

FRANCHISE DISCLOSURE DOCUMENT



BLUE STAMP FRANCHISE COMPANY
dba POSTAL CONNECTIONS and iSOLD IT
A Texas Corporation
6136 Frisco Square Boulevard, Suite 400
Frisco, Texas 75034
1-619-294-7550
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We offer a franchise for the operation of (i) a single specialty postal, copy and business store serving retail customers ("PC/ISI Store"), with a designated space within the store ("ISI Business Center") assisting retail customers to sell their property over the Internet, or (ii) an "@Home Location", which is an ISI Business Center operated from the franchisee's residence if there are adequate adjacent storage facilities to hold products to be shipped for customers and the use of the residence as an @Home Location is legally permitted under local laws.

The total investment necessary to begin operation of a Postal Connections franchise is \$134,320 to \$239,150 for a PC/ISI Store, or \$56,500 to \$81,000 for an @Home Location. This includes \$38,300 to \$38,800 for a PC/ISI Store or \$22,400 to \$27,900 for an @Home Location that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Franchise Sales Administrator at 6136 Frisco Square Boulevard, Suite 400, Frisco, Texas 75034, telephone 1-619-294-7550.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, such as 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 homepage at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: **April 12, 2024**

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Exhibit C.
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 B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Postal Connections or iSOLD It @Home Location 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 Postal Connections or iSOLD It @Home Location franchisee?	Exhibits C and D list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

Certain states require that the following risk be highlighted:

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

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

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

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.

BLUE STAMP FRANCHISE COMPANY
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Exhibits

"A-1"	Franchise Agreement (PC/ISI Store) <i>Exhibits to Franchise Agreement:</i> Exhibit 1: Territory Exhibit 2: Names and Addresses of Principal Equity Owners Exhibit 3: Guarantee of Franchise Agreement Exhibit 4: PC Store Construction, Build-Out and Opening Addendum
"A-2"	Franchise Agreement (@Home Location) <i>Exhibits to Franchise Agreement:</i> Exhibit 1: Territory Exhibit 2: Names and Addresses of Principal Equity Owners Exhibit 3: Guarantee of Franchise Agreement
"A-3"	Consent to Transfer, Assumption and Release
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ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language, this disclosure document uses “we” or “us” to mean Blue Stamp Franchise Company. “You” means the individual or entity buying the Postal Connections and iSOLD It franchise. All persons who own 20% or more of the franchise entity are “Principal Equity Owners.”

The Franchisor, Parents and Affiliates

We are the franchisor for the Postal Connections and the iSOLD It systems. Our principal and corporate business address is 6136 Frisco Square Boulevard, Suite 400, Frisco, Texas 75034.

We have no parent company.

Our affiliated company eCommerce Franchise Company (“EFC”), whose principal business address is 6136 Frisco Square Boulevard, Suite 400, Frisco, Texas 75034, was doing business as “iSOLD It” and operated as a franchisor of retail store front and home based outlets that received a variety of merchandise and other property and then assisted sellers to advertise and sell these items over the Internet (in October 2012, EFC’s predecessor and commonly owned entity Green Tag Franchise Company (“GTF”), whose principal business address was 6136 Frisco Square Boulevard, Suite 400, Frisco, Texas 75034, was merged into EFC). On June 1, 2016, we took over from EFC the iSOLD It business model, and we are integrating this business into Postal Connections locations and establishing retail stores that emphasize iSOLD It services and products while also offering Postal Connections services and products. Otherwise, we are not controlled by, controlling, or under common control with any other entity that offers or sells franchises in any line of business. EFC does not provide products or services to Postal Connections franchisees, and we are not otherwise controlled by, controlling, or under common control with any other entity that provides goods or services to our franchisees.

Predecessors

On October 26, 2012, our predecessor and commonly owned entity Templar Franchise Company (“TFC”), whose principal business address was 6136 Frisco Square Boulevard, Suite 400, Frisco, Texas 75034, was merged into us. On January 23, 2007, TFC acquired the Postal Connections marks and franchise system from another predecessor and commonly owned entity, Postal Connections of America Franchise Corp. (“PCAFC”), whose principal business address was 213 South Robertson Boulevard, Beverly Hills, California 90211. PCAFC had operated and granted business opportunities to licensees to operate postal and copy services centers under the “Postal Connections” trade name since 1995. PCAFC no longer offers or sells franchises. Neither PCAFC nor any affiliate company has conducted a business of the type to be operated by a Postal Connections franchisee. We have been offering franchises since January 2007.

Names Used by the Franchisor

We conduct business under the names “Postal Connections”, “PC/ISI” and “iSOLD It”. We do not intend to use any other names to conduct business.

Agent for Service of Process

Our agents for service of process are Clifford “Andy” Thompson, whose address is 6136 Frisco Square Boulevard, Suite 400, Frisco, Texas 75034 and (if you are in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin) the state office or official listed in Exhibit E of this disclosure document.

Business Organization Used by the Franchisor

We are a corporation that was organized in Texas on October 26, 2012.

The Franchisor’s Business

We act solely as a franchisor of franchises for Postal Connections retail service centers which include an on-site iSOLD It Internet seller assistance and auction fulfillment service within the store serving retail customers (“PC/ISI Stores”), and Internet auction fulfillment businesses operated from an individual Franchisee’s residence, and adjacent storage facilities to hold products to be shipped for retail customers (“@Home Locations”). We do not operate businesses of the type being franchised, and we do not engage in other business activities.

The Business the Franchisee Will Conduct

The Postal Connections franchise is a license to independently own and operate either a PC/ISI Store or an @Home Location. PC/ISI Stores and @Home Locations are sometimes collectively referred to in this disclosure document as “Outlets”. All Outlets will be authorized to use the Postal Connections and iSOLD It service marks (collectively, the “Marks”).

PC/ISI Stores provide retail customers with mailing, shipping, fax, copy, key duplication, packaging, shipping, Federal Express and United Parcel Service, sale of stamps, an approved selection of office products, computer rental stations, Internet access, e-mail access, and related products and services, and in some cases, notary public and other authorized programs, under the Postal Connections marks.

The secondary business of a PC/ISI Store will be to receive a variety of merchandise and other property from retail customers and other property sellers and then assist these sellers in advertising and selling this property over the Internet.

A franchisee may also operate an iSOLD It Internet seller assistance store serving retail customers at their residence as an “@Home Location” if there are adequate adjacent storage facilities to hold products to be shipped for customers and the use of the residence as an @Home Location is in full compliance with (i) local zoning laws, (ii) city laws, regulations and ordinances, (iii) covenants, conditions and restrictions (“CC&Rs”) relating to the premises where an @Home Location is located, and (iv) any applicable homeowner’s association requirements.

Excepting @Home Locations, the Outlet has distinctive formats and methods of doing business, including color schemes, signs, equipment, layouts, systems, methods, procedures, designs, approved apparel, training and guidance procedures, and marketing and advertising standards and formats.

In 2018 and earlier, we offered franchises that were exclusively full-service Postal Connection retail stores without an integrated iSOLD It business, but we no longer do so. All PC/ISI Stores will include an integrated iSOLD It business. We also used to offer franchises that were exclusively iSOLD It retail businesses being operated from a retail store rather than a residence, but we no longer do so. However, we continue to offer franchises for iSOLD It @Home Locations.

PBC, LLC, doing business as “PackageHub Business Centers®” (“PBC”) is the franchisor of the PackageHub Business Centers, offering franchises that provide an integrated bundle of programs and services for collective purchasing and advertising (the “PBC Program”), including eligibility become a UPS Authorized Shipping Outlet (“ASO”) and Federal Express, FedEx Authorized Shipping Center (“FASC”) to independently owned retail shipping business centers that execute the PBC Membership Agreement. PC/ISI Stores qualify as retail shipping business centers eligible to participate in the PackageHub system and we and PBC have agreed to allow Postal Connections franchisees who elect to do so to operate their PC/ISI Stores jointly under their Postal Connections Franchise Agreement and a PBC Membership Agreement. You are not obligated to execute a PBC Membership Agreement, and you may operate your PC/ISI Store under the terms of your Postal Connections Franchise Agreement without executing a PBC Membership Agreement.

To be eligible to become a PackageHub Business Center and an ASO, you must execute an Optional Co-Branding Agreement (the form of which is attached to this disclosure document as Exhibit A-4), and thereafter (i) apply to PBC to become a PackageHub Business Center franchisee, (ii) receive from PBC and review a PackageHub Business Centers franchise disclosure document, which includes the form of PBC Membership Agreement, and (iii) execute the PBC Membership Agreement. The PBC Membership Agreement is for a term of one year, renewable for consecutive one-year terms. No initial fee is payable to PBC under the PBC Membership Agreement but monthly fees of \$75 are payable to PBC, and these monthly fees may be increased by PBC upon 60 days’ notice. We receive no payments from PBC regarding PBC Membership Agreements. The PBC Membership Agreement can be terminated upon 30 days’ notice delivered to PBC and to us, and we can terminate our co-branding arrangement with PBC upon 30 days’ notice delivered to PBC.

General Market for Franchised Products and Services

The general market for Postal Connections products and services includes the public and small to medium-sized businesses. The market for private postal and business services centers is developed but is expected to continue to grow. The customer market for Internet sales, support and access is rapidly expanding. Postal Connections products and services are not sold primarily to a certain group and the sales are not seasonal.

Industry Specific Laws or Regulations

You must comply with postal regulations that may relate to your Outlet. There is no industry-specific license required for you to operate an Outlet. However, you must obtain any state and local business license, permits and other licenses that may be required to operate a postal service center in your state.

Competition

You will compete with other businesses offering similar products, including other national and regional chains and franchises, and specialty packaging stores. This type of business is fully developed and does not involve sale primarily to a certain group. There are seasonal fluctuations in sales, especially from Thanksgiving to New Year's Day. You may also compete with other providers of Internet access, email and similar technology, such as Internet cafes, large and small businesses and corporations involved in Internet technology services. Some competitors may have stores in the same mall or market area as you, or otherwise be in proximity to you. In some locations, sales may be seasonal, with a significant portion occurring during the holiday seasons.

Prior Experience of Franchisor, Predecessors and Affiliates

Our predecessors TFC (which was merged into us) and PCAFC offered Postal Connections franchises from 1996 to 2012. Our affiliate EFC no longer offers "iSOLD It" franchises and it never offered franchises in other lines of business. None of we, TFC or PCAFC offers (or ever offered) franchises in other lines of business.

ITEM 2: BUSINESS EXPERIENCE

Chief Executive Officer, President, Treasurer and Managing Director: Clifford "Andy" Thompson, PhD

Mr. Thompson was named our Chief Executive Officer, President, Treasurer and Managing Director in October 2012. He also serves as Chief Executive Officer, President and Treasurer of PCAFC Frisco, Texas (since August 2004), and Chief Operating Officer, Secretary and Managing Director of EFC, Frisco, Texas (since October 2012).

Chief Operating Officer, Treasurer, Secretary and Managing Director: Fred Morache

Mr. Morache was named our Chief Operating Officer, Secretary and Managing Director in October 2012, and was named our Treasurer in January 2024. He also serves as Chief Operating Officer and Secretary of PCAFC, Frisco, Texas (since August 2004), and Chief Executive Officer, President, Treasurer and Managing Director of EFC, Frisco, Texas (since October 2012).

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5: INITIAL FEES

The Initial Franchise Fee (i) \$35,900 for the first PC/ISI Store opened by you (and this fee includes the first year's membership fee for the Retail Shippers Associates (or RSA) trade association), (ii) \$16,155 for the second PC/ISI Store, (iii) \$11,500 for the third (and each subsequent) PC/ISI Store, or (iv) \$25,000 for an @Home Location.

If you are a former member of the U.S. Armed Services who was honorably discharged, we will discount the initial franchise fee by \$7,180 (or 20%) for your initial PC/ISI Store, and you would pay us a total of \$28,720, or \$5,000 (or 20%) for your initial @Home Location, and you would pay us a total of \$20,000. There are no service member discounts for additional PC/ISI Stores or @Home Locations.

The Initial Franchise Fee is due and payable in a lump sum to us when you sign the Franchise Agreement. The Initial Franchise Fee is non-refundable.

You must pay us a computer set up fee ranging from \$2,400 to \$2,900. This fee is for telephonic support in setting up accounts and configuring your computer to be able to provide iSOLD It Services.

Except as listed above in this Item 5, there are no other initial fees or payments for services or goods received from us or our affiliates before your Outlet opens.

ITEM 6: OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee for all Postal Connections Services and Products ^{1,2}	4% of your Gross Volume ³	10th business day of the following month	Royalty is paid on monthly basis by electronic funds transfer from your bank account.
Royalty Fee for iSOLD It Services ^{1,2}	4% of monthly sales fees received from consigned goods sold by Franchisee and other items sold to retail customers (<i>i.e.</i> packing and shipping, supplies, ink cartridges, mail service, printing and copying, freight), and 1% of the gross revenues from sales of goods owned by Franchisee and sold through the Internet	10th business day of the following month	Royalty is paid on monthly basis by electronic funds transfer from your bank account.
Marketing Fund Contributions	2% of your Gross Volume up to a maximum of \$225 per month ³	10th business day of the following month	Marketing Fund Contributions are paid monthly. In the future, we may increase the maximum monthly dollar amount (but never more than 2% of your Gross Volume) or reduce it.
Fee for Additional Trainees	\$750	Before initial training begins	This fee is payable if there are more than three attendees of initial training and for replacement managers.
Technology Support Fee	\$100	10th business day of the month	Upon 60 days' notice, we may increase this Technology Support Fee to \$150 per month.
Digital Menu Board Display Reimbursement Charge	\$50	10th business day of the month	This reimburses the monthly cost for transmission of video content to digital menu boards at Outlets. Upon 60 days' notice, we may increase this reimbursement charge to \$75 per month.

Type of Fee	Amount	Due Date	Remarks
Additional Advertising and Promotion Assessment	Amount of assessment (variable)	Immediately upon our demand	On a regional or system-wide basis, we may impose an assessment in addition to the monthly advertising fund contribution upon affected franchisees for special designated advertising or promotional activities if 51% of all affected Outlets agree to such additional assessment by affirmative vote.
Audit Expenses	Costs of audit	On demand	If you fail to submit reports or understate Gross Volume by 3% or more, you pay audit amounts owed and the cost of the audit. We also can end your Agreement and seek damages if you understate intentionally.
Collection Costs	Costs incurred to collect amounts you owe to us and have not paid	On demand	You must reimburse us immediately upon demand for all reasonable costs of collection relating to delinquent amounts, including attorneys' fees, court costs, investigator fees, expert witness fees and collection agency fees.
Transfer Fee	\$5,000 (for a PC/ISI Store) or \$1,500 for an @Home Location	Before transfer of franchise.	The transfer fee covers our costs in reviewing the qualifications of the assignee and providing initial franchise training to the assignee. There is no transfer fee if franchise is transferred to an entity (corporation or limited liability company) owned solely by you. We may reduce, defer or waive this fee in our sole discretion.
Management Fee ⁵	\$200 to \$500 per day plus all costs including compensation, travel, meals and incidental expenses of manager	Deducted from funds earned from the operation of your Outlet during the management period.	This fee is payable if we issue a notice of serious default to you, and we appoint a manager for your Outlet until you cure the default; or if we operate the business on your behalf in the event of the death or legal incapacity of a sole proprietor franchisee or the principal owner-operator of a franchisee that is an entity.
Supplier Approval Fee	We may require you to pre-pay reasonable charges for our review and evaluation of any proposal	On review of product or supplier.	We may reduce or waive these fees in our sole discretion.
Interim Manager Payments	Daily charge which is currently \$750 ⁴ per day.	Weekly, on demand.	In addition to our daily charge for the manager, you or your successor must pay our manager's travel, lodging, and living expenses.

Type of Fee	Amount	Due Date	Remarks
Convention Support Fee	Reasonable related fees to offset the cost of a convention program may be set by us (a minimum of \$25 per month per Outlet, but we may increase the monthly charge to \$75 per month per Outlet)	10th business day of the month.	You must attend the annual convention and any mandatory meeting unless we specifically excuse your attendance. You are responsible for all lodging, food, travel, incidental and other costs of attending.
Late Charge	\$50	With late payment or late report.	Payable each time you do not pay when due and each time you fail to file a required report to us on time. We may waive this charge in our sole discretion.
Interest	Annual Percentage Rate ("APR") of 18% on the amount past due ² .	Immediately upon our demand	Interest begins from the date payment was originally due.
Gift Cards	Variable based on purchases.	When ordered.	We do not currently use gift cards, but we have the right to begin using them at any time. If we do, you will have to purchase from a designated vendor, who may be us or our affiliate, as you need them the gift cards you are required to sell at your Store.
Reimbursement for Curing Franchisee Defaults	Cost incurred to cure your defaults (variable)	Immediately upon our demand.	If you default in the performance of any obligation under the Franchise Agreement, or related agreement involving third parties, we may cure the default for your account and on your behalf and you would then be obligated to reimburse us for all costs and expenses we incur to do so.
Attorneys' Fees and Costs	Actual cost, which is variable.	Immediately upon our demand.	Payable only if we use an attorney to collect money from you or otherwise enforce any provision of the Franchise Agreement or any other agreement with you.
Indemnification of Franchisor against Losses	All "Losses", as defined in section 12.2 of the Franchise Agreement and described in the Remarks in the right column of this row (variable).	Immediately upon our demand.	The Franchise Agreement requires you to indemnify us against Losses we may incur as a result of (i) your deviation from our approved menu, (ii) unauthorized use of our proprietary information or trademarks, (iii) the breach by you, any Principal Equity Owner or your Manager of non-compete covenants, or (iv) your intentional tort or negligence relating to operation of the Outlet.
De-identification Enforcement Expense	Cost and expenses relating to de-identification (variable)	Immediately upon our demand.	If you fail to de-identify your Store and your business upon termination or non-renewal of the Franchise Agreement, we have the right 15 days after written notice to enter the Store and complete de-identification changes at your expense.

Notes:

1. All fees are imposed and collected by and are payable only to us. Except as indicated otherwise in the table above, all fees are non-refundable. All fees are uniformly imposed. To be eligible to sign the Franchise Agreement, you must provide us with reasonable proof of your financial ability to make the initial investment described above and you must authorize us to conduct a credit check to confirm your financial ability to purchase and develop the Outlet. We must receive all Royalty Fees, Marketing Fund contributions and other amounts due us for each period not later than 5:00 p.m. on the 10th business day after each period. You grant us a security interest in assets of your Outlet when you sign the Franchise Agreement. The security interest in the collateral granted by you to us must be prior to all other security interests except for legitimate purchase money security interests and any security interest granted to a third party relating to the original financing of your Outlet.

