictional requirements of Minnesota Statutes §§ 80C.01-80C.22 without considering this Addendum. Except as modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

The undersigned does hereby acknowledge receipt of this addendum.

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

By: _____

Name: _____

Title: _____

Date: _____

NEW YORK ADDENDUM TO THE FRANCHISE AGREEMENT

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties agree to modify the Franchise Agreement as follows:

1. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695 may not be enforceable.
2. Releases. The release of claims set forth in this Agreement does not release any claim you may have under New York General Business Law, Article 33, Sections 680-695.
3. Assignment by Franchisor. Notwithstanding anything to the contrary set forth herein, Franchisor will not assign its rights under the Franchise Agreement except to an assignee who in Franchisor's good faith judgment is willing and able to assume Franchisor's obligations under the Franchise Agreement.
4. Termination by Franchisee. Notwithstanding anything to the contrary set forth herein, you may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.
5. Governing Law. Notwithstanding anything to the contrary set forth herein, the New York General Business Law shall govern any claim arising under that law.
6. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Franchisor and you satisfy all of the jurisdictional requirements of New York General Business Law, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR:

By: _____
Name: _____
Title: _____
Date: _____

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

This Addendum amends the Franchise Agreement and/or Development Agreement dated _____ (collectively, "Agreements") between Box Painting Franchising LLC, an Oregon limited liability company, ("Franchisor") and _____, a _____ ("Franchisee" or "your").

1. Any provision in the Agreements which requires the franchisee to sign a general release upon renewal of the Franchise Agreement is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
2. In North Dakota, provisions of the Agreements which unreasonably limit the statute of limitations or remedies under the North Dakota Franchise Investment Law, such as the right to jury trial, may not be enforceable.
3. Provisions of the Agreements requiring the Franchisee to consent to liquidated damages or termination penalties, requiring the Franchisee to consent to a limitation of claims or requiring the Franchisee to pay all of Franchisor's costs and expenses incurred in enforcing the agreement may not be enforceable under North Dakota law.
4. Provisions of the Agreements requiring that the Agreements be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
5. Provisions of the Agreements which provide that the parties agree to arbitration or mediation of disputes at a location that is remote from the site of Franchisee's business is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
6. Provisions of the Agreements which designate jurisdiction or venue or require the Franchisee to agree to jurisdiction or venue in a forum outside of North Dakota are void with respect to any cause of action which is otherwise enforceable in North Dakota.
7. Provisions of the Agreements requiring a franchisee to sign a general release upon the renewal of the Agreement(s) are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
8. Provisions of the Agreements restricting competition are contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust or inequitable within the intent of Section 51-09-09 of the North Dakota Franchise Investment Law.
9. In the event of any conflict between the terms of this Addendum and the terms of the Franchise Agreement or Development Agreement, the terms of this Addendum shall prevail.

10. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this Addendum.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

By: _____

Name: _____

Title: _____

Date: _____

**RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT AND AREA
DEVELOPMENT AGREEMENT**

Notwithstanding anything to the contrary set forth in the Franchise Agreement or Area Development Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Rhode Island.

1. Governing Law. The Franchise Agreement and Development Agreement is amended, in relevant part to reflect the following:

Notwithstanding anything to the contrary set forth herein, Rhode Island law governs any claim arising under the Rhode Island Franchise Investment Act.

2. Jurisdiction and Venue. The Franchise Agreement and Development Agreement is amended, in relevant part to reflect the following:

Notwithstanding anything to the contrary set forth herein, you have the right to file any litigation under the Rhode Island Franchise Investment Act in Rhode Island.

3. This Addendum will have effect only if the Franchise Agreement, Development Agreement, and/or the relationship between you and the Franchisor satisfy all of the jurisdictional requirements of the Rhode Island Franchise Investment Act, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement and Development Agreement remain unmodified and in full force and effect.

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

By: _____

Name: _____

Title: _____

Date: _____

**WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT, DEVELOPMENT
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.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____, 20_____.