2. The current Royalty Fee period is a calendar month, but this period may be changed by us. If any payment is not paid when due, you must pay interest on the unpaid amount at an APR of 18% (unless interest rates in the state in which your Outlet is located are limited by law to a lower APR, in which case that lower APR will apply), and you must reimburse us immediately upon demand for all reasonable costs of collection relating to delinquent amounts, including court costs, investigator fees, expert witness fees and attorneys' fees. Interest begins to accrue from the date payment was due.

3. Gross Volume includes all charges, sales fees and revenues that are received or earned by you, or anyone affiliated with you arising from the operation of the Outlet or when the Postal Connections marks are used. All sales and billings, whether collected or not, will be included in Gross Volume, with no deduction for credit card merchant fees or other credit processing charges. Gross Volume does not include sales tax collected and paid when due to the appropriate taxing authority and actual customer refunds, adjustments and credits. Gross Volume also excludes the face amount of postage stamps, Money Orders, Money Transfers and Money Grams (but not amounts due or received that are more than the face amount).

4. Refer to Item 11 for information on local advertising requirements and your participation in any Franchisee Marketing Groups.

5. If we deliver a notice of default to you relating to a critical element of your Outlet operations or to an activity or circumstance which negatively impacts the good will of the Marks, we may choose to appoint a manager to operate the Outlet until you have cured all defaults, and you would then pay a Management Fee.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

PC/ISI STORE¹

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee for PC/ISI Store ²	\$28,720 to \$35,900	Lump Sum (not refundable)	When you sign the PC/ISI Store Franchise Agreement.	Us
Grand Opening Advertising Promotion	\$5,000 to \$7,500	As Arranged	Within 30 days before and 30 days after the opening date	Us
Furniture, Fixtures, Décor, Equipment, Installation and Sales Tax ³	\$32,000 to \$40,000	As Arranged	As Incurred	Designated Vendors
Fast Track Merchandise	\$7,000 to \$13,000	As Arranged	As Incurred	Designated Vendor

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Lease, Internet Access and Utility Deposits ⁴	\$3,000 to \$8,000	Lump Sum (Not Refundable)	Before Opening	Landlord, Utilities and Insurers
Real Estate (Rent or Lease Payments for 3 Months) ⁵	\$10,500 to \$20,000	Monthly Increments	As Incurred	Landlord
Computer Equipment	\$8,800 to \$12,200	As Arranged	As Incurred	Vendor
Computer Set-up Fee, QuickList Operating Software License and Installation and Menu Board ⁶	\$2,400 to \$2,900	Lump Sum (Not Refundable)	Before Opening	Us
Office, Photography, Packing and Shipping Supplies	\$2,800 to \$5,850	Lump Sum (Not Refundable)	At Signing of Lease Agreement	Designated Vendor
Permits and Licenses	\$500 to \$1,000	As Arranged	Before Opening	Government Agencies
Training Expenses	\$5,000 to \$7,000	Variable	As Incurred	Airlines, Lodging Vendors and Restaurants
Installation of Phone and Data Lines	\$1,000 to \$1,500	Lump Sum (Not Refundable)	At Signing of Lease Agreement	Vendor
Insurance ⁷	\$1,200 to \$1,800	Variable	Before opening	Insurance Company
Professional Fees ⁸	\$1,000 to \$3,000	As Arranged	As Arranged	Attorney and Accountant
Additional Funds – 1st 3 months ⁹	\$25,500 to \$79,500	As incurred	As incurred	See below
TOTALS¹⁰	\$134,320 to \$239,150			

Notes:

1. The initial investment table shows certain estimated expenditures required to develop a PC/ISI Store. This investment table shows estimated expenses from the pre-opening period through the first 90 days of operation. Unless otherwise stated, none of the expenses described in this table are refundable.
2. The initial franchise fee under the PC/ISI Store Franchise Agreement is \$35,900 for the first PC/ISI Store opened by a franchisee, \$16,155 for the second PC/ISI Store opened by the franchisee and \$11,500 for the third (and subsequent) PC/ISI Store opened by the franchisee. If you are a former member of the U.S. Armed Services who was honorably discharged, we will discount the initial franchise fee for your initial PC/ISI Store by \$7,180 (or 20%), and you would pay us a total of \$28,720. There are no service member discounts for additional PC/ISI Stores. The initial franchise fee and other fees received by us under the Franchise Agreement are fully earned by us when paid and are not refundable. We do not offer any direct or indirect financing of the initial franchise fee.
3. These expenses range from \$32,000 to \$40,000 for our PC/ISI Store model. It is recommended for your franchised business to obtain a security system if the premises are not secured. The cost for a security system may vary and is entirely at your sole discretion.

4. This category includes lease deposit, insurance, bond to protect seller checks, sales tax deposit or bonds, construction permit and utility deposits.
5. Businesses may be located retail/industrial park, strip centers and retail corridors anchored by supermarkets or drugstores, with national brands as cotenants. Your Business will probably need from 750 square feet up to the standard size of approximately 1,500 square feet of space. Landlords typically require you to pay a security down payment and first month's rent upon lease signing, which are incorporated into the high column figure.
6. You pay this to us, before opening, for our telephonic support in setting up accounts, acquiring and installing digital menu board displays, and configuring your computer to operate your Postal Connections business and QuickList iSOLD It operating software. The amount will vary depending on the number of computers and digital menu board displays that you buy.
7. As an independently owned and operated franchisee, you are responsible for all costs or liabilities arising from the operation of your Outlet, and it is imperative you carry adequate insurance to protect yourself. You must maintain in force policies of insurance issued by carriers that we have approved and covering various risks that we specify, including (i) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, your operation of your Outlet, under one or more policies of insurance containing minimum liability coverage limits of \$1,000,000 per occurrence / \$3,000,000 annual aggregate; (ii) all risk property and casualty insurance for the replacement value of your Outlet and all associated items (including leasehold improvements, furniture, fixtures, equipment, signs, inventory, supplies, and materials); (iii) business interruption insurance providing for continued payment of all amounts due us under the Franchise Agreement or otherwise with a \$3,000,000 minimum limit for each occurrence; and (iv) Workers' Compensation insurance to meet the statutory coverage of the state where your Outlet is located. We can specify the types and amounts of coverage required under the insurance policies and require different and additional kinds of insurance at any time, including excess liability insurance. The insurance policies must name us, and any our other affiliated entities identified by us in writing, and our respective shareholders, members, managers, directors, officers, employees, and agents as additional insureds. You must supply us a copy of the applicable insurance policy providing the coverage specified above as soon as practicable after the effective date of your Franchise Agreement and then proof of continuing insurance on annual basis not later than each anniversary of the effective date of your Franchise Agreement.
8. This figure may include any attorney review of the franchise agreement, organization of your business or negotiation of the lease for the PC/ISI Store.
9. This is only an estimate of certain funds you will need to pay your business (not personal) expenses during the first three months of operation of your Outlet. This category includes estimated employee wages for two to three employees who train in the Business for two days, advertising expenses, insurance premiums, sales tax in some states, and other miscellaneous expenses incurred before opening and during the first three months of operations. We do not furnish or authorize our salespersons or any other persons or entities to furnish estimates as to the capital or other reserve funds necessary to reach "break-even" or any other financial position, nor should you rely on any unauthorized estimates made by anyone. Although we do not require minimum funds for you to start your business, there are some expenses you will incur when you begin your franchise operations (for example, salaries of employees). It is always a good idea to have cash reserves to cover initial operating expenses. We relied on the related business experiences of our officers (more than 30 years) to estimate these expenses. You should review these figures carefully (considering local conditions and the economy) and consult a business advisor if necessary. We do not offer financing for any of these expenses.

10. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

@HOME LOCATION¹

Type of Expenditure	Amount	Method of Payment	When Due	To whom payment is to be made
Initial Franchise Fee ²	\$20,000 to \$25,000	Lump Sum (not refundable)	When you sign the Franchise Agreement	Us
Grand Opening Promotion	\$1,600 to \$2,500	As Arranged	Within 30 days before and 30 days after the opening date	Advertisers
Fixtures, Equipment and Auto Wrap ³	\$3,000 to \$6,000	As Arranged	As Incurred	Designated vendors
Insurance ⁴	\$1,200 to \$1,800	As arranged	Prior to opening	Insurance Agent
Fast Track Merchandise	\$4,000 to \$6,000	As Arranged	As Incurred	Designated Vendor
Internet Access ⁵	\$75 to \$300	Lump Sum (not refundable)	Before Opening	Landlord, Utilities and Insurers
Storage Facility ⁶	\$125 to \$200	In monthly increments	In monthly increments	Landlord
Computer Equipment ⁷	\$3,000 to \$5,000	As Arranged	As Incurred	Vendor
Computer Set-up Fee and QuickList Operating Software License and Installation ⁸	\$2,400 to \$2,900	Lump Sum (not refundable)	Before Opening	Us
Office, Photography, Packing and Shipping Supplies	\$1,000 to \$3,500	Lump Sum (not refundable)	At signing of lease agreement	Designated Vendor
Permits and Licenses	\$500 to \$1,000	As Arranged	Before Opening	Government Agencies
Training Expenses	\$4,100 to \$6,500	Varies	As incurred	Airlines, Lodging Vendors and Restaurants
Installation of Phone and Data Lines	\$300 to \$600	Lump Sum (not refundable)	At signing of lease agreement	Vendor
Professional Fees ⁹	\$1,000 to \$3,000	As Arranged	As Arranged	Attorney and Accountant
Grand Opening Promotion	\$4,200	Varies	Varies	Vendors and Media
Additional Funds - 1st 3 months ¹⁰	\$10,000 to \$12,500	Varies	Varies	Employees, Landlord, Advertising Agencies and Media, etc.
TOTALS¹¹	\$56,500 to \$81,000			

Notes:

1. The table immediately above shows estimated expenses for the @Home Location from the pre-opening period through the first 90 days of operation. Although the “high” estimate for the “additional funds” category shows the funds required for a somewhat longer period, you may need even more money to operate the Business for the first one to two years. None of these expenses are refundable except for insurance, which may be partially refundable, and deposits.
2. The initial franchise fee under the @Home Location Franchise Agreement is \$25,000. If you are a veteran of the U.S. Armed Services who was honorably discharged, we will discount the initial franchise fee for your initial @Home Location by \$5,000 (or 20%), and you would pay us a total of \$20,000. There are no service member discounts for additional @Home Locations. The initial franchise fee and other fees received by us under the Franchise Agreement are fully earned by us when paid and are not refundable. We do not offer any direct or indirect financing of the initial franchise fee.
3. These expenses range from \$3,000 to \$6,000. Variations depend on the local cost for an auto wrap. You are required to purchase the auto wrap if you intend to pick up customer's products and bring them to your place of business. If you require customers to deliver the products to your place of business, you will not be required to purchase the wrap. It is recommended for your franchised business to obtain a security system, if the premises are not secured. The cost for a security system may vary and is entirely at your sole discretion.
4. As an independently owned and operated franchisee, you are responsible for all costs or liabilities arising from the operation of your Outlet, and it is imperative you carry adequate insurance to protect yourself. You must maintain in force policies of insurance issued by carriers that we have approved and covering various risks that we specify, including comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, your operation of your Outlet, under one or more policies of insurance containing minimum liability coverage limits of \$1,000,000 per occurrence / \$3,000,000 annual aggregate. We can specify the types and amounts of coverage required under the insurance policies and require different and additional kinds of insurance at any time, including excess liability insurance. The insurance policies must name us as an additional insured in an endorsement or addendum to each applicable policy. You must supply us a copy of the applicable insurance policy providing the coverage specified above as soon as practicable after the effective date of your Franchise Agreement and then proof of continuing insurance on annual basis not later than each anniversary of the effective date of your Franchise Agreement. This category includes insurance, bond to protect seller checks, sales tax deposit or bonds.
5. Internet access varies according to availability in the respective area. Digital subscriber line (“DSL”) and broadband cable are the connectivity options available, and the costs can vary.
6. Storage facilities vary in cost. The suggested size of the storage unit should be a minimum of 100 square feet.
7. The amount will vary depending on the number of computers you buy.
8. You may pay us, before opening, for our telephonic support in setting up accounts and configuring your computer to operate your business.
9. This figure may include any attorney review of the franchise agreement, organization of your business or negotiation of the lease for the franchised Business.
10. This is only an estimate of certain funds you will need to pay your business (not personal) expenses during the first three months of operation of your Outlet. This category includes estimated employee wages, if applicable, for one or two employees, advertising expenses, insurance premiums, sales tax in some states, and other miscellaneous expenses incurred before opening and during the first three months of operations. This category does not include unanticipated expenses. We relied on our

experience and the experience of our franchisees in developing Businesses in arriving at these figures. We do not furnish or authorize our salespersons or any other persons or entities to furnish estimates as to the capital or other reserve funds necessary to reach “break-even” or any other financial position, nor should you rely on any unauthorized estimates made by anyone. Although we do not require minimum funds for you to start your business, there are some expenses you will incur when you begin your franchise operations (for example, salaries of employees). It is always a good idea to have cash reserves to cover initial operating expenses. We relied on the related business experiences of our officers (more than 30 years) to estimate these expenses. You should review these figures carefully (considering local conditions and the economy) and consult a business advisor if necessary. We do not offer financing for any of these expenses.

11. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases of Goods or Services, including Computer and Point of Sale System

You must install and operate at your Outlet an authorized online e-commerce system and a QuickList Operating System. In addition, you may be required to purchase, use and maintain a personal computer system (including all related hardware and software) as specified in the Confidential Operations Manual or otherwise by us in writing for use at the Outlet (the “Computer System”).

You must purchase items bearing the Brand only from designated vendors or approved suppliers. Also, you must use in the development and operation of your PC/ISI Store those fixtures, items of equipment, including cash registers and computer systems, storefront, supplies and signs that we have approved as meeting our specifications and standards for appearance, function, design, quality and performance. You must place or display at the premises of your PC/ISI Store (interior and exterior) only such signs, apparel, emblems, lettering, logos, and display materials that we approve in writing. A copier and a postage meter meeting our minimum specifications must be leased or purchased from an approved source. All equipment leases will be between you and the lessor. Under no circumstances can you sign any lease as if you were us or on our behalf.

You must obtain and maintain in force policies (i) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, your operation of your Outlet, under one or more policies of insurance containing minimum liability coverage limits of \$1,000,000 per occurrence and \$3,000,000 annual aggregate; (ii) all risk property and casualty insurance for the replacement value of your Outlet and all associated items (including leasehold improvements, furniture, fixtures, equipment, signs, inventory, supplies, and materials); (iii) business interruption insurance providing for continued payment of all amounts due us under the Franchise Agreement or otherwise with a \$3,000,000 minimum limit for each occurrence; and (iv) Worker’s Compensation insurance to meet the statutory coverage of the state where your Outlet is located.

Franchisor or its Affiliates Acting as Approved Suppliers

Currently, neither we nor any of our affiliates are approved suppliers or the only suppliers of goods or services you will use in operating your Postal Connections business. However, our affiliates may act in this capacity in the future.

There are no suppliers in which any of our officers owns an interest.

Approved Suppliers and Approval of Alternative Suppliers

We only designate or approve suppliers who demonstrate to our satisfaction the ability to meet our standards and specifications, who possess adequate quality control and capacity to supply your needs promptly and reliably, and who have been approved by us in the Postal Connections “Confidential Manual” or otherwise in writing. Designation of a supplier may be conditioned on factors established by us, including performance relating to frequency of delivery, standards of service, and payment or other consideration to us or parties designated by us. We may designate a single supplier or multiple suppliers for any given item or service and may concentrate purchases with one or more suppliers.

The current list of approved products and suppliers is found in the Confidential Manual. We may make changes to these lists or other parts of the Confidential Manual, which we will provide to you. If you desire to purchase products other than those provided by approved suppliers, you must submit to us a written request for approval of the proposed supplier together with such evidence of conformity with our specifications and program specifications as we may reasonably require. We will have the right to require that our representative be permitted to inspect the supplier’s facility and that samples from the supplier be delivered for evaluation and testing, either to us or to an independent testing facility designated by us. A charge not to exceed the reasonable costs of evaluation and testing must be paid by you. Our criteria for supplier approvals are contained in the Confidential Manual. Within 60 days after our receipt of the completed request or completion of the evaluation and testing (if required by us), we will notify you in writing of our approval or disapproval of the proposed supplier. Approval will not be unreasonably withheld. You must not sell or offer for sale any products or services from a proposed supplier until you receive our written approval of the proposed supplier.

We may revoke our approval of specific products or suppliers if we determine in our sole discretion that the products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing or selling any disapproved product.

Issuance of Specifications and Standards

We issue specifications and standards regarding authorized Postal Connections products and services to its franchisees through the Confidential Manual and other communications in writing or by email. We also issue specifications and standards regarding authorized Postal Connections products and services to its designated and approved suppliers in writing or by email. We may modify these specifications and standards at any time but only after delivering written notification of the modifications and providing its franchisees or suppliers a reasonable amount of time to implement the modifications.

Revenue from Franchisee Purchases

In 2023, neither we nor any of our affiliates derived revenue, rebates or other material consideration from required purchases or leases by Postal Connections franchisees.

The estimated proportion of required purchases and leases from us, our designee or suppliers approved by us or under our specifications to all purchases and leases by you will range from 38% to 50% of your total initial investment to establish a PC/ISI Store and will be approximately 1% of your total monthly expenses to operate a PC/ISI Store. The estimated proportion of required purchases and leases from us, our designee or suppliers approved by us or under our specifications to all purchases and leases by you will range from 43% to 44% of your total initial investment to establish an @Home Location and will be approximately 1% of your total monthly expenses to operate an @Home Location.

Cooperatives

We are not presently involved in any purchasing or distribution cooperatives.

Negotiated Purchase Arrangements

We do not negotiate purchase arrangements or price terms with suppliers for the benefit of franchisees, although we may do so in the future.

Material Benefits Based on Franchisee Purchases

We do not provide any material benefits to you based on your purchase of specific products or services or your use of specific suppliers.

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in franchise agreement	Disclosure document item
a.	Site selection and acquisition/lease	2.1-2.3	7, 11, 12
b.	Pre-opening purchase/leases	2.1, 2.2, 2.4, 7.1	7, 8, 11
c.	Site development and other pre-opening requirements	1.1, 2.1-2.4, 2.6, 7.1	6, 7, 11
d.	Initial and ongoing training	6.1-6.4	11
e.	Opening	1.1, 2.1, 2.4, 7.1, 7.5, 7.6	6, 7, 11
f.	Fees	3.1-3.9, 4.2(b), 6.1(b), 6.4(b), 7.2(a), 8.2(b)(vii)	5, 6, 7, 17
g.	Compliance with standards and policies/operating manual	1.1-1.6, 2.3, 2.5, 5.1-5.4, 7.1-7.4, 7.8	8, 11
h.	Trademarks and proprietary information	1.1, 1.2, 5.1-5.4, 7.2	13, 14
i.	Restrictions on products/services offered	1.2, 1.3, 2.1, 2.3, 2.4, 7.1, 7.10, 7.11	8, 11, 16
j.	Warranty and customer service requirements	1.4, 2.1(b), 7.1(b), 7.3	Not Applicable
k.	Territorial development and sales quotas	1.1, 1.3, 1.4, 9.5	12
l.	Ongoing product/service purchases	2.4, 2.5, 7.1, 7.6	8, 11, 16

	Obligation	Section in franchise agreement	Disclosure document item
m.	Maintenance, appearance, and remodeling requirements	2.1-2.3, 4.2(f)	11, 17
n.	Insurance	7.6	7, 8
o.	Advertising	1.3, 2.5, 3.3, 7.1(g), 7.11	6, 7, 11
p.	Indemnification	12.2	17
q.	Owner's participation/management/staffing	6.1, 7.1	11, 15
r.	Records and reports	7.12, 7.13	6, 9, 11
s.	Inspections and audits	7.7, 7.13(a)	6, 11
t.	Transfer	8.1-8.8	17
u.	Renewal	4.2, 4.3	17
v.	Post-termination obligations	11.1-11.4	17
w.	Non-competition covenants	7.10, 11.1(e)	17
x.	Dispute resolution	10.1-10.5	17
y.	Other (compliance with U.S. anti-terrorism laws and regulations)	12.8	Not Applicable

ITEM 10: FINANCING

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

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

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

Pre-Opening Assistance

Before you open your business, we will:

(1) Approve the site you propose for the PC/ISI Store or @Home Location (we do not help you locate a site for negotiate the purchase or lease of a site) if it meets our criteria for demographic characteristics, traffic patterns, character of neighborhood, competition from, proximity to, and the nature of other businesses, other commercial characteristics and size, appearance and other physical characteristics of the site. You have 90 days after you sign the Franchise Agreement to find a suitable location for the Outlet. If you do not, we can terminate the Franchise Agreement on written notice.

(2) Approve all changes or revisions to the plans required for your Outlet before you begin construction. Upon our approval of your site, you must contract us and our approved suppliers for development and construction of this Outlet (For PC/ISI Stores, see the PC/ISI Store Construction, Build-Out and Opening Program Addendum attached as Exhibit C of this disclosure document). It may be necessary for you to hire an architect to prepare the plans, and we must review and approve the revised plans for a PC/ISI Store (see section 2.3 of the PC/ISI Store Franchise Agreement). If you are a Conversion Franchisee who will be operating a PC/ISI Store, we must pre-approve all conversion designs in writing (see section 3.1(c) of the PC/ISI Store Franchise Agreement). Otherwise, we do not provide you with assistance in conforming the premises of the Outlet to local ordinances and building codes nor (i) obtaining any required permits, (ii) constructing, remodeling or decorating the premises, or (iii) hiring and training employees (other than your General Manager).

(3) Provide you with initial training and orientation in the Postal Connections and iSOLD It systems and how to operate the Outlet (see section 6.1 of the Franchise Agreement). You must successfully complete initial training to our satisfaction before you can open your Outlet.

(4) Provide you with a copy of the Confidential Manual (see section 7.2 of the Franchise Agreement).

Length of Time to Open the Outlet

We estimate the typical length of time between the signing of the Franchise Agreement and beginning of the Franchised Business at a PC/ISI Store will be 120 days and 60 days for an @Home Location (however these time periods may be longer). Factors that may affect this length of time include satisfactory completion of initial training by your designated attendees, location of an acceptable site, ability to obtain an appropriate lease, financing arrangements, compliance with zoning and local ordinances, weather conditions, shortages, the contractor's ability to complete construction of the Outlet, and delivery and installation of equipment, fixtures and signs. If you fail to secure a suitable location for the Outlet within 180 days after you sign a PC/ISI Store Franchise Agreement, we may cancel the Franchise Agreement effective on written notice (see section 2.2 of the PC/ISI Store Franchise Agreement) and if we do so under those circumstances, no refund of your initial franchise fee will be provided.

Post-Opening Assistance

During the operation of the franchised business, we will:

(1) Furnish you reasonable assistance by telephone, fax, e-mail, or website regarding the operation of the Outlet as we deem appropriate. At your request we will provide on-site consultations, based on availability of personnel. We may charge a reasonable fee for such operating assistance, and you must pay reasonable travel, food, lodging, and incidental costs (section 6.1 of the Franchise Agreement). If warranted, we will appoint a manager at your expense until your operation meets System standards. Other than providing you general guidelines for tax and federal employment compliance in our Manual, we do not provide you with assistance in contracting with real estate agents or hiring, supervising or discharging employees, nor do we provide any advice on employment law or regulations, except to strongly recommend you engage the services of an attorney competent to advise you on employment law matters in your state.

(2) Notify you if the general state of repair, appearance or cleanliness of your Outlet or its fixtures, equipment or signs do not meet our standards, and specify the action you must take to correct the deficiency (section 2.3(e) of the PC/ISI Store Franchise Agreement).

(3) Be available by telephone, fax, e-mail, website or private on-line Intranet at no additional charge for continuing consultation and advice regarding business, financial, operational, technical, pricing, sales and advertising matters relating to your Franchise business (sections 6.1 and 6.4 of the Franchise Agreement).

Advertising Program for the Franchise System

If your Outlet is one of three or more Outlets in a specific Metropolitan Statistical Area (as defined by the U. S. Department of Commerce), you must join and actively participate in a Franchisee Marketing Group ("FMG"). An FMG is an association of Postal Connections franchisees that we may form to conduct various marketing related activities on a cooperative basis. You may be required to contribute amounts determined by the FMG, which may adopt its own bylaws, rules, regulations and procedures, but subject to our consent.

We have a national advertising fund for advertising, publicity and marketing purposes. The advertising fund provides a monthly consumer newsletter and manages and covers the expenses of two separate websites that advertise and promote the brand. One of these websites is on a separate uniform resource locator ("URL") that we own, and the other is our principal website www.postalconnections.com. Your Outlet will be listed on both websites, and you must participate in the monthly newsletter.

You must contribute 2% of your Gross Volume (but not more than \$225) each month to this advertising fund. We have no obligation in administering this fund to make expenditures for you that are equivalent or proportionate your contributions to the fund, or to ensure that a single franchisee benefits directly or proportionately from the placement of advertising, or to ensure that advertising impacts or penetrates your territory. The fund provides monthly newsletters to customers, a customized store website, five to six advertising campaigns complete with online and print ads and materials for creating local advertising, and publicity campaigns to build brand identity. However, if you request in writing an accounting of advertising expenditures within 90 days after the end of a calendar year, we will provide you within 30 days after receiving a written request with an unaudited statement of the fund's annual receipts and expenditures relating to the calendar year.

We recommend that you spend at least 5% of your Gross Volume on local advertising (including City Directory and online directories, print ads, discounts, non-charged sales and services, and coupons). If we ask for them, you must provide us with receipts of all your local and online directory advertising expenses.

We require listings in the dominant City Directory and online directory in your area and online directories (including Google, Yelp, Bing, Yahoo and others we designate) in the following categories: shipping, mailbox services. If one or more Outlets are in your area, you must participate in cooperative advertising on an equal cost basis for advertising space in the dominant City Directory.

All advertising and promotional materials using the Marks for any media, including the Internet, must be submitted to us for our review and approval before use. You may not use the Marks on the Internet except if you participate with your own information in our website or otherwise as we authorize in writing. You may not set up your own separate website that displays the Marks. You will not use any advertising and promotional materials using the Marks or other materials or programs disapproved by us. You will not use the name of a public figure in association with the Marks or the Franchised Business without our written consent. Any advertising materials developed by you for territory franchise sales or to promote consumer sales at your or any other Outlet must first be submitted to us for approval in writing and allow 2 weeks for our approval.

To enhance uniformity in the delivery of goods and services to retail customers by Postal Connections franchises and the strength of the Marks in inter-brand competition, and subject to applicable antitrust laws, we may recommend retail prices for specific Postal Connections Services and Products and other products and services we authorize for sale at your Outlet. If we do so, you may not advertise or promote (whether by telephone, printed materials or any other media, including, without limitation, social media) retail prices that are inconsistent with these recommended prices. Also, to the extent permitted by federal and state law applicable to the Outlet, we may designate maximum and minimum retail prices to be charged for Postal Connections Services and Products (section 2.5(c) of the Franchise Agreement).

On a national or regional basis, we may impose an additional assessment on all affected Postal Connections franchisees for special advertising or promotional activities if franchisees owning 51% of all affected franchised Outlets agree to this additional assessment, confirmed in writing by each franchisee (see section 3.3(d) of the Franchise Agreement).

We will determine, in the exercise of our reasonable judgment, the cost, form or media, content, format, production and timing, including regional or local concentration and seasonal exposure, location and all other matters involving advertising, public relations and promotional campaigns.

In 2023, we collected \$89,449 in advertising fund contributions, and we spent \$55,396 on the advertising and promotion of the Postal Connections brand and retail businesses, as follows: 53.5% on the production of advertisements and other promotional materials, 44.5% for media research and placement, and 2.0% on administrative expenses.

If we do not expend all advertising fund contributions collected for one year, the amount remaining would be retained for future advertising, marketing and promotion.

None of the advertising fund contributions would be used primarily for the solicitation for new franchise sales.

The Franchise Agreement does not prevent us from creating an advertising counsel and then changing or dissolving it. Any such counsel will not require any franchisee to join nor abide by any directives it gives. We do seek input from an Advertising Advisory Group that we formed and whose members we selected and which includes PC/ISI franchisees. However, the Advertising Advisory Group does not make binding decisions that we must follow.

You are not required to participate in any advertising local or regional cooperative. We are not involved in any advertising cooperatives.

Electronic Cash Registers and Computer Requirements

You must purchase or lease a Dell OptiPlex 320 PC electronic POS system (including an Acer 17" LCD monitor, Citizen CT-S300 receipt printer, Met. MS9520 barcode scanner, and APG Vasario cash drawer) and authorized online e-commerce system. The cost for the POS system and additional equipment ranges from \$4,150 to \$18,650. The authorized online e-commerce system includes an authorized online credit card collection system with a monthly fee of approximately \$120 each month.

We have no obligation to provide or assist you in obtaining the POS system or online e-commerce system and you must enter into a software license agreement on the online e-commerce system vendor's then-current form. We will assist you in installation and set-up of the QuickList Operating System, which we anticipate will be integrated into the POS system described above. the QuickList Operating System is designed to enable in the month polling of sales data to allow an accurate charge of Royalties. Before you can begin to operate your franchised Outlet, you must also purchase the required dedicated telephone and power lines and other computer-related accessories, peripherals and equipment. You are responsible for all ongoing maintenance and repairs and upgrades to the POS and online e-commerce systems.

In addition to the POS and online e-commerce systems, you may be required to purchase, use and maintain a Computer System (including all related hardware and software) as specified in the Confidential Manual or otherwise by us in writing for use at the Outlet. You must obtain high-speed communications access through a communications medium we specify or approve for your POS and online e-commerce systems, and we require you to maintain an e-mail account and always connect the POS and online e-commerce systems to an approved communications medium.

We will help you to bring your POS system on-line with our headquarters computer at the earliest possible time and then you must maintain this connection as we require. Your POS will store revenues received from sales at your Outlet, as well as date and time of sale, and any refunds and sales taxes charged. We may retrieve from your POS system all information that we consider necessary, desirable or appropriate. There are no contractual limitations on our right to access information.

You must maintain your POS system and Computer System and keep both in good repair. After your Outlet has been open for 12 months, there is no contractual limit on our ability to require you to upgrade the POS system, add components to it and replace components of it. We may develop a new cash register, POS system, on-line reporting system and specifications for certain components of this system in the future and may modify specifications and the components of this system. Modification of the specifications for the components of any such system may require you to incur costs to obtain service and support for the system during the term of the Franchise Agreement. We cannot precisely predict the cost of maintaining, updating or operating your POS system or its components because this will depend on your repair history, local cost of computer maintenance services in your area and technological advances, but we estimate the annual cost will not exceed \$10,000.

Within 60 days after receiving notice from us, each Outlet must obtain the components of the POS system and computer system that we designate.

Operations Manual

We will loan you one copy of our Confidential Manual (containing a total of 148 pages) and other applicable manuals during the relevant phases of initial training (see section 7.2 of the Franchise Agreement). The Confidential Manual contains mandatory and suggested specifications, standards and procedures for operation of your Outlet.

We may modify the Confidential Manual, and you must comply with these changes when you receive them, but no modification will materially alter your status and rights under the Franchise

Agreement. This Confidential Manual is confidential and remains our property. If you lose or allow the unauthorized duplication of the Confidential Manual or any other confidential manuals or proprietary materials loaned to you by us, you may be required to pay us the sum of \$10,000 (this amount may be adjusted by changes in the Consumer Price Index since the effective date of the Franchise Agreement) within 30 days after our demand for payment, and you will be deemed to be in violation of this Agreement and all other agreements you have with us (see section 7.2 of the Franchise Agreement) and we would be entitled to recover damages from you.

The following is the Table of Contents of our Operations Manual as of the date of this disclosure document:

Topic	Number of Pages
Introduction	2
Postal and Copy Services	3
Imaging Your Center	5
Products and Services	15
Purchasing/Inventory Control	6
Equipment and Maintenance	5
Employees' Functions and Duties	6
Merchandising	11
Opening and Closing Procedures	8
Cleaning and Maintenance	4
Safety and Security	7
Shipping Procedures	15
Marketing	37
Vendors and Suppliers	9
Pricing for Profit	10
Reports and Forms	5
Total Pages	148

PC/ISI STORE TRAINING PROGRAM

Subject	Hours of Class/Outlet Training	Hours of On-the-Job Training	Location
<u>Phase One: Business Plan Development Training</u>			
Day 1 (1 day: 8 hours)			
Day 1. Training program schedule and curriculum	0	.50	Field Training
Training requirements including attendance, participation and evaluation	0	.25	Field Training
iSOLD It software installation, QuickList and basic familiarity with the customized software (SellerVantage)	0	3.25	Field Training
Development an iSOLD It Business Plan and Pro Forma	0	3.00	Field Training
Outlet accounting options	0	1.00	Field Training

Subject	Hours of Class/Outlet Training	Hours of On-the-Job Training	Location
<u>Phase Two: Business Development Training</u> Days 2-7 (6 days: 48 hours)			
Day 2. Franchise funding options including iSOLD It Business Plan and Financial Pro Forma	0	4.00	Field Training
Site identification and lease negotiations	0	4.00	Field Training
Day 3. Business Administration including fictitious name filing, resale number filing, Federal Tax ID number filing, obtaining business license etc.	0	8.00	Field Training
Day 4. Outlet Design iSOLD It software program and QuickList including pricing (includes evaluation of competition within a 3-mile radius of the store) and processing of various store profit centers (exercises will be reviewed, conducted, and evaluated by our training staff)	0	4.00	Field Training
Day 5. Quickbooks software program for accounting of store operations, (if applicable)	0	4.00	Field Training
Identifying specific vendors for franchisee contact and inventory requirements for opening	0	4.00	Field Training
Day 6. Outlet set up and merchandising including retail supplies, store supplies, mailbox preparation etc.	0	8.00	Field Training
Day 7. Conducting promotional advertising and marketing programs prior to store construction for initial store opening and Grand Opening	0	8.00	Field Training
<u>Phases Three/Four: Field and @Outlet Training</u> Days 8-16 (9 days: 72 hours)			
Day 8. Overview of Services and Operations	.50	.50	Field/@Outlet
End-of-Day Procedures	1.00	1.00	Field/@Outlet
Outlet Operations	2.50	2.50	Field/@Outlet
Shipping Requirements and Shipper Setup	2.00	2.00	Field/@Outlet
Courier Services	2.00	2.00	Field/@Outlet
Day 9. Ground Services	.50	.50	Field/@Outlet
US Postal Services	1.00	1.00	Field/@Outlet
International Shipping	2.50	2.50	Field/@Outlet
Packaging Supplies and Suppliers	2.00	2.00	Field/@Outlet
Packaging Services	2.00	2.00	Field/@Outlet
Day 10. Internal Operations	.50	.50	Field/@Outlet
Customer Service	1.00	1.00	Field/@Outlet
Pricing for Profit	2.50	2.50	Field/@Outlet
Employee Hiring and Training	3.00	3.00	Field/@Outlet
Day 11. File Maintenance on iSOLD It and CashMate/PostalMate	8.00	8.00	Field/@Outlet
Day 12. Operating an iSOLD It retail outlet	5.00	5.00	Field/@Outlet
Advertising and Marketing	4.00	4.00	Field/@Outlet

Subject	Hours of Class/Outlet Training	Hours of On-the-Job Training	Location
Day 13. Inventory Control	8.00	8.00	Field/@Outlet
Day 14. Franchise Reporting	4.00	4.00	Field/@Outlet
Administration	2.00	2.00	Field/@Outlet
Final Review	2.00	2.00	Field/@Outlet
Day 15. Customer Service	8.00	8.00	Field/@Outlet
Day 16. Copy Program	8.00	8.00	Field/@Outlet

For PC/ISI Store outlets, you receive an iSOLD It Training Package with the training outlined in four Phases with a total of 16 days or 128 hours of training occurring from the submission of the initial franchise fee to the opening of the franchise. Phase I addresses Business Development in terms of a template for a business plan. Phase II includes a five-day Training Preparation Handbook and a detailed Stages of Business Development Handbook that defines the specific stages involved in opening a franchise. Phase III includes an Operations Manual to be used for a seven-day Training Program conducted at an operational store within the iSOLD It Network. Phase IV is a four-day Training Program conducted in your PC/ISI Store using all the prior training materials. Training will be conducted through telephone interaction (six hours: 5%), on-line instruction (six hours: 5%), field exercises and experience (18 hours: 15%), and Outlet management and operational applications (98 hours: 75%).