FRANCHISOR

Name: _____

Title: _____

FRANCHISEE

Name: _____

Title: _____

**EXHIBIT H
TO THE
FRANCHISE DISCLOSURE DOCUMENT**

Development Agreement

(attached)



AREA DEVELOPMENT AGREEMENT

between

PEACHWOOD FRANCHISING LLC

and

Developer: _____

Development Area: _____

TABLE OF CONTENTS

	Page
1. Grant of Development Rights and Development Area	1
2. Fees	1
3. Development Schedule and Deadlines.....	2
4. Development Area	2
4.1 Development Area.	2
4.2 No Other Restriction On Us.....	2
5. Term.....	3
6. Termination.....	3
6.1 Events of Default.	3
6.2 Our Remedies.....	3
7. Assignment; Our Right of First Refusal	4
7.1 Rights Personal to You.	4
7.2 Our Right of First Refusal.....	4
7.3 Our Rights to Assign Unrestricted.	4
8. Incorporation of Other Terms	4
9. Miscellaneous	5

Appendices

Appendix A – Franchisee-Specific Terms

Appendix B – Payment and Performance Guarantee

Peachwood Franchising LLC

AREA DEVELOPMENT AGREEMENT

THIS AGREEMENT (this “Agreement”) is made and entered into as of the date set forth on Appendix A to this Agreement (the “Effective Date”) (Appendix A and all appendices and/or schedules attached to this Agreement are hereby incorporated by this reference) between Peachwood Franchising LLC, a Georgia limited liability company doing business as Peachwood Floor Coverings (“Franchisor,” “we,” “us,” or “our”) and the person or entity identified in Appendix A as the franchisee (“Franchisee” or “you”) with its principal place of business as set forth in Appendix A.

RECITALS

A. We and you have entered into a certain Franchise Agreement dated the same date as this Agreement (the “Initial Franchise Agreement”), in which we have granted you the right to establish and operate one Peachwood Floor Coverings business within the protected territory set forth in the Initial Franchise Agreement (a “Business”).

B. We desire to grant to you the exclusive right to establish and operate a specified number of Businesses within a specified geographical area in accordance with a development schedule.

C. If you are a corporation, limited liability company, partnership, or other entity (collectively, an “Entity”), all owners of a legal and/or beneficial interest in the Entity (the “Owners”) are listed in Appendix A to this Agreement.

D. You desire to establish and operate additional Businesses upon the terms and conditions contained in our then-current standard franchise agreements (a “Franchise Agreement”).

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Grant of Development Rights and Development Area

Subject to the terms and conditions of this Agreement, we grant to you the right, and you undertake the obligation, to establish and operate in the area designated in Appendix A to this Agreement (the “Development Area”) the number of Businesses specified in the development schedule in Appendix A (the “Development Schedule”). This Agreement does not grant you any right to use the Marks (as defined in your Initial Franchise Agreement) or the System (as defined in your Initial Franchise Agreement). Rights to use the Marks and the System are granted only by the Franchise Agreements.

2. Fees

Upon execution of this Agreement, you must pay us a development fee in the amount specified in Appendix A (the “Development Fee”), which is based on the initial franchise fee you must pay for each Business that you develop (the “Franchise Fee”, which is also specified in

Appendix A). The Development Fee will be credited towards 100% of the Franchise Fee due under the Franchise Agreement for each Business that you develop pursuant to this Agreement, including the Initial Franchise Agreement. The Development Fee is fully earned by us when we and you sign this Agreement and is non-refundable, even if you do not comply with the Development Schedule.

3. Development Schedule and Deadlines

You must enter into Franchise Agreements, and open and operate Businesses in accordance with the deadlines set forth in the Development Schedule. By each “Opening Deadline” specified in the Development Schedule, you must have the specified number of Businesses open and operating. Prior to opening additional Businesses in your Development Area, you must: (i) possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional Business in our reasonable judgment; (ii) be in full compliance with all brand requirements at any existing Businesses you operate; and (iii) be in compliance with any Franchise Agreement or any other agreement entered into with us.

4. Development Area

4.1 Development Area. Except as provided in this Section 4.1, while this Agreement is in effect, provided that you open and operate the Businesses in accordance with the Development Schedule and the minimum number of Businesses that you have open and operating in the Development Area at any given time is not less than the minimum required pursuant to the Development Schedule, we will not operate, or license any person other than you to operate, a Business under the Marks (as defined in your Initial Franchise Agreement) and the System (as defined in your Initial Franchise Agreement) within the Development Area. Each Business you open will be granted a protected territory as set forth in the individual Franchise Agreement for that Business. This Agreement does not give you the right open or operate in any portions of the Development Area until you have signed a new Franchise Agreement which includes that portion of the Development Area as your protected territory.