@HOME LOCATION TRAINING PROGRAM

Subject	Hours of Class/Outlet Training	Hours of On-the-Job Training	Location
<u>Phase One: Business Plan Development Training</u> Day 1-3 (3 days: 24 hours)			
Day 1. Training program schedule and curriculum	0	1.00	Field Training
Training requirements including attendance, participation and evaluation	0	1.00	Field Training
iSOLD It software, QuickList installation and basic familiarity with the customized software	0	3.00	Field Training
Development an iSOLD It Business Plan and Pro Forma	0	5.00	Field Training
Review eBay user agreement, open eBay account, Seller Centers review of 11 sections and sell item on eBay	0	5.00	Field Training
Day 2. Franchise funding options including iSOLD It Business Plan and Financial Pro Forma	0	3.00	Field Training
Day 3. Business Administration including fictitious name filing, resale number filing, Federal Tax ID number filing, obtaining business license etc.	0	6.00	Field Training
<u>Phase Two: Business Development Training</u> Days 4-5 (2 days: 16 hours)			
Day 4. @Home Floor Plan Design	0	2.00	Field Training

Subject	Hours of Class/Outlet Training	Hours of On-the-Job Training	Location
iSOLD It and QuickList software program including	0	6.00	Field Training
Day 5. Quickbooks software program for accounting of business operations, (if applicable)	0	4.00	Field Training
Identifying specific vendors for franchisee contact and inventory requirements	0	4.00	Field Training
<u>Phase Three: @ store Training</u> Days 6-9 (4 days: 32 hours)			
Day 6. @Home space set up including retail supplies, store supplies, etc.	0	8.00	Field Training
Day 7. Evaluate @Home Sales Fastrack program.	0	8.00	Field Training
Day 8. Overview of Services and Operations	1.00	0	Field/@Outlet
End-of-Day Procedures	1.00	0	Field/@Outlet
@Home Operations, Customer Service	4.00	0	Field/@Outlet
Shipping Requirements and Shipper Setup	2.00	0	Field/@Outlet
Day 9. Ground Services	1.00	0	Field/@Outlet
US Postal Services	1.00	0	Field/@Outlet
International Shipping	2.00	0	Field/@Outlet
Packaging Supplies and Suppliers	2.00	0	Field/@Outlet
Packaging Services	2.00	0	Field/@Outlet
<u>Phase Four: @Home Location Training</u> Days10-12 (3 days: 24 hours)			
Day 10. Internal Operations	2.00	0	Field/@Outlet
Customer Service	3.00	0	Field/@Outlet
Pricing for Profit	1.00	0	Field/@Outlet
Employee Hiring and Training	1.00	0	Field/@Outlet
Day 11. File Maintenance on iSOLD It and CashMate/PostalMate	4.00	0	Field/@Outlet
Day 12. Operating an @Home Location	3.00	0	Field/@Outlet
Advertising and Marketing	4.00	0	Field/@Outlet
Inventory Control	1.00	0	Field/@Outlet
Franchise Reporting	2.00	0	Field/@Outlet
Administration	1.00	0	Field/@Outlet
Final Review	2.00	0	Field/@Outlet

For @Home Locations, you receive an iSOLD It Training Package with the training outlined in four Phases with a total of 12 days or 96 hours of training occurring from the submission of the initial franchise fee to the opening of the franchise. In Phase I, you thoroughly review the eBay user agreement and accept the terms of the agreement at the bottom of the page, open an account on eBay, thoroughly review each of the 11 sections in the eBay Seller Center, select an item to sell and go through the process of placing the item on eBay following the process

outlined in the Seller Center, develop an ISI Business Plan and Pro Forma using a fictitious template, and identify accounting options for your business. Phase II includes completion of ISI Business Plan and financial pro forma business administration including fictitious name filing, resale number filing, Federal Tax ID number filing, obtaining business license. Phase III includes an Operations Manual to be used for a four-day Outlet Training Program conducted at an operational store within the iSOLD It Network. Phase IV is a three-day Training Program conducted in your home store using all the prior training materials. Training will be conducted through telephone interaction (six hours: 6%), on-line instruction (six hours: 6%), field exercises and experience (18 hours: 16%), and Outlet management and operational applications (66 hours: 68%).

The training programs above are effective as of the date of this disclosure document. We conduct the Initial Training Program approximately 18 times a year (or more frequently, if needed). The instructional materials contain information directly from the Confidential Operations Manual and appropriate handouts. Currently, our Initial Training Program instructor is Pete Pierce, who has been with us or our affiliates for 21 years, and who has 24 years of experience in the subject matters he teaches. The Initial Training Program instructor is sometimes assisted by other operations staff and employees, but all instructors must have at least two years of experience in the subject matters they teach.

The Initial Training Program is mandatory for you (if the franchisee is an individual) and your General Manager. The successful completion of initial training by your designated General Manager to our satisfaction is a condition to your opening of an Outlet to the public. This training must be completed within 180 days after you sign the Franchise Agreement. If the General Manager does not successfully complete the Initial Training Program, he or she will have an opportunity to retake it, we may assess a tuition charge (not to exceed \$350 per day) for each General Manager retraining.

An additional four days of in-store training is provided when you open your Outlet. We may provide you with proprietary information and related materials for use in training your staff. These materials are our sole property and must be returned to us when you are finished with them. We will conduct both oral and practical evaluations and issue a Certificate of Completion upon successful completion of the training. Additional training days after the four day in-store training at PC/ISI Stores may be available at the rate of \$350 per day or any portion of a day in addition to lodging and other costs incurred by the trainer. Also, you can request additional on-site training and/or assistance at any time (we may provide this at our option, but the Franchise Agreement does not require us to do so). All fees for additional in-store training are estimated and are payable in advance with any remaining monies reimbursed to you.

We may periodically conduct an annual conference or convention and national or regional meetings or training session, and if we do, we will determine its duration, curriculum and location. You (if an individual) and your General Manager must attend each annual conference, convention or training session.

You must pay all the expenses incurred by your trainees during the Initial Training Program and any other training, conferences, conventions or other meetings your trainees attend, including, for example, their salaries, transportation costs, meals, lodging and other living expenses (section 6.1(b) of the Franchise Agreement).

ITEM 12: TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You will receive a protected territory ("Territory") within which you are permitted to own and operate your franchised Outlet. The size of the Territory for a PC/ISI Store or @Home Location varies from a radius of two city blocks (as measured in your city) around your Outlet (if you are in an urban area having a population of 50,000 or more) to a possible radius of 20 miles (if you are in a non-urban (suburban or rural) area). The actual boundaries of your Territory as Franchise are specified in Exhibit 1 of the Franchise Agreement. By "protected" Territory, we mean that we will not locate another company-owned or franchised PC/ISI Store or @Home Location in your Territory if you comply with your Franchise Agreement. You and we mutually determine the size of the Territory. The Territory for a PC/ISI Store or @Home Location is not exclusive, and you may face competition from (i) other franchisees and from outlets that we own outside your territory, or (ii) from other channels of distribution or competitive brands that we control. We reserve the right to grant licenses to others to use the Marks and to sell or license other products or services under the Marks or otherwise, through delivery systems or other distribution channels other than Outlets, both within and outside your Territory.

The Franchise Agreement does not provide you with any options, rights of first refusal or other similar rights to acquire additional territories other than your Territory.

We reserve all rights not expressly granted in the Franchise Agreement. For example, we or our affiliates may own, operate or authorize others to own or operate Outlets or any other form of Postal Connections or iSOLD It business outside your Territory. We and our affiliates may conduct, or authorize others to conduct, any form of business that is not the same or like the Postal Connections business at any location under other business names that differ from the Marks.

Although we have not done so, we and our affiliates may sell products under the Marks within and outside your Territory through any method or distribution other than a dedicated Outlet, including sales through other channels of distribution including the Internet, catalog sales, telemarketing or other direct marketing sales (in such context "alternative distribution channels"). You may not use alternative distribution channels to make sales outside or inside your Territory except as described in the following paragraph and you will receive no compensation for our sales through alternative distribution channels except as described in the following paragraph.

You will be engaging in commerce over the Internet from your Outlet through an authorized online e-commerce system (this may include online products and services, such as printing, freight, ink and toner cartridges and resale of items for customers or purchases from customers). Payment for these transactions will be made through your Outlet's POS system or online credit card collection system. Your online commerce site will be accessible through the Internet and online orders from your Outlet can be fulfilled on a worldwide basis.

You may solicit or accept orders and customers outside your Territory, but you may not use unauthorized distribution channels or other unauthorized means of distribution to solicit or fill orders. We and our affiliates can use alternative channels of distribution to make sales within your Territory of products or services under trademarks different from the Marks you will use under the Franchise Agreement, but we and our affiliates have not yet made any sales of this type.

You may relocate your Outlet with our written consent, which will not be unreasonably withheld. Not less than 90 days before the desired date of relocation (unless prior notice is impractical because of a required relocation in which event your notice must be given as soon as possible), you must make a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new locations. Within 20 business days after we receive your request, we will either approve or disapprove in writing a closure or relocation in our sole discretion. If we disapprove of a proposed relocation, you may request an alternative proposed new location. If and when we approve a relocation of your Outlet, you and the new landlord must execute a rider to your lease for the new location for the Outlet (or other agreement or written understanding) (i) granting us an option to assume your position as lessee under the lease for the relocated Outlet premises if you are in material default of either the lease for the located Outlet premises (including an obligation of the landlord to notify us if you are in default) or the Franchise Agreement, and (ii) requiring the landlord to fully cooperate with us in completing identification of the relocated Outlet if the Franchise Agreement is terminated or expires without being renewed and we do not exercise our option to assume the lease for the relocated Outlet premises.

The continuation of your rights to the Territory does not depend on you attaining a minimum level of sales, revenues or market penetration, or satisfying another contingency. The Territory granted by the Franchise Agreement may not be altered except if you and we mutually agree. You will maintain rights to your Territory even if the population in those geographic areas increases.

ITEM 13: TRADEMARKS

You are licensed to operate and identify the Outlet under the principal trademarks “Postal Connections” and “iSOLD It” and the combination logo displayed on the cover of this disclosure document, and other current or future trademarks.

On November 7, 2017, the combined “Postal Connections” and “iSOLD It” trademarks and design were registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”), in classes 035 (retail store services), 038 (e-mail fax services), 039 (private postal mail and business centers), 040 (printing services), 042 (document storage and photocopy services) and 045 (notary public services), registration number 5330650.

On March 24, 2015, the principal trademark (word mark) “Postal Connections” was registered on the Principal Register of the USPTO, in classes 035 (retail store services) and 039 (private postal mail and business centers), registration number 4707542.

On November 30, 2004, the principal trademark “iSOLD It” was registered on the Principal Register of the USPTO, in class 035 (online retail consignment services), registration number 2906614. This mark was subsequently transferred to us, and its registration was renewed with the USPTO on December 19, 2014.

On July 20, 2021, the principal trademark (word mark) “QuickList” was registered on the Principal Register of the USPTO, in classes 009 (downloadable computer programs and computer software), 035 (online consignment marketplace) and 042 (software as a service for management and automation in the sale and shipment of goods through online marketplaces), registration number 6429404.

There are presently no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or any court. There are no pending infringement, opposition or cancellation proceedings involving the principal trademarks. All required affidavits have been filed by the franchisor.

There is no pending material federal or state court litigation regarding our use or ownership rights in the principal trademarks.

We own the principal trademarks. There are no currently effective agreements that significantly limit our right to use or license the use of the principal trademarks in a manner material to the franchise.

You must follow our rules when you use the Marks. You cannot use our Marks as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use our registered name in the sale of unauthorized products or services or in a manner not authorized in writing by us.

We will indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition or similar claims about the principal trademark. However, we have no obligation to defend or indemnify you if the claim against you relates your use of the principal trademark in violation of the Franchise Agreement. We have the right to control any administrative proceedings or litigation involving the principal trademark or other Mark licensed to you by us. You must notify us promptly when you learn about an alleged infringement, unfair competition or challenge to your use of our Marks. We then will promptly take the action we think appropriate.

If you learn that any third-party whom you believe is not authorized to use the principal trademark is using them or any variant of them, you must promptly notify us. We will determine whether to take any action against the third party. You will have no right to make any demand or to prosecute any claim against an alleged infringer for the infringement of the principal trademark.

At your cost and expense, you must modify or discontinue the use of the principal trademark or other mark use to identify the franchised business if we modify or discontinue it. You have no rights to compensation or otherwise under the Franchise Agreement if we require you to modify or discontinue using a trademark. You may not directly or indirectly contest our rights to our principal trademark or other marks, trade secrets or business techniques that are part of our business.

There are no infringing uses or superior previous rights known to us that can materially affect your use of the principal trademark in this state or any other state in which the franchised business is to be located.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

We hold no patents, and we have no pending patent applications. We have registered no copyright with the United States Copyright Office. However, we claim copyrights on forms, advertisements, promotional materials and other written materials that contain proprietary information (such as our Confidential Manual).

You must immediately notify us if you become aware of any infringement or inappropriate use of the Manual. We will then take whatever action we deem appropriate, and will control any litigation, to protect our copyright in the Manual. You will have no power, right or authority to settle or compromise any such claim, suit or demand by a third party or to intervene to stop misuse, without our prior written consent. We will defend, compromise or settle at our discretion any claim, suit or demand relating to our copyrights and take steps to stop misuse at our cost and expense, using attorneys selected by us, and you agree to cooperate fully in such matters. If the infringement or inappropriate use results from your negligence or willful action, you must reimburse us all our expenses in protecting our copyright. Otherwise, we will indemnify you and hold you harmless from and against all judgments resulting from any claim, suit or demand arising from your authorized use of the copyrights in accordance with the terms of the Franchise Agreement.

The Franchise Agreement provides that if you or your employees, agents and subcontractors or any other party who you may contract with create any materials containing or associated with the Marks, including artwork, graphics, layouts, slogans, domain names, other names, titles, text, or similar materials, these will become the sole property of the trademark owners, including copyrights.

We do not currently have any pending patent applications that are material to the franchise.

Our intellectual property, whether the subject of a patent, copyright or not, also is protected by common law principles which limit the use of our confidential proprietary information, except as we have licensed it. We will enforce those rights as we determine.

Our Proprietary Rights in Other Confidential Information

You may never reveal any of our confidential information to another person or use it for another person or business. You may not copy any of our confidential information or give it to a third party except as we authorize. You must also promptly tell us when you learn about unauthorized use of any of our confidential information. We are not obligated to take any action but will respond to this information as we think appropriate.

The Franchise Agreement grants us the right at any time to use the name, image and likeness of you and all Principal Equity Owners for commercial purposes in connection with the marketing and promotion of the Marks, any PC/ISI Store retail location and the Postal Connections and the iSOLD It System, without any form of compensation or remuneration.

Our confidential information will include products, services, equipment, technologies and procedures relating to the operation of an Outlet; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are

part of the Postal Connections system; the Confidential Manual; records of customers and billings; methods of advertising and promotion; instructional material; and other matters.

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

We are seeking franchisees whose Principal Equity Owners will be personally participating in the direct “on premises” management and operation of the Outlet. Each Principal Equity Owner (and spouse, if applicable) signs a Guarantee of Franchise Agreement (attached as Exhibit 3 of the Franchise Agreement) requiring them to ensure that all obligations of the franchisee under the Franchise Agreement (including provisions related to payments to franchisor, confidentiality and non-competition) are fulfilled.

You must employ at least one designated General Manager as an on-site supervisor (if you are a sole proprietor, this will be you, and if you are an entity, this will be a Principal Equity Owner of at least 50% of the franchisee entity) who has successfully completed our initial training program.

You must disclose the identity of the General Manager to us and if for any reason they are no longer acting as General Manager, you must notify us immediately and in writing. The General Manager cannot have an interest or business relationship with any of our business competitors. The General Manager must devote full time during normal business hours to the management, operation and development of the Franchised Business. We do not require your General Manager to have any ownership interest in your business, although they may do so. If the General Manager does not own at least a 20% equity interest in your franchisee entity, they may be required to sign a non-competition agreement like the non-competition agreement contained in your Franchise Agreement. After termination, expiration or cancellation of the Franchise Agreement for any reason your General Manager and other Principal Equity Owners, and each of your other managers, directors, officers, general partners and affiliates must refrain from any use, direct or indirect, for any purpose, of any of our trade secrets or proprietary information, including information regarding the operational, sales, promotional and marketing methods and techniques of the Postal Connections/iSOLD It system, and any of our proprietary information.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are permitted to sell at the Outlet only goods and services that we approve.

You may only solicit or accept orders from customers outside your Territory using the authorized online e-commerce system. Otherwise, and except for applicable laws restricting discrimination against customers based on public policy, you are not limited as to the customers to whom you may sell our products and services.

We have the right to change and add or delete other authorized products and services, and you will then be required to offer and sell these new or revised products and services. We may also require you to comply with other requirements, such as training, marketing or insurance, before we will allow you to offer additional goods or services. We have the burden of proving these new or revised goods and services are reasonable and necessary. Otherwise, there are no limits on our right to do so. Notwithstanding the foregoing, the additional investment required of you for

other authorized goods and services, which may include signs, equipment and supplies, will not exceed \$25,000 per year, unless otherwise agreed to by the parties in writing.

ITEM 17: RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in franchise agreement	Summary
a.	Length of the franchise term	4.1	The initial term of the Franchise Agreement is 10 years from the date your Outlet opens.
b.	Renewal or extension of the term	4.2	If you are in good standing, you can add additional terms of 10 years upon written notice delivered to us not less than 120 days before the end of the existing term. However, we are not obligated to renew your Franchise if one or more of the conditions in section 4.2(c) of the Franchise Agreement apply to you.
c.	Requirements for franchisee to renew or extend	4.2	You must be in full compliance, sign our then current franchise agreement modified for renewal ("Renewal Franchise Agreement") or an addendum to your existing Franchise Agreement extending its term; pay renewal fee; update and remodel your PC/ISI Store as necessary. The Renewal Franchise Agreement may have materially different terms and conditions than your original Franchise Agreement.
d.	Termination by franchisee	9.1(a)	You can terminate for our material breach of the Franchise Agreement (beyond any applicable cure periods), or if you and we agree in writing.
e.	Termination by franchisor without cause	Not Applicable	Not Applicable
f.	Termination by franchisor with cause	9.1	We can terminate your Franchise Agreement only if you are in material default of that agreement. The Franchise Agreement describes defaults throughout – please read it carefully. (This provision is subject to state law.)
g.	"Cause" defined – curable defaults	9.2, 9.3	You have 14 days after notice to cure non-payment of fees, 30 days after notice to cure non-submission of reports and any other default not listed in section 9.2 (including defaults under a lease for your Outlets), and six months after notice to correct any failure to meet performance standards. (This provision is subject to state law.)
h.	"Cause" defined – non-curable defaults	9.2	Non-curable defaults under the Franchise Agreement: your bankruptcy or insolvency; abandonment of the franchise; you engage in conduct that reflects materially and unfavorably upon the operation or reputation of Postal Connections or our franchise system; you make material misrepresentations relating to your acquisition of the Franchise or you engage in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the System; you fail, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchise; after curing any default, you engage in the same noncompliance whether or not corrected after notice; the Franchised Business or your

	Provision	Section in franchise agreement	Summary
h.	"Cause" defined – non-curable defaults [continued]		Outlet is seized, taken over, or foreclosed by a government official, creditor, lien holder or lessor, or that a final judgment against you remains unsatisfied for 30 days; you are convicted of a felony or any other criminal misconduct that is relevant to the operation of the Franchise; we make a reasonable determination that your continued operation of the Franchise will result in an imminent danger to public health or safety; or your financial condition is impaired to the point that it is reasonable to conclude that you will not be able to fully discharge your obligations under this Agreement and that impairment continues for at least 30 days. (This provision is subject to state law.)
i.	Franchisee's obligations on termination/non-renewal	11.1	Obligations include removal of our Brand and other trademarks, return of all confidential and proprietary information and erasure of all copies of confidential and proprietary information, forwarding of telephone number and payment of amounts due (also see r, below).
j.	Assignment of contract by franchisor	8.1	We can assign the Franchise Agreement if the assignee is financially responsible and economically capable of performing our obligations and agrees to perform them.
k.	"Transfer" by franchisee - defined	8.2	A sale, assignment, transfer, conveyance, pledge, mortgage, encumbrance, abandonment, elimination or giving away, voluntarily or involuntarily, by operation of law or otherwise.
l.	Franchisor approval of transfer by franchisee	8.2	We have the right to approve all transfers (including transfers of (i) more than 50% of the equity or (ii) controlling interest in a franchisee entity), but we will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	8.2	New franchisee completes an application to be a Postal Connections/iSOLD It franchisee, demonstrating a financial ability to do so and otherwise qualifying in our determination, transfer fee of \$5,000 is paid, purchase agreement approved, training arranged, release signed by you and current Franchise Agreement signed by new franchisee (also see r. below). Within 60 days after our receipt of all necessary information and documentation required under the Franchise Agreement, or as specified by written agreement between us and you, we will notify you of the approval or disapproval of the proposed transfer of the Franchise by you. This notice will be in writing and delivered to you by business courier.
n.	Franchisor's right of first refusal to acquire franchisee's business	8.3	We can match any legitimate offer for your business, but we have no right of first refusal if the transfer is (i) between or among individuals (including their immediate family members) who have guaranteed obligations under a Small Business Administration loan or (ii) a transfer of less than 100% of the equity interest of a franchisee entity).
o.	Franchisor's option to purchase franchisee's business	11.2(b)	Within 30 days after the termination, expiration or non-renewal of the Franchise Agreement, we have the option, but not an obligation, to purchase all or any portion of your reusable inventory, apparel containing the Marks, proprietary equipment, parts, fixtures and furnishings owned and used by you in your franchised operation. (This provision is subject to state law.)

	Provision	Section in franchise agreement	Summary
p.	Death or disability of franchisee	8.6	The Franchise Agreement is binding on heirs, executors, administrators, successors and assignees. If there is no qualified successor, Franchise must be assigned by estate to approved buyer within 120 days. During any period of your incapacity or until the business is sold, we can place an interim manager in your Outlet, and you must pay us up to \$750 per day as compensation for the interim manager, plus the manager's transportation, lodging and related living expenses.
q.	Non-competition covenants during the term of the franchise	7.10	No involvement in competing business anywhere.
r.	Non-competition covenants after the franchise is terminated or expires	7.10, 11.1(e)	No competing business for two years within 10 miles of your Territory or any other Postal Connections or iSOLD It location. Also, you cannot use any Postal Connections or iSOLD It customer or mailing lists. (This provision is subject to state law.)
s.	Modification of the agreement	13.2	No modifications generally, but Confidential Manual is subject to change. (This provision is subject to state law.)
t.	Integration/merger clause	13.2	Only the Franchise Agreement (and related agreements) and Confidential Manual are binding (subject to applicable state and federal law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreement disclaims or is intended to disclaim representations made in this Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	10.1-10.3	Except for certain claims, the parties agree in the Franchise Agreement to submit disputes (not including your failure to pay us sums due or an act of yours allowing us to immediately terminate the Franchise Agreement) initially to a meeting in person of our designated executive officers and your designated Principal Equity Owners at our principal executive office (without our respective legal counsel) within five business days after a party requests this meeting to conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement. If this meeting does not resolve the dispute (or the meeting does not occur), within 10 business days after the meeting takes place (or should have taken place), the parties may submit the dispute to a mutually acceptable mediator in Texas who has practiced franchise law for at least 10 years. If a mediation takes place but does not resolve the dispute or if no mediation occurs, the dispute will be resolved by arbitration by and before JAMS, Inc. in accordance with (i) its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than \$250,000) or (ii) its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is \$250,000 or more). Or if the parties mutually agree, the dispute may be submitted to arbitration by and before another mutually acceptable arbitrator. We will maintain a position of strict neutrality regarding any disputes between owners of a franchisee entity, and we will not assist any specific owner

	Provision	Section in franchise agreement	Summary
u.	Dispute resolution by arbitration or mediation [continued]		of your entity, nor will we take a position or issue an opinion on the validity of a specific claim by an owner of your entity or the respective liabilities of owners of your entity involved in a dispute. (This provision is subject to state law.)
v.	Choice of forum	10.1, 10.2	Arbitration proceedings will take place in Dallas, Texas. Mediation proceedings may take place at any mutually agreed location. Any litigation proceedings will take place in an appropriate court in Texas. (This provision is subject to state law.)
w.	Choice of law	13.1	The Federal Arbitration Act (9 U.S.C. §1 <i>et seq.</i>) law governs the arbitration of disputes under the Franchise Agreement. Otherwise, the law of the state of Texas governs the Franchise Agreement. (This provision is subject to state law.)

ITEM 18: PUBLIC FIGURES

We do not currently pay or provide any other benefit to a public figure for the right to use his or her name to promote the sale of Postal Connections or iSOLD It franchises.

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 specific location or under specific circumstances.

The following chart contains historic performance information regarding the “Gross Volume” (defined as all money or things of value received directly or indirectly by a franchisee constituting payment to or on account of the Franchised Business or the Franchise, less applicable sales and use taxes and *bona fide* product or service refunds) for the fiscal year 2023 for the 33 PC/ISI Stores operating under effective Franchise Agreements that were open for 12 months or longer as of December 31, 2023:

Total 2023 Revenues for Franchised PC/ISI Stores

Outlet 1	\$1,197,113
Outlet 2	\$801,409
Outlet 3	\$746,621
Outlet 4	\$674,442
Outlet 5	\$534,251
Outlet 6	\$520,903
Outlet 7	\$493,543
Outlet 8	\$488,377
Outlet 9	\$488,113
Outlet 10	\$437,254

Outlet 11	\$424,575
Outlet 12	\$403,061
Outlet 13	\$376,439
Outlet 14	\$353,987
Outlet 15	\$353,517
Outlet 16	\$345,365
Outlet 17	\$336,787
Outlet 18	\$335,110
Outlet 19	\$314,565
Outlet 20	\$296,819
Outlet 21	\$287,225
Outlet 22	\$259,780
Outlet 23	\$233,169
Outlet 24	\$229,600
Outlet 25	\$226,033
Outlet 26	\$221,547
Outlet 27	\$189,445
Outlet 28	\$182,039
Outlet 29	\$178,699
Outlet 30	\$164,152
Outlet 31	\$103,859
Outlet 32	\$83,423
Outlet 33	\$42,604

The average Annual Gross Volume for PC/ISI Stores in 2023 was \$373,449. The number of PC/ISI Stores that met or exceeded this average gross revenue figure in 2023 was 13 (representing 40% of the applicable PC/ISI Stores). In the table above, Outlet 17 was the median PC/ISI Store, with 2023 revenues of \$336,787.

In fiscal year 2023, there was only one @Home Location operating under a Franchise Agreement that was opened for 12 months or more. The Annual Gross Volume for that @Home Location in 2023 was \$191,790.

The 5 stores **not** in the Item 19 list are:

- (i) those 3 that operate only an iSoldit store at a retail facility,
- (ii) the one @home iSoldit store which is described below and
- (iii) the one franchisee that has not consistently reported its revenue.

When the 33 stores listed above (in the chart) are added to the above 5, the total is 38 which matches the number in Item 20 below. All of the listed 33 are retail Postal Connection stores without iSoldit services, at this time. All future franchise sales will include both the typical postal services and the iSoldit services. In addition, any existing franchisee can add the iSoldit service to their business. We no longer offer franchises for retail stores that only offer iSOLD It services and we do not make any financial performance representations regarding those retail stores.

Some of the stores listed about have signed the PBG agreement and commenced using that program as part of their business. We have not tracked the revenue generated by these franchisees that is derived from the PBG program. Such agreement to join the PBG program is voluntary and can be terminated with a 30 day notice.

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

The financial performance representation figures in the tables above do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit.

You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees listed in the disclosure document may be one source of this information.

We have not audited this information. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, Blue Stamp Franchise Company does 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 Clifford "Andy" Thompson, Postal Connections, 6136 Frisco Square Boulevard, Suite 400, Frisco, Texas 75034, (619) 294-7550; the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary For years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	40	41	+1
	2022	41	39	-2
	2023	39	38	-1
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	40	41	+1
	2022	41	39	-2
	2023	39	38	-1

Note: Some of the Outlets are standard PC/ISI Stores with an integrated iSOLD It business and others are stores without an integrated iSOLD It business. Postal Connection store franchises without an iSOLD It business and Postal Connection store franchises offering only iSOLD It business services are no longer being sold. One Outlet is an @Home Location.

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor) For years 2021 to 2023

State	Year	Number of Transfers
California	2021	0
	2022	1
	2023	4
Delaware	2021	0
	2022	1
	2023	0
Florida	2021	0
	2022	0
	2023	1
Michigan	2021	0
	2022	1
	2023	0
New York	2021	0
	2022	0
	2023	1
Wisconsin	2021	0
	2022	1
	2023	0
TOTALS	2021	0
	2022	4
	2023	6

Table No. 3
Status of Franchised Outlets For years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Arizona	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
California	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
Delaware	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Florida	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Idaho	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Illinois ¹	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Indiana	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Kentucky	2021	1	0	1	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Maryland	2021	1	0	0	0	0	0	1
	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0
Michigan	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Nevada	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Jersey	2021	1	0	0	0	0	0	1
	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0
New York	2021	2	0	0	0	0	0	2
	2022	2	0	1	0	0	0	1
	2023	1	0	0	0	0	0	1
North Carolina	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Oklahoma	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Oregon	2021	6	2	0	0	0	0	8
	2022	8	1	1	0	0	0	8
	2023	8	1	0	0	0	0	7
Pennsylvania	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Virginia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Washington	2021	2	0	1	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Wisconsin	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
TOTALS	2021	40	3	2	0	0	0	41
	2022	41	2	4	0	0	0	39
	2023	39	0	1	0	0	0	38

1. This is an @Home Location.

Table No. 4
Status of Company-Owned Unit Outlets For years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
All States	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
TOTALS	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

Table No. 5
Projected New Franchised Outlets As Of December 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
California	0	1	0
Delaware	0	1	0
Florida	0	1	0
Georgia	0	0	0
Illinois	0	1	0
Indiana	0	1	0
North Carolina	0	1	0
New York	0	1	0
Oregon	0	1	0
Pennsylvania	0	1	0
Texas	0	1	0
Virginia	0	0	0
TOTAL	0	10	0

Exhibit C of this disclosure document lists, as of December 31, 2023, the names, addresses and telephone numbers of all Postal Connections and iSOLD It franchise Outlets that are currently open and operating, and any franchisees that signed franchise agreements but have not yet opened their Outlets.

Listed below and also in Exhibit D of this disclosure document, as of December 31, 2023, is the name, city and state, and last known telephone number of every franchisee that had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business during our most recently completed fiscal year, or who has not communicated with us within 10 weeks of the date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Former Franchisee Contact Information

During the last fiscal year, several franchisees have left the system

Two franchisees were mutually terminated:

Marvin Sulaiman, San Diego, CA
Last known telephone number:
619-952-9900

Ken & Lee Kennedy, Bend, OR
Last known telephone number:
541-797-0017

During the last fiscal year, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

We have not created, sponsored or endorsed any trademark-specific franchisee organizations associated with the Postal Connections franchise system being offered. There are no independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 21: FINANCIAL STATEMENTS

Attached as Exhibit B are our audited financial statements for the fiscal years ended December 31, 2023, December 31, 2022, and December 31, 2021. Also included in Exhibit B are unaudited financial statements for the period January 1, 2024 through May 31, 2024. These financial statements have been prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no Independent Certified Public Accountant has audited these figures or expressed an opinion with regard to their content or form.

ITEM 22: CONTRACTS

The following agreements and other required exhibits are attached to this disclosure document in the exhibits listed below:

- Exhibit A-1 - PC/ISI Store Franchise Agreement
- Exhibit A-2 - @Home Location Franchise Agreement
- Exhibit A-3 - Consent to Transfer, Assumption and Release
- Exhibit A-4 - Optional Co-Branding Agreement

ITEM 23: RECEIPTS

You will find copies of a detachable receipt in Exhibit H at the very end of this disclosure document.

POSTAL CONNECTIONS

FRANCHISE AGREEMENT

For: PC/ISI STORE

EXHIBIT A-1

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FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is made and executed as of _____, 20__ (the "Effective Date"), by and among Blue Stamp Franchise Company, a Texas corporation doing business as "Postal Connections" and "iSOLD It" ("Franchisor") and _____ ("Franchisee"), with reference to the following facts:

RECITALS

Using time, skill, effort and money, Franchisor has developed and will supervise the "System" (as defined in "Definitions" below) operated in accordance with the provisions of this Agreement and Franchisor's "Confidential Manuals" (as defined below).

Franchisor has developed a system and procedure for the operation by independent persons throughout the United States and other countries of outlets that provide mailing, shipping, fax, copy, key duplication, mail box rental, packaging, shipping, Federal Express and United Parcel Service, sale of stamps, related products and services, and in some cases, notary public, Internet merchandise sales and support services and other authorized programs, and related products and services to retail customers and proprietary online sales systems (the "Franchised Business") under the proprietary marks "Postal Connections", "iSold It" and "PC/ISI" (collectively, the "Brand") at approved locations, consisting of (i) full service Postal Connections stores or rented concession locations within third party large retail stores ("PC/ISI Stores") serving retail customers, with an on-site iSold It Internet auction fulfillment centers ("ISI Business Centers"), and (ii) iSold It Internet auction fulfillment businesses operated from an individual Franchisee's residence, and adjacent storage facilities to hold products to be shipped for retail customers ("@Home Location"). This Agreement relates to a PC/ISI Store which is sometimes referred to herein as the "Outlet". Franchisor is the owner of the Brand and all rights in respect thereof. Franchisor has the sole right to authorize use of, and to license others to use, the Brand.

As part of the System, Franchisor will provide certain products and services to Franchisee and other Postal Connections Franchisees including training, use of the Brand, names and logo and other services related to the efficient and successful operation of an Outlet and the maintenance of high standards of quality. To assist Franchisee in the start-up of its Franchised Business, Franchisor will make available to Franchisee both initial and continuing information, experience, advice, business coaching and know-how with respect to management, operation, promotion, communications, computer technologies and business services.

Franchisee desires to be franchised and licensed by Franchisor to use the "System" (as defined below), "Brand" (as defined below), "Marks" (as defined below) and goodwill to conduct the "Franchised Business" (as defined below) from a specific Outlet identified in Exhibit 1 attached.

Franchisor is willing to grant Franchisee a "Franchise" of the right to own and operate an Outlet using the Brand and Franchisor's business format, in accordance with the provisions of this Agreement and the Confidential Manuals.

Franchisee acknowledges that, in the administration of this Agreement and in taking actions with respect to its relationship with Franchisee, Franchisor must consider the needs of the System, and the effect upon the System as a whole, and the need to protect the Brand for the benefit of the entire System.

DEFINITIONS

Abandoned. The term "Abandoned" means closure of a Franchise for a period of five consecutive business days without Franchisor's prior written consent. A repeated pattern of closures of a Franchise for periods of less than five consecutive business days may result in the Franchise being deemed Abandoned if in the judgment of Franchisor such closure adversely impacts the Franchised Business. A Franchise will not be deemed Abandoned if the closure is due to natural disasters, the death or disability of an individual Franchisee, or other matters beyond the control of Franchisee (other than Franchisee's inability to procure money), provided that Franchisee (i) gives notice of any such closure to Franchisor within five business days after the initial occurrence of the event resulting in such closure, (ii) acknowledges in writing that such closure is due to one of the foregoing causes, and (iii) re-establishes the Franchised Business and is fully operational in another suitable business site within 60 days after the initial occurrence of the event resulting in such closure or such longer period as Franchisor may permit.

Anniversary Year. The term “Anniversary Year” means the 12-month period between the “Opening Date” (as defined below) and the first anniversary thereof and between each succeeding anniversary.