4.2 No Other Restriction On Us. Except as expressly provided in Section 4.1 or any other agreement between the parties, we and our affiliates retain the right, in our sole discretion, to conduct any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your Business. For example, we and our affiliates have the right to:

(a) Establish or license franchises and/or company-owned outlets or other facilities or businesses offering similar or identical products, services, and classes and using the System or elements of the System (i) under the Marks anywhere outside of the Development Area or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Development Area;

(b) Sell or offer, or license others to sell or offer, any products or services using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail stores, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Development Area;

(c) Advertise, or authorize others to advertise anywhere, using the Marks;

(d) Acquire, be acquired by, or merge with other companies with existing similar businesses, and/or Peachwood Floor Coverings Businesses anywhere (including inside or outside of the Development Area) and, even if such businesses are located in the Development Area, (i) convert the other businesses to the Peachwood Floor Coverings name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Businesses to such other name; and

(e) Engage in any other activity, action or undertaking that we are not expressly prohibited from taking under this Agreement.

5. Term

This Agreement expires at midnight on the last Opening Deadline date listed on the Development Schedule unless this Agreement is terminated sooner as provided in other sections of this Agreement.

6. Termination

6.1 Events of Default. Any one or more of the following constitutes an “Event of Default” under this Agreement:

(a) You fail to have open and operating the minimum number of Peachwood Floor Coverings Businesses specified in the Development Schedule by any Opening Deadline specified in the Development Schedule;

(b) An Event of Default occurs under any Franchise Agreement, resulting in the termination of such Franchise Agreement; or

(c) You breach or otherwise fail to comply fully with any other provision contained in this Agreement.

6.2 Our Remedies. If any Event of Default occurs under Section 6.1, we may, at our sole election: (i) declare this Agreement and any and all other rights granted to you under this Agreement to be immediately terminated and of no further force or effect; (ii) terminate any exclusive or territorial rights that you may have within the Development Area or otherwise under this Agreement; and/or (iii) exercise any other remedy we may have in law or equity as a result of an Event of Default hereunder. Upon termination of this Agreement for any other reason whatsoever, we will retain the Development Fee and you will not be relieved of any of your obligations, debts, or liabilities hereunder, including without limitation any debts, obligations, or liabilities which have accrued prior to such termination. All rights and remedies of the parties hereto shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement. The rights and remedies of the parties hereto shall be continuing and shall not be exhausted by any one or more uses thereof and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. Notwithstanding anything to the contrary herein, a termination of this Agreement resulting from your failure to open and thereafter operate Businesses in accordance with the Development Schedule will not, in itself, constitute cause for us to terminate any previously executed Franchise Agreement in effect at the time of such termination.

7. Assignment; Our Right of First Refusal

7.1 Rights Personal to You. This Agreement and the rights granted to you under this Agreement are personal to you and neither this Agreement, nor any of the rights granted to you hereunder nor any controlling equity interest in you may be voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, assigned or otherwise transferred, given away, or encumbered by you without our prior written approval, which we may grant or withhold for any or no reason.

7.2 Our Right of First Refusal.

(a) If you receive, and desire to accept, from a third party a bona fide offer to transfer any of your rights in this Agreement, you shall promptly notify us in writing and send us an executed copy of the contract of transfer. We shall have the right and option, exercisable within thirty (30) days after actual receipt of such notification or of the executed contract of transfer which shall describe the terms of the offer, to send written notice to you that we intend to purchase your interest on the same terms and conditions offered by the third party.

(b) Closing on the purchase must occur within sixty (60) days from the date of notice by us to you of our election to purchase. If we elect not to accept the offer within the thirty (30) day period, you shall have a period not to exceed sixty (60) days to complete the transfer subject to our approval of the third-party transferee of your rights, which may be withheld in our sole discretion. Any material change in the terms of any offer before closing shall constitute a new offer subject to the same rights of first refusal by us as in the case of an initial offer.

(c) Our failure or refusal to exercise the option afforded by this Section 7 shall not constitute a waiver of any other provision of this Agreement.

(d) If the offer from a third-party provides for payment of consideration other than cash or involves certain intangible benefits, we may elect to purchase the interest proposed to be sold for the reasonable cash equivalent, or any publicly-traded securities, including its own, or intangible benefits similar to those being offered. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the offer, then such amount shall be determined by an independent appraiser designated by us, and such appraiser's determination shall be binding.