Brand. The term “Brand” means (i) the proprietary marks “Postal Connections®”, “iSold It®”, “QuickList®”, “PC/ISI” and distinctive logo designs in respect of which registrations have been filed with the United States Patent and Trademark Office, and (ii) all common law trademarks and service marks, trade names, logos, insignias, designs and other commercial symbols which Franchisor uses and authorizes others to use to identify the Franchised Business. Franchisor will list in the Confidential Manuals the proprietary marks that Franchisee is authorized to use under this Agreement and update this list as necessary.

Confidential Information. The term “Confidential Information” means information, know-how, and materials, other than Trade Secrets, that is of value to Franchisor (or other third party, as applicable) and treated as confidential by any of the foregoing and is disclosed or made known or available to Franchisee or its employees or agents. Without limiting the generality of the foregoing, the term Confidential Information includes, without limitation: (i) the Confidential Manuals; (ii) all technical and non-technical information, including without limitation, information concerning finances, financing and capital raising plans, accounting or marketing, business opportunities, affiliate lists, business plans, forecasts, predictions, projections, recipes, products, research, development, and know-how; (iii) Intellectual Property, the Marks, “Postal Connections Services and Products” (as defined in these Definitions below), insignias, designs, and materials subject to copyright, patent, or trademark registration; (iv) any developments, inventions, improvements, additions, modifications, enhancements, derivatives, ideas, reports, analyses, opinions, studies, data or other materials or work product, whether prepared by Franchisor or otherwise, that contain or are based upon Proprietary Information; (v) information regarding customers and potential customers of the Franchised Business, including customer lists, names, needs or desires with respect to the products or services offered, contracts and their contents and parties, the type and quantity of products and services provided or sought to be provided to customers and potential customers of the Franchised Business and other non-public information relating to customers and potential customers; (vi) information regarding any of Franchisor’s business partners or affiliates and their services, including names, representatives, proposals, bids, contracts and their contents and parties, the type and quantity of products and services received by the discloser, and other non-public information relating to business partners; (vii) information regarding personnel, including compensation and personnel files; and (viii) any other non-public information that a competitor of Franchisor could use to the competitive disadvantage of Franchisor.

Confidential Manuals. The term “Confidential Manuals” means the manual or manuals (regardless of title) containing policies and procedures to be adhered to by Franchisee in performing under this Agreement (as described in section 7.3 hereof). The Confidential Manuals may be accessed online at the private intranet site *franconxtions.net* and will include all amendments and supplements thereto provided to Franchisee from time to time.

Consumer Price Index. The term “Consumer Price Index” (or “CPI”) means the annual average of the Consumer Price Index for All Urban Consumers, Service Group Only, 1992-1994=100, published by the Bureau of Labor Statistics of the United States Department of Labor (or the highest similar future index if these figures become unavailable).

Control. The term “Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

Force Majeure. The term “Force Majeure” means a natural disaster (such as tornado, earthquake, hurricane, flood, fire or other natural catastrophe); strike, lockout or other industrial disturbance; war, terrorist act, riot, or other civil disturbance; epidemic; or other similar force which Franchisee could not by the exercise of reasonable diligence have avoided; provided however, neither an act or failure to act by any federal, state, county, municipal and local governmental and quasi-governmental agency, commission or authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, or other person will be a Force Majeure, except to the extent such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise a Force Majeure. To avoid any potential misunderstanding, Franchisee’s financial inability to perform or Franchisee’s insolvency will not be a Force Majeure.

Franchised Business. The term “Franchised Business” means the operation of a retail center at an Outlet at a location Franchisor has consented to that provides “Postal Connections Services and Products” (as defined in these Definitions below), and in some cases, notary public and other authorized programs, online sales systems and related products and services to retail customers, with or without an on-site ISI Business Center, at a specified location within a specific territory, using the Brand, operational techniques, service concepts and proprietary information owned or authorized to be used by and identified with Franchisor.

General Manager. The term “General Manager” means the employee of Franchisee who has been designated by Franchisee as the person responsible for the day-to-day operation on a full-time basis of the Franchised Business and who has successfully completed “Initial Franchise Training” (pursuant to section 6.1 hereof).

Gross Volume. The term “Gross Volume” means all money or things of value received directly or indirectly by Franchisee constituting payment to or on account of the Franchised Business or the Franchise, less applicable sales and use taxes and *bona fide* product or service refunds.

Initial Training. The term “Initial Training” means training in the System provided by Franchisor, as described in and required by section 6.1 hereof.

Intellectual Property. The term “Intellectual Property” means creations of the mind, including inventions, proprietary software systems used to operate the Franchised Business, literary and artistic works, designs, symbols, names and images owned by Franchisor and used in the Franchised Business or at Outlets.

Intellectual Property Rights. The term “Intellectual Property Rights” means all past, present, and future rights of the following types, which may exist or be created under the laws of any jurisdiction in the world: (i) rights associated with works of authorship, including exclusive exploitation rights, copyrights, moral rights, and mask work rights; (ii) trademark and trade name rights and similar rights; (iii) trade secret rights; (iv) patent and industrial property rights; (v) other proprietary rights in intellectual property of every kind and nature; and (vi) rights in or relating to registrations, renewals, extensions, combinations, divisions, and reissues of, and applications for, any of the rights referred to in clauses (i) through (v) of this sentence.

ISI Business Center. The term “ISI Business Center” means a designated place within the Outlet or off-site where designated employees of Franchisee accept from retail customers a variety of merchandise and other property on a consignment basis and then sell this property over the Internet as an Auction Fulfillment Center for eBay, Amazon, Etsy, Craigslist, or another Internet seller.

Opening Date. The term “Opening Date” means the day Franchisee open its Outlet, furnished, inventoried and equipped in accordance with our requirements, and Franchisee begins operating the Franchised Business at the Outlet.

Outlet. The term “Outlet” means a PC/ISI Store or @Home Location consented to by Franchisor and exclusively dedicated to the operation of the Franchised Business under the Marks and in accordance with the System.

Principal Equity Owner. The term “Principal Equity Owner” means each person who owns 20% or more of Franchisee.

Postal Connections Services and Products. The term “Postal Connections Services and Products” means mailing, shipping, fax, copy, key duplication, mailbox rental, packaging, shipping, Federal Express and United Parcel Service, United States Postal Service products and sale of stamps, related products and services.

Proprietary Information. The term “Proprietary Information” means, refers to, and includes Trade Secrets and Confidential Information of Franchisor (or if any other third party provided such information to or on behalf of Franchisor). No formal identification of Proprietary Information will be required. Without limiting the generality of the foregoing, Proprietary Information may take the form of documentation, drawings, specifications, software, technical or engineering data and other forms, and may be communicated orally, in writing, by electronic means or media, by visual observation and by other means.

Suggestions. The term “Suggestions” means any new products or services, specifications, suggestions or other feedback made by Franchisee or its Principal Equity Owners to modify the System.

System. The term “System” means an interdependent network composed of Franchisor, Franchisee and any other people or companies that Franchisor has licensed to use the Brand or System. The System is a comprehensive marketing and operational system prescribed by Franchisor to be used in the conduct of the Franchised Business, as set forth in this Agreement, the Confidential Manuals (as amended from time to time) and online systems for training and sales. The System will include, among other things, proprietary QuickList online sales software, the Brand, advertising, marketing and sales programs and techniques, training programs and materials, artwork, graphics, layouts, slogans, names, titles, text and other intellectual property that Franchisor makes available to Franchisee. In its sole discretion, Franchisor may improve or change the System from time to time (including but not limited to adding to, deleting or modifying elements of the System, establishing categories or classifications of Franchisees and amending the Confidential Manuals) for the intended purpose of making the System more effective, efficient, economical or competitive; adapting to or taking advantage of competitive conditions, opportunities, technology, materials or local marketing needs and conditions; enhancing the reputation or public acceptance of the System; or better serving the public.

Territory. The term “Territory” means a mutually agreed geographical area varying in size from a radius around the Outlet varying from two city blocks (in densely populated urban areas) to one-half mile (in rural areas), as depicted in Exhibit 1 hereto.

Trade Dress. The term “Trade Dress” means the unique and distinctive layout, design and color schemes relating to the Outlet, and the textures, sizes, designs, shapes, and placements of words, graphics, and decorations on products and packaging related to Postal Connections Services and Products.

Trade Secret. The term “Trade Secret” means information constituting a trade secret within the meaning of the Defend Trade Secrets Act of 2016 (18 U.S.C. § 1836, *et seq.*), as amended.

Transfer. The term “Transfer” means a sale, assignment, transfer, conveyance, pledge, mortgage, encumbrance, abandonment, elimination or giving away, voluntarily or involuntarily, by operation of law or otherwise.

I. THE FRANCHISED BUSINESS

1.1 Grant of Franchise.

(a) Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, a license and franchise (“Franchise”) to participate in and use the System by conducting the Franchised Business at the licensed Outlet identified in Exhibit 1 attached hereto within the Territory also described in Exhibit 1 attached hereto, in strict accordance with this Agreement and the Confidential Manuals, from the time of commencement of the Franchised Business until the end of the term hereof and any additional term unless sooner terminated. As long as Franchisee remains in good standing under this Agreement, Franchisor will not open itself or through any Postal Connections franchisee or affiliate any Outlet within the Territory. (For purposes of this section 1.1, “Outlet” does not include Internet sites, publicity releases, or direct mail operations.)

(b) Each Principal Equity Owner (and their respective spouses, if applicable), must execute the Guarantee of Franchise Agreement attached as Exhibit 3 of this Agreement.

(c) Franchisee acknowledges that Franchisor has granted and may in the future operate or grant other licenses and franchises for Franchised Business outside the Territory. FRANCHISEE MAY NOT USE THE MARKS (AS DEFINED HEREIN), OPERATIONAL TECHNIQUES, QUICKLIST PROPRIETARY SOFTWARE OPERATING SYSTEM, SERVICE CONCEPTS OR PROPRIETARY INFORMATION IN CONNECTION WITH SUCH BUSINESSES OR SERVICES WITHOUT THE EXPRESS PRIOR WRITTEN PERMISSION OF THE PRESIDENT OF FRANCHISOR, WHICH PERMISSION, IF GRANTED, WILL BRING SUCH BUSINESSES OR SERVICES WITHIN THE SCOPE OF THE FRANCHISED BUSINESS AND SUBJECT REVENUES THEREFROM TO PAYMENT OF ROYALTY AND MARKETING FUND CONTRIBUTION AND PROMOTION FEES.

1.2 Reserved Rights. Nothing contained herein will accord Franchisee any right, title or interest in or to the Brand, System, operational techniques, service concepts, proprietary information or goodwill of Franchisor, except such rights as may be granted hereunder. **THE FRANCHISE APPLIES TO THE OUTLET LISTED IN EXHIBIT 1 HERETO AND NO OTHER PLACES OF BUSINESS.**

1.3 Area and Scope of Operation. Franchisee may only operate its Franchised Business from its Outlet. Franchisee must (i) diligently and effectively promote, market and engage in the Franchised Business; (ii) develop, to the best of its ability, the potential for the Franchised Business within the Territory prescribed by Franchisor, and shown in Exhibit 1 attached hereto and (iii) devote and focus its attentions and efforts to such promotion and development.

1.4 Electronic Execution and Copies.

(a) An executed copy of this Agreement (or any portion of this Agreement) may be delivered by any of the parties by electrical, digital, magnetic, optical, electromagnetic, or similar capability regardless of the medium of transmission (any such medium is referred to in this section 1.4(a) and the following section 1.4(b) as “electronic”), and such delivery will be effective and binding upon such party, and will not in any way diminish or affect the legal effectiveness, validity or enforceability of this Agreement.

(b) Franchisee acknowledges and agrees Franchisor may create an electronic record of any or all agreements, correspondence or other communication between Franchisee and Franchisor or involving third parties, and Franchisor may thereafter dispose of or destroy the original of any such document or record. Any such electronic record will be inscribed on a tangible medium or stored in an electronic or other medium and be retrievable in perceivable form and will be maintained in and readable by generally available hardware and software. Franchisee agrees, notwithstanding any statute, regulation, or other rule of law to the contrary, any such electronic version of this or any other agreement or correspondence between the parties will have the same legal effect, validity, and enforceability as an original of any such document, even if the original of such document has been disposed of or intentionally destroyed.

1.5 Obligations of an Entity Franchisee.

(a) If Franchisee is an entity, Franchisee must provide Franchisor at the Effective Date with a copy of its organizational document and by-laws, shareholders’ agreement, operating agreement or other agreement between the equity owners.

(b) If Franchisee is an entity, Franchisee must place the following legend on all certificates evidencing an equity interest:

“THE TRANSFER OF THE EQUITY INTEREST IN THE ENTITY REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A FRANCHISE AGREEMENT DATED _____, 20____, BETWEEN THIS ENTITY AND BLUE STAMP FRANCHISE COMPANY. REFERENCE IS MADE TO SUCH FRANCHISE AGREEMENT AND THE RESTRICTIVE PROVISIONS CONTAINED THEREIN AND AS MAY BE OTHERWISE SET FORTH IN THE ORGANIZATIONAL DOCUMENTS AND OPERATING AGREEMENTS OF THIS ENTITY.”

II. OPENING OF OUTLET AND FRANCHISED BUSINESS

2.1 The Outlet.

(a) The Franchised Business may only be operated from the licensed Outlet, which must be configured in the manner authorized by Franchisor in the Confidential Manuals or otherwise approved by Franchisor in writing. If Franchisee’s Outlet has not been identified this Agreement is signed, but the general location of the Territory is identified, the exact location of the Outlet will be inserted into a restated Exhibit 1 attached to this Agreement as soon as the location of the Outlet has been determined.

(b) To promote the orderly and timely service of Postal Connections customers, the Outlet will be equipped with an eCommerce System designated by Franchisor permitting Franchisee to offer and sell Postal Connections Services and Products through the Internet. Otherwise, Franchisee may not deliver Postal Connections Services and Products outside the licensed Territory without Franchisor’s prior written consent. Due to landlord obligations under other leases or other restrictions imposed by government authorities, not all Postal Connections Services and Products may be available to be offered to customers at some Outlets (including Franchisee’s Outlet).

2.2 Lease and Build Out of the Outlet.

(a) Premises acceptable to Franchisor from which the Outlet will be operated must be located and secured by you within 90 days after the Effective Date. Within 15 days thereafter Franchisor will review and either consent to or disapprove the location (and if Franchisor disapproves, Franchisee must promptly propose an alternative location). If Franchisee has not located and rented or leased a site for its Outlet that is acceptable to Franchisor within 180 days after the Effective Date, Franchisor may cancel this Agreement on the basis of Franchisee failing to find an acceptable site without liability. Franchisee must build out its Outlet (and commence operation of the Franchised Business there) within 270 days after the Effective Date, using architects, project managers, contractors, subcontractors, architectural plans and key equipment suppliers designated by Franchisor (or one of Franchisor's affiliated companies) or otherwise reasonably acceptable to Franchisor. Franchisee must commence operation of the Franchised Business at the Outlet as soon as practicable after receipt of a certificate of occupancy (or equivalent document) from the responsible local government authority. If after locating and securing suitable premises for the Outlet, Franchisee has not commenced operation of the Franchised Business within 270 days after the Effective Date, Franchisor may terminate this Agreement effective on written notice, and if Franchisor does so, Franchisee will not be entitled to receive any refund of the Initial Franchise Fee it paid. Franchisor will give Franchisee an automatic 90-day extension to open the Outlet beyond the mandatory dates specified above in this section 2.2(a) if Franchisor deems in its sole discretion Franchisee made a diligent effort to locate and open the Outlet but was unable to do so due to reasons beyond its reasonable control.

(b) Franchisor may (but is not obligated to) assist Franchisee in the site selection process with Franchisor reserving the sole right of final approval of any location for an Outlet. To help evaluate the proposed site for the Outlet and the area in which it is located, Franchisee must collect (and then provide to Franchisor for review and analysis) area income figures, traffic patterns, visibility, population density, competition, zoning, parking, and customer accessibility.

(c) It is Franchisee's obligation to maintain, modify or upgrade the Outlet in accordance with the Confidential Manuals and other standards established by Franchisor. Franchisee is required to affix thereto the mark "Postal Connections" and to post other signs and logos Franchisor may require.

2.3 Design and Construction of Premises.

(a) Franchisor will provide Franchisee with a store space plan and build out package for the interior of a typical PC/ISI Store location, including required furniture, décor, equipment, mailroom, shelving and operating and retail supplies. Franchisee must, at its sole expense, engage (i) an approved contractor to construct and build out the Outlet and (ii) approved suppliers to provide the initial inventory, equipment and other items needed to operate the Franchised Business. Development and construction of the Outlet will be performed by an approved contractor under Franchisee's supervision and with the assistance of Franchisor. The store construction, equipment installation, store build-out and inventory for the Outlet must be arranged through Franchisor, and Franchisor may receive compensation for assistance in development and construction. The store construction, equipment installation, store build-out and inventory costs will be deposited into an account arranged by Franchisee and Franchisor. The store construction, equipment installation, store build-out and inventory costs and expenses will be paid from this account according to usual and customary practices in the area where the PC/ISI Store is located. Franchisor will consult with Franchisee, to the extent Franchisor deems necessary, on the construction and equipping of the Outlet, but it will be Franchisee's primary responsibility to diligently supervise the construction, equipping and completion of the Outlet. Franchisee will be responsible, at its expense, for outside signage and shipping costs and for obtaining all zoning classifications, permits, clearances, certificates of occupancy and center clearances which may be required by government authorities.

(b) Franchisee must only use licensed general contractors, designers and architects designated or approved by Franchisor prior to performing construction work at the Outlet. Franchisor expressly disclaims any warranty of the quality or merchantability of any goods or services provided by any architects, contractors, or any other persons or entities which Franchisor may refer to Franchisee. Franchisor will not be responsible for delays in the construction, equipping or decoration of the Outlet or for any loss resulting from the Outlet design or construction since Franchisor has no control over the landlord or other contractors and numerous construction or related problems which could occur and delay the opening of Franchisee's Outlet. Franchisor must approve

in writing any and all changes in the Outlet plans prior to construction or build-out of the Outlet or the implementation of such changes.

(c) Franchisor must have access to the Outlet while work is in progress and may require such reasonable alterations or modifications of the construction of the Outlet that Franchisor deems necessary. Franchisee's failure to promptly commence the design, construction, equipping and opening of the Outlet in a diligent manner will be grounds for the termination of this Agreement.