7.3 Our Rights to Assign Unrestricted. We may assign this Agreement or any ownership interests in us without restriction.

8. Incorporation of Other Terms

All Articles, and in particular Article 11 (Covenants), Article 14 (Post Term Obligations), Article 17 (Indemnification and Independent Contractor), Article 18 (Written Approval, Waivers, Forms of Agreement and Amendment), Article 19 (Enforcement), Article 20 (Notices), Article 21 (Governing Law and Dispute Resolution), Article 22 (Severability and Construction), Article 23 (Confidentiality), and Article 24 (Acknowledgements) of the Initial Franchise Agreement are incorporated by reference in this Agreement and will govern all aspects of our relationship and the construction of this Agreement as if fully restated within the text of this Agreement.

9. Miscellaneous

Capitalized terms used and not otherwise defined in this Agreement shall have the meanings set forth in the Initial Franchise Agreement. This Agreement, together with the Initial Franchise Agreement, supersedes all prior agreements and understandings, whether oral and written, among the parties relating to its subject matter, and there are no oral or other written understandings, representations, or agreements among the parties relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representations that we made in the most recent Franchise Disclosure Document that we delivered to you or your representatives. This Agreement shall not be binding on either party until it is executed by both parties. This Agreement may be signed in multiple counterparts, but all such counterparts together shall be considered one and the same instrument. The provisions of this Agreement may be amended or modified only by written agreement signed by the party to be bound.

[Signature page follows]

Signature Page to Area Development Agreement

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

***PEACHWOOD
FRANCHISING LLC***

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE
(IF ENTITY):

[Name]

By: _____

Name: _____

Title: _____

Date: _____

(IF INDIVIDUALS):

Signature: _____

Print Name: _____

Date: _____

Signature: _____

Print Name: _____

Date: _____

Signature: _____

Print Name: _____

Date: _____

Signature: _____

Print Name: _____

Date: _____

Appendix A to the Area Development Agreement

FRANCHISEE SPECIFIC TERMS

1. **Effective Date (First Paragraph):** _____
2. **Franchisee's Name:** _____
3. **Franchisee's State of Organization (if applicable):** _____
4. **Development Area (Section 1):** *[provide list of counties or zip codes which make up the Development Area] [attach map if necessary]* _____

5. **Total Development Fee (Section 2):** \$ _____
6. **Franchise Fee for each Business enter developed pursuant to this Development Agreement (Section 2):** \$ _____
7. **Development Schedule (Section 3):** You agree to establish and operate a total of _____ Businesses within the Development Area during the term of this Agreement. The Businesses must be open and operating in accordance with the following Development Schedule:

<u>MINIMUM NUMBER OF BUSINESSES</u> The minimum number of Businesses open and operating by each Opening Deadline	<u>OPENING DEADLINE</u> Deadline for having the minimum number of Businesses open and operating (Month Date, Year)
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
	_____ (the Expiration Date of the Agreement)

8. **Ownership of Franchisee (Recital C):** If the franchisee is an Entity, the following persons constitute all of the owners of a legal and/or beneficial interest in the franchisee:

<u>Name</u>	<u>Percentage Ownership</u>
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

9. **Other Terms:**

[Signature page follows]

Signature Page to Appendix A – Franchisee Specific Terms

FRANCHISOR

PEACHWOOD FRANCHISING LLC

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE
(IF ENTITY):

[Name]

By: _____

Name: _____

Title: _____

Date: _____

(IF INDIVIDUALS):

Signature: _____

Print Name: _____

Date: _____

Signature: _____

Print Name: _____

Date: _____

Signature: _____

Print Name: _____

Date: _____

Signature: _____

Print Name: _____

Date: _____

Appendix B to the Area Development Agreement

PERSONAL GUARANTY OF OWNER/SHAREHOLDER

This Personal Guaranty and Assumption of Obligations (this “**Guaranty**”) is given this _____ day of _____, _____, by _____.

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement of even date herewith (“**Agreement**”) by Peachwood Franchising LLC (“**Franchisor**”), a Georgia limited liability company, and _____, a _____ (“**Franchisee**”), the undersigned hereby personally and unconditionally, jointly and severally: guaranties to Franchisor and its successors and assigns, for the Term of the Agreement and, including any renewal thereof, as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant stated in the Agreement and any documents, agreements, and instruments signed with or in connection with the Agreement (collectively, the “**Franchise Documents**”); and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Documents applicable to the owners of Franchisee.

The undersigned waives:

1. acceptance and notice of acceptance by Franchisor of the foregoing undertakings;
2. notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
3. protest and notice of default to any party with respect to the indebtedness of non- performance of any obligations hereby guaranteed;
4. any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability;
5. any and all other notices and legal or equitable defenses to which the undersigned may be entitled;

The undersigned consents and agrees that:

1. the undersigned’s direct and immediate liability under this Guaranty shall be joint and several with all signatories to this and similar guaranties of Franchisee’s obligations;
2. the undersigned shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;
3. this Guaranty shall apply to any claims Franchisor may have due to return of any payments or property Franchisor may have received from Franchisee as a preference, fraudulent transfer or conveyance or the like in any legal proceeding;

4. such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and
5. 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 any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which in any way modify or amend this Guaranty, which shall be continuing and irrevocable during and after the terms of the Franchise Documents, as the same may be amended or renewed, until Franchisee's duties and obligations to Franchisor are fully discharged and satisfied.

All capitalized terms when used shall have the meanings ascribed to them in the Area Development Agreement or Franchise Agreement.

This Guaranty shall be governed, construed and interpreted in accordance with the substantive laws of the state where Franchisor has its principal place of business at the time a dispute arises, without giving effect to its conflicts of law principles.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature as dated below.

GUARANTOR(S)

Signature: _____

Name: _____

Date: _____

Signature: _____

Name: _____

Date: _____

**EXHIBIT I
TO THE
FRANCHISE DISCLOSURE DOCUMENT**

Form of General Release

(attached)

GENERAL RELEASE

THIS GENERAL RELEASE (“Release”) is executed on _____
by _____
(“Franchisee”), _____
(“Guarantors”), _____
(“Transferee”) as a condition of **(1)** the transfer of the Franchise Agreement dated [month] [day], [year]
between Peachwood Franchising, LLC (**“Peachwood Floor Coverings”**) and Franchisee (**“Franchise
Agreement”**); or **(2)** the execution of a successor Franchise Agreement by Franchisee and Peachwood
Floor Coverings. (If this Release is executed under the conditions set forth in (2) above, all references in this
Release to “Transferee” should be ignored.)

1. **Release by Franchisee, Transferee, and Guarantors.** Franchisee and Transferee (on behalf of themselves and their parents, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities), and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, the **“Releasors”**) freely and without any influence forever release (i) Peachwood Floor Coverings, (ii) Peachwood Floor Coverings’s past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities, and (iii) Peachwood Floor Coverings’s parent, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities (collectively, the **“Released Parties”**), from any and all claims, debts, demands, liabilities, suits, judgments, and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, **“Claims”**), which any Releasor ever owned or held, now owns or holds, or may in the future own or hold, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances and claims arising out of, or relating to, the Franchise Agreement and all other agreements between any Releasor and Peachwood Floor Coverings or Peachwood Floor Coverings’s parent, subsidiaries, or affiliates, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

2. Risk of Changed Facts. Franchisee, Transferee, and Guarantors understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts now known or believed by them to be true. Franchisee, Transferee, and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. Covenant Not to Sue. Franchisee, Transferee, and Guarantors (on behalf of Releasors) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 with respect to any Claim released under Section 1.

4. No Prior Assignment and Competency. Franchisee, Transferee, and Guarantors represent and warrant that: **(i)** the Releasors are the sole owners of all Claims and rights released in Section 1 and that the Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1; **(ii)** each Releasor has full and complete power and authority to execute this Release, and that the execution of this Release shall not violate the terms of any contract or agreement between them or any court order; and **(iii)** this Release has been voluntarily and knowingly executed after each of them has had the opportunity to consult with counsel of their own choice.

5. Complete Defense. Franchisee, Transferee, and Guarantors: **(i)** acknowledge that the release in Section 1 shall be a complete defense to any Claim released under Section 1; and **(ii)** consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. Successors and Assigns. This Release will inure to the benefit of and bind the successors, assigns, heirs, and personal representatives of the Released Parties and each Releasor.

7. Counterparts. This Release may be executed in two or more counterparts (including by facsimile), each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

8. Capitalized Terms. Any capitalized terms that are not defined in this Release shall have the meaning given them in the Franchise Agreement.

[THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, Franchisee, Transferee, and Guarantors have executed this Release as of the date shown above.

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Date: _____

TRANSFEE:

By: _____

Print Name: _____

Title: _____

Date: _____

GUARANTOR:

Print Name: _____

Date: _____

GUARANTOR:

Print Name: _____

Date: _____

EXHIBIT J

FORMS OF CONFIDENTIALITY AND NONCOMPETE AGREEMENT

NONDISCLOSURE AND NONCOMPETE AGREEMENT

This Agreement is dated [DATE]. The parties are [NAME OF FRANCHISEE] (referred to as “we”, “us”, and “our”), located at [ADDRESS], and [NAME OF EMPLOYEE OR INDEPENDENT CONTRACTOR] (referred to as “you” and “your”). You are signing this Agreement in consideration of, and as a condition to, your association with us and the compensation, dividends, or other payments and benefits you will receive from us.

BACKGROUND

We are a franchisee of Peachwood Franchising, LLC (“**Peachwood Floor Coverings**”) under a Peachwood Franchising, LLC Franchise Agreement dated [DATE] (the “**Franchise Agreement**”). We have a license to use the certain trademarks designated by Peachwood Floor Coverings (the “**Marks**”), certain policies and procedures used in Peachwood Floor Coverings businesses (the “**System**”), and the Confidential Information developed and owned by Peachwood Floor Coverings and Peachwood Floor Coverings Franchising IP, LLC in our Peachwood Floor Coverings Franchised Business (the “**Franchised Business**”). Peachwood Floor Coverings recognizes that, in order for us to effectively operate our business, our employees and independent contractors whom we retain must have access to certain confidential information and trade secrets owned by Peachwood Floor Coverings. Disclosure of this confidential information and trade secrets to unauthorized persons, or its use for any purpose other than the operation of our business, would harm Peachwood Floor Coverings, other franchise owners, and us. Accordingly, Peachwood Floor Coverings requires us to have you to sign this Agreement.

AGREEMENT

1. Confidential Information. As used in this Agreement, “**Confidential Information**” means all manuals, trade secrets, know-how, methods, training materials, information, management procedures, and marketing and pricing techniques relating to the Franchised Business, the Peachwood Floor Coverings System, or Peachwood Floor Coverings’s business. In addition, Confidential Information includes all marketing plans, advertising plans, business plans, financial information, member information, employee information, independent contractor information and other confidential information of Peachwood Floor Coverings, Peachwood Floor Coverings’s affiliates, or us (collectively, the “**Interested Parties**”) that you obtain during your association with us.

2. Nondisclosure. You agree not to use or disclose, or permit anyone else to use or disclose, any Confidential Information to anyone outside of our organization (other than the Interested Parties) and not to use any Confidential Information for any purpose except to carry out your duties as our employee or as an independent contractor to us. You also agree not to claim any ownership in or rights to Confidential Information and not to challenge or contest our, Peachwood Floor Coverings’s, or Peachwood Floor Coverings’s affiliates’ ownership of it. These obligations apply both during and after your association with us.

3. Return of Confidential Information. If your association with us ends for any reason, you must return to us all records described in Paragraph 1, all other Confidential Information, and any authorized or unauthorized copies of Confidential Information that you may have in your possession or control. You may not retain any Confidential Information after your association with us ends.

4. Noncompete During Association. You may not, during your association with us, without our prior written consent:

(a) own, manage, engage in, be employed by, advise, make loans to, or have any other interest in (i) any commercial or residential flooring provider, or any business which provides any other Approved Products and Services that we grant you the right to offer during the Term of your Franchise Agreement, or (ii) any entity that grants franchises or licenses for any of these types of businesses (collectively, each, a **“Competitive Business”**) at any location in the United States;

(b) divert or attempt to divert any business or customer or potential business or customer of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise;

(c) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System;

(d) use any vendor relationship established through your association with us for any purpose other than to purchase products or equipment for use or retail sale in the Franchised Business; or

(e) directly or indirectly solicit for employment any person who at any time within the immediate past 12 months has been employed by (i) us, (ii) Peachwood Floor Coverings, (iii) our or Peachwood Floor Coverings’s affiliates, or (iv) any Peachwood Floor Coverings franchisees.