(d) After the Outlet opens, Franchisor has the right to periodically inspect the Outlet and any other site where Franchisee conducts the Franchised Business.

(e) At Franchisor's request, but not more often than once every five years, unless sooner required by Franchisee's lease, Franchisee must refurbish the Outlet to conform to the then-current building design, trade dress, and color schemes for a new Outlet. Such refurbishment may require expenditures by Franchisee on, among other things, structural changes, installing new equipment, remodeling, redecoration and modifications to existing improvements.

2.4 Equipment and Inventory.

(a) Within the timeframes Franchisor specifies to assure delivery before the Opening Date, Franchisee must order from (and, if necessary, pre-pay to) Franchisor, designated or approved suppliers recommended proprietary (i) the QuickList software system and other recommended proprietary equipment, (ii) supplies (in at least the amount required to complete Franchisor's recommended initial inventory of these items) and (iii) other items as specified in the Confidential Manuals, with delivery scheduled for later than 45 days before the Opening Date. Thereafter, Franchisee must buy replacement or additional proprietary equipment, supplies and other items in sufficient quantities to permit the uninterrupted conduct of the Franchised Business at Franchisee's Outlet, and only from vendors or suppliers designated or approved by Franchisor.

(b) Franchisee must also purchase non-proprietary merchandise and supplies (in at least the amount required to complete Franchisor's recommended initial inventory of these items), fixtures, furnishings, equipment, computer hardware, software, modems and peripheral equipment as specified in the Confidential Manuals, in adequate quantities and sufficiently in advance to allow Franchisee to fully operate its Outlet on the Opening Date, and continuously thereafter in sufficient quantities to permit the uninterrupted conduct of the Franchised Business at Franchisee's Outlet.

(c) Franchisee must buy interior and exterior signs, apparel containing the Marks, and other materials containing the Marks to be sold at the Outlet only from vendors or suppliers designated or approved by Franchisor.

(d) Franchisor and its affiliated entities reserve the right to derive and receive revenues, rebates or other material consideration from required purchases or leases by Postal Connections franchisees, and to retain for itself or use such revenues, rebates or other material consideration as Franchisor deems appropriate.

2.5 Standards of Operation.

(a) Franchisee agrees that Franchisor, Franchisee and the System will benefit from the maintenance of reasonable standards of quality, and prominent display of the Marks and Brand at the Outlet. Therefore, Franchisee agrees to maintain the standards of quality, appearance and display of the Marks and Brand in strict accordance with this Agreement and the Confidential Manuals and as Franchisor may otherwise direct in writing. So as not to impede the establishment and maintenance of an effective network of franchisees for the sale of Postal Connections Services and Products, Franchisee specifically agrees that it will not display the Marks or Brand at any place or places of business for the conduct of Franchised Business operations other than at the Outlet without Franchisor's prior written approval.

(b) Franchisor reserves the right in its reasonable discretion to refuse to allow types of Internet communications or computer-related entertainment.

(c) To protect and maintain the integrity, reputation and goodwill of the System and the Brand, Franchisor requires that Franchisee complies with the methodology Franchisor prescribes in providing Postal Connections Services and Products to customers. To enhance uniformity in the delivery of goods and services

to retail customers by Postal Connections/ISI Sold It franchises and the strength of the Marks and Brand in inter-brand competition, and subject to applicable antitrust laws, Franchisor may recommend retail prices for specific Postal Connections Services and Products and other products and services Franchisor authorizes for sale at Franchisee's Outlet. If Franchisor does so, Franchisee may not advertise or promote (whether by telephone, Internet, printed materials or any other media, including, without limitation, social media) retail prices that are inconsistent with these recommended prices. Also, to the extent permitted by federal and state law applicable to the Outlet, Franchisor may designate maximum and minimum retail prices to be charged for Postal Connections Services and Products.

(d) Franchisee hereby grants Franchisor the right at any time to use the name, image and likeness of Franchisee for commercial purposes in connection with the marketing and promotion of the Marks, Brand, Postal Connections Services and Products, any Postal Connections Outlet, and the System, without compensation. Franchisee also agrees (i) to have any affected employee of Franchisee who is not a Principal Equity Owner sign a release in the form contained in the Confidential Manuals authorizing Franchisor to also use his or her name, image and likeness for the purposes described in this section 2.5(d), without compensation, and (ii) to provide Franchisor with a copy of such signed release upon request. The terms of this section 2.5(d) survive termination or expiration of this Agreement.

[Franchisee's Initials: _____]

2.6 Signs. Subject to applicable governmental ordinances, regulations and statutes, Franchisee agrees to erect and maintain, at the Outlet, entirely at Franchisee's expense, standard authorized signs of types recommended by Franchisor. In addition, Franchisee may be required by the Confidential Manuals to prominently display on all forms, advertising, literature and business cards the following words: "Independently Owned and Operated Franchise." All signage designs must be pre-approved by Franchisor.

2.7 Lease of Outlet. Franchisor may, in its sole discretion, master lease the premises and sublet the Outlet premises to Franchisee in certain situations; however, Franchisor will not do so unless arrangements satisfactory to Franchisor are made between Franchisor and Franchisee regarding the fees, rents and deposits to be charged by Franchisor for the assumption by Franchisor of this obligation. The Outlet premises must be used for no purpose other than the operation of a Postal Connections retail business location. Unless otherwise agreed to in writing by Franchisee and Franchisor, although Franchisor will assist Franchisee with site selection, Franchisee has the sole responsibility for locating, securing, and obtaining suitable premises for Franchisee's Outlet. Franchisee and Franchisee's landlord may be required by Franchisor to execute a rider to Franchisee's lease, or other agreement or written understanding that (i) grants Franchisor an option to assume Franchisee's position as lessee under the lease for the Outlet premises if Franchisee is in material default of either the lease for the Outlet premises (including an obligation of the landlord to notify Franchisor if Franchisee is in such default) or this Agreement, (ii) grants Franchisor the right to assign the lease to a *bona fide* franchisee of the System after assuming the lease, and (iii) requires the landlord to fully cooperate with Franchisor in completing de-identification of the Outlet if this Agreement is terminated or expires without being renewed and Franchisor does not exercise its option to assume the lease for the Outlet premises.

2.8 Permission to Relocate.

(a) If Franchisee desires to relocate its Outlet, Franchisee may do so provided that not less than 90 days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation in which event notice must be made as soon as possible), Franchisee makes a written request for consent to relocate, describing the reasons for the relocation and providing complete written details regarding any proposed new location.

(b) Within 20 days after receiving Franchisee's request, Franchisor will either approve or disapprove in writing such closure or relocation in Franchisor's reasonable discretion. In the event of disapproval of a proposed relocation, Franchisee may request an alternative proposed new location pursuant to the provisions of this section 2.8.

(c) Franchisee and its landlord must execute a rider to Franchisee's lease for the new location for the Outlet (or other agreement or written understanding) that (i) grants Franchisor an option to assume Franchisee's position as lessee under the lease for the relocated Outlet premises if Franchisee is in material default of either (A) the lease for the relocated Outlet premises (including an obligation of the landlord to notify Franchisor if Franchisee is in such default) or (B) this Agreement, and (ii) requires the landlord to fully cooperate

with Franchisor in completing de-identification of the relocated Outlet in the event this Agreement is terminated or expires without being renewed and Franchisor does not exercise its option to assume the lease for the relocated Outlet premises.

III. INITIAL AND ONGOING PAYMENTS BY FRANCHISEE

3.1 Initial Franchise Fee.

(a) The "Initial Franchise Fee" for a PC/ISI Store is as follows (Franchisee must indicate which fee applies by initialing the appropriate subsection below):

(i) If this Agreement is for Franchisee's first PC/ISI Store, the Initial Franchise Fee is \$35,900, and this fee includes the registration fee for the first franchise conference following the Effective Date of this Agreement (initial here [] if applicable). If Franchisee is a former member of the U.S. Armed Services who was honorably discharged, Franchisor will discount the Initial Franchise Fee for Franchisee's initial PC/ISI Store by \$7,180 (or 20%), and Franchisee would pay a total of \$28,720 to Franchisor. There are no service member discounts for additional PC/ISI Stores.

(ii) If this Agreement is for Franchisee's second PC/ISI Store, the Initial Franchise Fee is \$15,200 (initial here [] if applicable).

(iii) If this Agreement is for Franchisee's third or subsequent PC/ISI Store, the Initial Franchise Fee is \$11,500 (initial here [] if applicable).

(b) The Initial Franchise Fee is due and payable in full, by cashier's check or money order or wire transfer to Franchisor's bank account when Franchisee signs this Agreement. The Initial Franchise Fee is fully earned by Franchisor when paid and is not refundable. Franchisor does not offer any type of financing.

(c) If Franchisee currently owns and operates a private postal and shipping business and has done so for at least one year before the Effective Date, then the Initial Franchise Fee payable by Franchisee to convert its existing business operations ("Conversion Franchise Initial Fee") to a PC/ISI Store is \$5,000. The Conversion Franchise Initial Fee also applies if Franchisee acquires a competing business and converts it to a Postal Connections operation. If Franchisee is a Conversion Franchise, Franchisor must pre-approve in writing all conversion designs relating to Franchisee's PC/ISI Store.

(d) If before Franchisee's successful completion of initial training, either (i) Franchisor decides, in its sole discretion, that Franchisee should not operate a Postal Connections franchise business, or (ii) if Franchisee does not obtain Franchisor's consent to the location of Franchisee's Outlet within 90 days after the Effective Date (see section 2.2(a) above), Franchisor may cancel this Agreement without any liability for doing so.

(e) Except for the Initial Franchise Fee, any stated dollar amount in this Agreement may be adjusted in Franchisor's discretion based on changes in the CPI since the Effective Date.

3.2 Continuing Royalty.

(a) Commencing on the Opening Date, Franchisee must pay Franchisor a "Continuing Royalty" equal to (i) 4% of Franchisee's Gross Volume for the prior calendar month (or shorter reporting period if required by Franchisor) plus (ii) if applicable, 1% of the gross revenues from sales of goods owned by Franchisee and sold through the Internet if Franchisee is operating an ISI Business Center at the Outlet.

(b) Payment of Continuing Royalty is due by the 10th business day of the month following the month in which applicable Gross Volume was received by Franchisee, accompanied by a form that reports the amount of Gross Volume for the prior calendar month ("Payment Reporting Form") and calculates the Continuing Royalty due. If Franchisee fails to include the Payment Reporting Form, then Franchisor may demand payment of Continuing Royalty based on a presumed Gross Volume equal to 101.67% of the reported or presumed Gross Volume for the month before the month for which the Payment Reporting Form should have been filed.

(c) It is expressly agreed that the payment of Continuing Royalty will not be contingent upon Franchisor providing a level of continuing assistance perceived by Franchisee to be adequate, nor may

Franchisee offset any Continuing Royalty based upon a perceived non-performance of any provision hereof on the part of Franchisor, and no offset is permitted against Continuing Royalty of any amounts due or allegedly due Franchisee from Franchisor. Notwithstanding expiration or termination of this Agreement, the Continuing Royalty remains payable as to all transactions executed or sales made prior to such expiration or termination.

(d) Franchisor requires payment of the Continuing Royalty by electronic funds transfer ("EFT") through the Automated Clearing House ("ACH") electronic network for financial transactions (or such other automatic payment mechanism Franchisor may designate) directly from Franchisee's account into Franchisor's operating account. Franchisee must execute or re-execute and deliver to Franchisor bank-required pre-authorized check forms and other instruments or drafts to enable Franchisor to draw directly from Franchisee's bank account Continuing Royalty and other sums payable under the terms of this Agreement. Franchisee must also, in addition to those terms and conditions set forth in the Confidential Manuals, maintain a single bank account for such payments (with overdraft protection from Franchisee's operating account) and must maintain such minimum balance in such account as Franchisor may reasonably specify from time to time. Franchisee must not alter or close such account except upon Franchisor's prior written approval. Any failure of Franchisee to implement such EFT system in strict accordance with Franchisor's instructions will constitute a material default of this Agreement.

3.3 Advertising Fund Contribution.

(a) Commencing on the Opening Date, Franchisee must pay Franchisor a monthly "Advertising Fund Contribution" equal to 2% of Franchisee's Gross Volume up to a maximum of \$225, accompanied by a Payment Reporting Form that calculates the Advertising Fund Contribution due. If Franchisee fails to include the Payment Reporting Form, then Franchisor may demand payment of an Advertising Fund Contribution by EFT based on a presumed Gross Volume equal to 101.67% of the reported or presumed Gross Volume for the month before the month for which the Payment Reporting Form should have been filed. The Advertising Fund is the property of Franchisor and may be deposited by Franchisor into its general operating account, but administratively segregated for the use contemplated in this section 3.3.

(b) Payment of Advertising Fund Contributions is due by the 10th business day of the month following the month in which applicable Gross Volume was received by Franchisee. Franchisor will have the right, in its sole discretion, to raise the maximum monthly dollar amount of Advertising Fund Contribution (but never to exceed 2% of Franchisee's Gross Volume) or to reduce the maximum monthly dollar amount of Advertising Fund Contribution. If Franchisor reduces the maximum monthly dollar amount of Advertising Fund Contribution rate for the benefit of certain franchisees, then such reduction (and any related changes in contract terms) will be made available on the same terms, conditions and qualifications to all similarly situated Postal Connections franchisees. Franchisor retains the right, in its sole discretion, upon not less than 10 days prior written notice, to partially or totally restore such Advertising Fund Contribution rate to the amount set forth herein.

(c) Advertising Fund Contributions are collected from all Postal Connections franchisees for the national promotion, enhancement and protection of the Postal Connections system and the Brand, goodwill and reputation of Franchisor and the Postal Connections network. Franchisor uses the Advertising Fund Contribution for (i) design, preparation, production and distribution of Postal Connections advertising (including print media pieces, brochures and collateral materials), press releases and other point of sale materials, (ii) the monthly cost for the transmission of video content to digital menu boards at Outlets, (iii) expenses of advertising agencies and public relations firms, (iv) supplementing regional advertising efforts and (v) expenses incurred by Franchisor for marketing staff time and materials.

(d) On a regional or system-wide basis, Franchisor may impose upon affected Postal Connections franchisees for special designated advertising or promotional activities an assessment that is in addition to the Advertising Fund Contribution referred to in section 3.3(a) above if 51% of all affected Postal Connections franchised Outlets agree to such additional assessment by affirmative written vote. If so, participation in the additional assessment by all applicable Outlets will be mandatory.

(e) Franchisor will expend (i) the aggregate Advertising Fund Contributions collected from all of its franchisees for the purposes set forth in this section 3.3 and for supporting national or local advertising, market research, public relations and promotional campaigns designed to promote and enhance the value of the Marks and general public recognition and acceptance thereof, less (ii) an administrative fee of 15% of the annual aggregate Advertising Fund Contributions received by Franchisor.

(f) Franchisor will determine the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure) location and all other matters relating to advertising, public relations and promotional campaigns which use the Marks. All advertising and promotions by Franchisee in any manner or medium will be conducted in an appropriate manner and will confirm to such standards and requirements specified by Franchisor and in accordance with the Confidential Manuals. Franchisee may submit to Franchisor for its prior approval (except with respect to prices to be charged) samples of all advertising and promotional plans and materials that Franchisee desires to use which have not been prepared or previously approved by Franchisor within the immediately preceding 12 months. If written disapproval of those samples or materials is not received by Franchisee from Franchisor within 30 days of the date of receipt by Franchisor of those samples or materials, Franchisor will be deemed to have approved their use by Franchisee. Franchisee will not use any advertising or promotional plans or materials the Franchisor has disapproved.

(g) No interest on unexpended Advertising Fund Contributions will be imputed for the benefit of, or be payable to, Franchisee and no interest on Franchisor expenditures more than Advertising Fund Contributions collected will be imputed for the benefit of, or payable to, Franchisor.

(h) On or before April 30 of each year, upon written request, Franchisor will deliver to Franchisee a statement of receipts and expenditures of the aggregate Advertising Fund Contributions relating to the preceding calendar year, certified to be correct by an officer of Franchisor.

(i) In addition to the 2% Advertising Fund Contribution submitted to Franchisor, it is recommended that Franchisee spend a minimum of 5% of its monthly Gross Volume on local advertising and promotion of the Outlet (Franchisee is encouraged to spend additional amounts as appropriate). All local advertising must be approved by Franchisor and initial pre-opening advertising must be in effect within 10 days prior to opening. If requested by Franchisor, Franchisee must substantiate the minimum advertising required by Franchisor, supplying such information as Franchisor may require on a monthly, quarterly, annual or other basis.

(j) Franchisee must purchase an "Initial Marketing and Stationery Kit" from Franchisor before the opening of the Outlet. Also, Franchisee must spend a minimum of \$5,000 for the grand opening promotion developed by Franchisor.

(k) Franchisee must have listings in the dominant city online directory in their area in the categories of "Shipping" and "Mailbox Services", and in the dominant city telephone directory in their area in the categories of "Mailbox Services" and "Notary Services". If additional Postal Connections Outlets are in the area serviced by Franchisee's dominant city directory, Franchisee must participate in an equal cost basis for advertising space in the city directory.

3.4 Training Fee for Additional Attendees.

There is no separate fee payable for the first two of Franchisee's attendees at initial franchise training under section 6.1 below. Franchisee must pay Franchisor a Training Fee of \$750 for each additional Franchisee's attendees at initial franchise training.

3.5 Technology Support Fee; Computer Set-Up Fee.

(a) Beginning on the Opening Date, Franchisee must pay Franchisor a monthly Technology Support Fee of \$100. Upon 60 days' notice, Franchisor may increase the Technology Support Fee to \$150 per month.

(b) Payment of the Technology Support Fee is due by the 10th business day of the month.

(c) Franchisee may be required to pay Franchisor a "Computer Set-Up Fee" from \$1,000 to \$1,500 before opening, for Franchisor's telephonic support in setting up accounts and configuring Franchisee's computer to be able to provide iSold It Services.

3.6 Digital Menu Board Display Reimbursement Charge.

This reimburses Franchisor for the monthly cost for transmission of video content to digital menu boards at your Outlet. Upon 60 days' notice, Franchisor may increase this reimbursement charge to \$75 per month.

3.7 Fees Fully Earned: No Setoff on Payments.

All payments made by Franchisee to Franchisor pursuant to this Article III are fully earned and non-refundable when paid. All payments to be made by Franchisee to Franchisor will be without setoff, deduction, defense, counterclaim or claims in recoupment.