5. Noncompete After Association Ends. For two years after your association with us ends for any reason, you may not, without our prior written consent:

(a) directly or indirectly own, manage, engage in, be employed by, advise, make loans to, or have any other interest in any Competitive Business that is (or is intended to be) located within a ten-mile radius of your former Franchised Business or any other Peachwood Floor Coverings Franchised Business that is operating or under development at the time your association with us ends; or

(b) directly or indirectly solicit for employment any person who at any time within the immediate past 12 months has been employed by (i) us, (ii) Peachwood Floor Coverings, (iii) our or Peachwood Floor Coverings’s affiliates, or (iv) any Peachwood Floor Coverings franchisees.

6. Remedies. If you breach or threaten to breach this Agreement, you agree that we will be entitled to injunctive relief (without posting bond) as well as a suit for damages.

7. Severability. If any part of this Agreement is declared invalid for any reason, the invalidity will not affect the remaining provisions of this Agreement. If a court finds any provision of this Agreement to be unreasonable or unenforceable as written, you agree that the court can modify the provision to make it enforceable and that you will abide by the provision as modified.

8. Independent Agreement. The Agreement is independent of any other obligations between you and us. This means that it is enforceable even if you claim that we breached any other agreement, understanding, commitment or promise.

9. Third Party Right of Enforcement. You are signing this Agreement not only for our benefit, but also for the benefit of Peachwood Floor Coverings and Peachwood Floor Coverings's affiliates. We, Peachwood Floor Coverings, and Peachwood Floor Coverings's affiliates have the right to enforce this Agreement directly against you.

10. Not An Employment Agreement. This is not an employment agreement. Nothing in this Agreement creates or should be taken as evidence of an agreement or understanding by us, express or implied, to continue your association with us for any specified period.

11. Modification and Waiver. Your obligations under this Agreement cannot be waived or modified except in writing.

12. Governing Law. This Agreement is governed by the laws of the state in which our principal office is located.

13. Attorney's Fees. If we have to take legal action to enforce this Agreement, we will be entitled to recover from you all of our costs, including reasonable attorney's fees, to the extent that we prevail on the merits.

14. Representation. You certify that you have read and fully understood this Agreement, and that you entered into it willingly.

WITNESS

**EMPLOYEE or
INDEPENDENT CONTRACTOR**

EXHIBIT K

RECEIPTS

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Peachwood Franchising, LLC ("PFC") offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement with, or make a payment to, PFC or one of its affiliates in connection with the proposed franchise sale.

New York requires that PFC provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, PFC or one of its affiliates in connection with the proposed sale. Michigan requires that PFC provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, PFC or one of its affiliates in connection with the proposed sale.

If PFC does not deliver this disclosure statement 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 state agency listed on Exhibit D.

This franchise is being offered by the following sellers at the principal business address and phone number listed below (check all that have been involved in the sales process):

Sellers at PFC: 6670 Corners Industrial Ct. NW, Suite B, Norcross, GA 30092 678-935-6091

☐ Mike O'Connor ☐ Matt Wood ☐ Ryan Cornell

Other Franchise Sellers/Brokers/Consultants:

☐ (Name) _____ (Address) _____ (Phone) _____

☐ (Name) _____ (Address) _____ (Phone) _____

PFC's registered agents authorized to receive service of process are set forth on Exhibit D.

I received a Franchise Disclosure Document with an Issuance Date of 12/10/2021 which contained the following exhibits:

A. State Effective Dates	D. State Administrators and Agents for	H. Area Development Agreement
B. List of Current and Former	Services of Process	I. Forms of General Release
Franchisees	E Manuals' Tables of Contents	J. Forms of Confidentiality and
C. Financial Statements	F. Franchise Agreement	Noncompete Agreement
	G. State Specific Addenda	K. Receipts

Date Disclosure Document Received

Print Name: _____

Address _____

Sign: _____

City, State, Zip _____

[if legal entity]

Legal Entity: _____

Telephone _____

Officer Signature: _____

Signed and Date this Receipt and
Keep a Copy for Your Records

Officer Name: _____

Officer Title: _____

RECEIPT

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Date Disclosure Document Received

Print Name: _____

Address _____

Sign: _____

City, State, Zip _____

[if legal entity]

Legal Entity: _____

Telephone _____

Officer Signature: _____

Please Return This Copy To:

Officer Name: _____

Peachwood Franchising, LLC
6670 Corners Industrial Ct NW, Suite B
Norcross, Georgia 3009

Officer Title: _____