3.8 Late Fee; Interest on Delinquent Payments.

(a) Any payment not received by Franchisor within five days of the due date is delinquent. All delinquent payments of any sums due Franchisor which are not paid within five days after their due date will be a material breach of this Agreement and will be subject to a late fee of \$50. In connection therewith, Franchisor and Franchisee agree that the late charge is a reasonable and good faith estimate by Franchisor and Franchisee of such costs because (i) as a result of any such late payment, Franchisor will incur certain costs and expenses including, without limitation, administrative costs, collection costs, loss of interest, and other direct and indirect costs in an uncertain amount; and (ii) it would be impractical or extremely difficult to fix the exact amount of such costs in such event. A late fee of \$50 is also payable each time Franchisee fails to file a required report to Franchisor on time.

(b) In addition to late payment penalties, all delinquent amounts will bear interest from the date payment was due at an annual percentage rate ("APR") of 18% or the highest APR permitted by law, whichever is lower, and Franchisee must reimburse Franchisor immediately upon demand for all reasonable costs of collection relating to delinquent amounts. Receipt by Franchisor of interest on delinquent payments is not to be construed as a waiver of Franchisor's right to timely payment. Franchisor has the right to waive all late interest and delinquency payments at its sole discretion.

3.9 No Accord or Satisfaction. If Franchisee pays, or Franchisor otherwise receives, a lesser amount than the full amount provided for under this Agreement for any payment due hereunder, such payment or receipt will be applied against the earliest amount due Franchisor. Franchisor may accept any check or payment in any amount without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere will constitute or be construed as an accord or satisfaction.

IV. TERM

4.1 Initial Term. The initial term of this Agreement commences on the Signing Date and expires on the 10th anniversary of the Opening Date, unless sooner terminated pursuant to the provisions of this Agreement.

4.2 Additional Term.

(a) Upon written notice delivered to Franchisor not less than 120 days before the end of the existing term hereof, Franchisee may renew its rights granted under this Agreement for additional 10-year terms commencing on the expiration date of the previous term, subject to the provisions of sections 4.2(b) through 4.2(g) below.

(b) At the time of renewal, Franchisee must (i) then be solvent (which means that Franchisee is able to pay its debts as and when promised by Franchisee and that Franchisee has assets that are greater than its debts), (ii) not have abandoned the Outlet, (iii) not be operating the Franchise in a manner that endangers public health or safety or materially harms the Brand or Franchisor's reputation, and (iv) not have knowingly submitted false or incomplete reports to Franchisor during the initial term.

(c) Notwithstanding section 4.2(a) above, Franchisor is not obligated to renew Franchisee's rights granted under this Agreement for an additional term if one or more of the following applies or occurs:

(i) Franchisee gives Franchisor written notice of Franchisee's intention not to renew this Agreement at least 180 days before the expiration of the initial term or any successor term.

(ii) During the 180 days prior to expiration of the Franchise, Franchisor permits Franchisee to sell the rights to operate the Franchised Business at the Outlet to a purchaser meeting Franchisor's then current requirements for granting new Franchises or (if Franchisor is not granting a significant number of new Franchises) the then current requirements for granting renewal Franchises.

(iii) Termination of this Agreement would be permitted pursuant to sections 9.1 or 9.2 hereof.

(iv) Franchisee and Franchisor agree not to renew the Franchise.

(v) Franchisor withdraws from distributing Postal Connections Services and Products through Franchises in the geographic market served by Franchisee, provided that:

(A) Upon expiration of the Franchise, Franchisor agrees not to seek to enforce any covenant of the non-renewed franchisee not to compete with Franchisor or its franchisees; and

(B) The failure to renew is not for the purpose of converting the business conducted by Franchisee pursuant to this Agreement to operation by Franchisor's employees or agents for Franchisor's own account.

(vi) At the time of renewal, Franchisee or any Principal Equity Owner has been convicted of a felony or a crime involving moral turpitude, consumer fraud or any other offense that is reasonably likely, in Franchisor's reasonable judgment, to have a materially adverse effect on the Marks, the System or the goodwill associated with the Marks or System.

(vii) Franchisor and Franchisee fail to agree to changes or additions to the terms and conditions of this Agreement, if such changes or additions would result in renewal of this Agreement on substantially the same terms and conditions on which Franchisor is then customarily granting renewal franchises, or if Franchisor is not then granting a significant number of renewal Franchises, the terms and conditions on which Franchisor is then customarily granting original franchise agreements. Franchisor may give Franchisee written notice of a date which is at least 30 days from the date of such notice, on or before which a proposed written agreement of the terms and conditions of the renewal Franchise must be accepted in writing by Franchisee. Such notice, when given not less than 180 days before the end of the Franchise term, may state that in the event of failure of such acceptance by Franchisee, the notice will be deemed a notice of intention not to renew at the end of the Franchise term.

(d) As a condition to renewing Franchisee's rights, duties and obligations hereunder, not later than 90 days before the end of the term that is expiring, Franchisee and Franchisor must sign Franchisor's then-current standard Franchise Agreement modified by addendum to remove provisions that only apply to a new franchisee, such as initial franchise fee and initial training requirements ("Renewal Franchise Agreement"). **IN ADDITION TO NOT GRANTING ANY ADDITIONAL RIGHTS BEYOND THOSE GRANTED IN THIS AGREEMENT, THE RENEWAL FRANCHISE AGREEMENT MAY CONTAIN OTHER TERMS THAT ARE SUBSTANTIALLY DIFFERENT FROM THOSE IN THIS AGREEMENT.** The Renewal Franchise Agreement, when executed, will supersede this Agreement.

(e) At the time of renewal, Franchisee must have satisfied all monetary obligations owed by Franchisee to Franchisor and to Franchisor's affiliates and all other material obligations under this Agreement, and Franchisor may examine Franchisee's books and records to verify compliance with this requirement anytime during normal business hours within 60 days of Franchisee's renewal date.

(f) Before or not later than 90 days after Franchisee's execution of a Renewal Franchise Agreement for an additional term, Franchisee must make such physical modifications to Franchisee's Outlet as are reasonably necessary so that they are substantially consistent with the then current System requirements, and so that they can accommodate new Postal Connections Services and Products, if any. Franchisee must also bring Franchisee's Outlet and equipment, décor, fixtures, flooring, materials and supplies into compliance with the standards then applicable to new Postal Connections/iSold It franchises.

4.3 Notice of Expiration Required by Law. If applicable law requires that Franchisor give a longer period of notice to Franchisee than herein provided prior to the expiration of the initial term or any additional term, Franchisor will give such additional required notice. If Franchisor does not give such required additional notice, this Agreement will remain in effect on a month-to-month basis only until Franchisee has received such required additional notice.

V. PROPRIETARY BRAND

5.1 Use and Display of Brand.

(a) Franchisor hereby grants to Franchisee the right during the term hereof to use and display the Marks and Brand in accordance with the provisions contained herein and in the Confidential Manuals, and solely in connection with the operation of the Franchised Business. Franchisee acknowledges that Franchisor prescribes minimum standards respecting the nature and quality of the goods and services used by Franchisee in connection with which the Marks or Brand is used. Franchisee agrees to be responsible for and supervise all its employees and agents to ensure the proper use of the Marks and Brand in compliance with this Agreement. Franchisee must use the Marks and Brand solely in connection with the Franchised Business. Franchisee may not use or display the Marks or Brand in connection with the operation of any business or the performance of any service or other activity outside the scope of the Franchised Business, or in any other manner not permitted in this Agreement without the prior written consent of Franchisor. Franchisee may only use the Marks and Brand on the Internet in the manner and as specifically authorized by Franchisor in the Confidential Manuals or otherwise in writing. Franchisee agrees that all of Franchisee's use of the Marks or Brand under this Agreement inures to the benefit of Franchisor. Nothing herein will give Franchisee any right, title or interest in or to any of the Marks or Brand, except a mere privilege and license during the term hereof to display and use the same strictly according to the limitations provided in this Agreement and the Confidential Manuals. Franchisee agrees to join with Franchisor in any application to enter Franchisee as a registered or permitted user, or the like, of the Marks or Brand with any appropriate governmental agency or entity. Upon termination of this Agreement for any reason whatsoever, Franchisor may immediately apply to cancel Franchisee's status as a registered or permitted user and Franchisee must consent in writing to the cancellation and must join in any cancellation petition. The expense of any of the foregoing recording activities will be borne by Franchisor.

(b) Franchisee agrees that as between Franchisor and Franchisee, the Marks and Brand are the exclusive property of Franchisor. Franchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation or ownership thereof because of Franchisee's franchised or licensed use thereof or otherwise. It is expressly understood and agreed that ownership and title of the Marks, Brand, Confidential Manuals, bulletins, instruction sheets, forms, methods of operation and goodwill are and, as between Franchisor and Franchisee, are vested solely in Franchisor, and the use thereof is only permitted during the term of this Agreement. Franchisee acknowledges that the material and information now and hereafter provided or revealed to Franchisee pursuant to this Agreement and the Confidential Manuals are confidential trade secrets of Franchisor and are revealed in confidence. Franchisee expressly agrees to keep and respect the confidentiality of information disclosed to it, both during the term of this Agreement and thereafter. Franchisor expressly reserves all rights with respect to the Brand, confidential trade secrets, methods of operation and other proprietary information, except as may be expressly granted to Franchisee hereby or in the Confidential Manuals. Franchisor will disclose its trade secrets to Franchisee by loaning to Franchisee, for the term of this Agreement, Confidential Manuals and other written materials containing the trade secrets, through training and assistance provided to Franchisee hereunder, and by and through the performance of Franchisor's other obligations under this Agreement. Franchisee further acknowledges that it will acquire no interest in the trade secrets, other than the right to use them in the development and operation of the Franchised Business during the term of this Agreement. In addition, Franchisee acknowledges that the use or duplication of the trade secrets, except as expressly permitted by this Agreement, will constitute an unfair method of competition and that Franchisor will suffer irreparable injury thereby. Franchisee agrees that it will not do, or permit any act or thing to be done, in derogation of any of the rights of Franchisor in connection with the Marks or Brand, either during the term of this Agreement or thereafter, and that it will use same only for the uses and in the manner franchised and licensed hereunder and as herein provided. Furthermore, Franchisee and its employees and agents will not engage in any act or conduct that impairs the goodwill associated with the Marks or Brand.

(c) As between Franchisee and Franchisor, the Suggestions and all Intellectual Property Rights in and to the Suggestions are owned exclusively by Franchisor, except as otherwise set forth herein. Franchisee's Suggestions will not entitle Franchisee to any Intellectual Property Rights in and to the System; the System will not become a joint work of authorship because of Franchisee's Suggestions under any circumstances. Franchisee's Suggestions will be considered as a "work for hire" (as defined under the United States Copyright Act), and such Suggestions will be owned by and for the benefit of Franchisor. To the extent that any such Suggestions by Franchisee may not constitute a work for hire, Franchisee hereby grants, assigns and transfers all right, title and interest in and to such Suggestions, including all rights in and to the Intellectual Property therein, to Franchisor and agrees to execute all further documents and things reasonably required by Franchisor to effect and record such assignment. If Franchisee has any such rights that cannot be assigned to Franchisor, Franchisee hereby grants to Franchisor an exclusive, irrevocable, perpetual, worldwide, fully paid license (with right to

sublicense through multiple tiers) to such rights. Franchisee acknowledges there are, and may be, future rights that Franchisee may otherwise become entitled to with respect to the Suggestions not yet existing, as well as new uses, media, means and forms of exploitation throughout the universe exploiting current or future technology yet to be developed, and Franchisee specifically intends the foregoing assignment of rights to Franchisor will include all such now known or unknown uses, media and forms of exploitation throughout the universe.

(d) Franchisee agrees that at all times and in all advertising, promotions, signs and other display materials, on its letterheads, business forms, and at the Franchise and other authorized business sites, in all of its business dealings related thereto and to the general public, it will identify the Franchised Business under the name "Postal Connections" and other names authorized by Franchisor (collectively, the "Business Name"), all in the form, size and style prescribed in the Confidential Manuals. Franchisee must also use the term "INDEPENDENTLY OWNED AND OPERATED" on stationery, letterhead and other written materials containing the Brand. Franchisee must file and keep current a "Fictitious Business Name Statement" (or similar document) with respect to its Business Name in the county or other designated region in which Franchisee is conducting business and at such other places as may be required by law. Prior to commencing business under the Brand, Franchisee must supply evidence satisfactory to Franchisor that Franchisee has complied with relevant laws regarding the use of fictitious or assumed names. Franchisee further agrees that it will not identify itself as (i) Franchisor, (ii) a subsidiary, parent, division, shareholder, partner, joint venture, agent or employee of Franchisor or other owner of the Marks or Brand or (iii) any of Franchisor's other franchisees. If Franchisee is an entity, it may not use any of the Marks or Brand in its entity's legal name.

(e) Franchisor may add to, substitute or modify any or all of the elements of the Marks or Brand from time to time, by directive in the Confidential Manuals. Franchisee must accept, use, display, or cease using, as may be applicable, the Marks or Brand, including but not limited to any such modified or additional trade names, trademarks, service marks, logo types and commercial symbols, and must, within 30 days of receiving notification, commence to implement such changes and use its best efforts to complete such changes as soon as practicable. On expiration or sooner termination of this Agreement, Franchisor may, if Franchisee does not do so, execute in Franchisee's name and on Franchisee's behalf all documents necessary, in Franchisor's judgment, to end and cause a discontinuance of the use by Franchisee of the Marks or Brand and Business Name registrations, and Franchisor is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact to do so. Franchisee agrees that it will not, during or after the term of this Agreement, in any way, dispute or impugn the validity of the Marks and Brand licensed hereunder, or the rights of Franchisor thereto, or the right of Franchisor or other franchisees of Franchisor to use the same during the term of this Agreement or thereafter.

5.2 Use of Other Trademarks. Franchisee must not use or display or permit the use or display of trademarks, trade names, service marks, insignias or logo types, other than the Business Name (i) in any advertisement that contains the Marks or Brand, (ii) in or on the Outlet or place of business of Franchisee in any manner that is reasonably visible from outside such Franchise or place of business, (iii) on the Internet, or (iv) in any computer system used at any Franchise or place of business of Franchisee, or otherwise in connection with the Franchised Business, in any manner that could lead any person to believe that such other trademarks, trade names, service marks, insignias or logo types or the Postal Connections Services and Products or other services with which they are associated are owned or offered by Franchisor or its affiliates, except as otherwise expressly permitted herein or in the Confidential Manuals.

5.3 Infringement Claims and Defense of Brand. If Franchisee receives notice or otherwise becomes aware of any claim, suit or demand against it by any party other than Franchisor or its affiliates on account of any alleged infringement, unfair competition or similar matter arising from its use of the Marks or Brand in accordance with the terms of this Agreement, Franchisee must promptly notify Franchisor of any such claim, suit or demand. Franchisee will have no power, right or authority to settle or compromise any such claim, suit or demand by a third party without the prior written consent of Franchisor. Franchisor will defend, compromise or settle at its discretion any such claim, suit or demand at Franchisor's cost and expense, using attorneys selected by Franchisor or the owner of the Marks and Brand, and Franchisee agrees to cooperate fully in such matter; and Franchisor will indemnify and hold harmless Franchisee from and against any and all judgments resulting from such claim, suit or demand arising from Franchisee's use of the Marks or Brand in accordance with the terms of this Agreement. Franchisor will have the sole discretion to determine whether a similar trademark or service mark that is being used by a third party is confusingly like the Marks or Brand being used by Franchisee and whether and what subsequent action, if any, should be undertaken with respect to such similar trademark or service mark.

5.4 Advertising Materials. Franchisee agrees to submit to Franchisor copies of all advertising materials that Franchisee proposes to use at least two weeks before the first time they are to be submitted for broadcasting or publishing. Franchisor will review the materials within a reasonable time and will promptly notify Franchisee whether it approves or rejects them. Franchisor will not withhold its approval unreasonably. For purposes of this section 5.4, advertising materials that differ from previously approved materials only in such variables as date or price may be considered previously approved. Even if Franchisor has approved specified materials, it may later withdraw its approval if it reasonably believes it is necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising, including but not limited to, any misrepresentation in the advertising material.

VI. INSTRUCTION AND OPERATING ASSISTANCE

6.1 Initial Franchise Training and Assistance.

(a) Franchisee understands that it is materially important that Franchisee, its Principal Equity Owners, salespersons and other employees understand the System. Consequently, the General Manager must complete "Initial Franchise Training" (or "IFT") and the effectiveness of this Agreement is conditioned upon such successful completion.

(b) There is no separate training fee for the first two attendees at IFT (must be (i) the General Manager, and (ii) one other Principal Equity Owner or other person having significant management responsibility over Franchisee's operations). Subsequent attendees at IFT may be required to pay a tuition charge of \$750 per person. If the General Manager does not successfully complete IFT, the General Manager will have an opportunity to retake the training program; but Franchisor reserves the right to assess a reasonable tuition charge (not to exceed \$350 per day) for each General Manager retraining. Franchisee is responsible for all costs of its attendees at IFT (including transportation, lodging and food).

(c) To assist Franchisee in the fulfillment of its responsibilities, Franchisor will provide the following coaching assistance and materials to Franchisee:

(i) Provide access to Franchisor's staff by office telephone (not mobile or cellular telephones) or Internet to coach in matters related to operation of the Franchise.

(ii) Copies of sample advertising material, and master copies of marketing and required forms.

(iii) Confidential Manuals or password protected access via the Internet to them.

(iv) Periodic follow-up assistance and visits by Franchisor after the IFT to the extent Franchisor deems necessary to assist Franchisee in management, merchandising, and training in its day-to-day operations.

6.2 Mandatory Meetings.

(a) Not more often than once each year, Franchisor conducts a system-wide "Annual Franchisee Meeting" to discuss Postal Connections business activities or other matters relating to the Franchised Business. Attendance of at least one Principal Equity Owner at this meeting is mandatory (and is highly recommended for the General Manager and other Principal Equity Owners). Franchisee must pay an attendance fee set by Franchisor and all other costs incurred as a result thereof, including the cost of transportation, accommodations and living expenses. Except for extenuating circumstances accepted by Franchisor, if at least one Principal Equity Owner from Franchisee does not attend a mandatory Annual Franchisee Meeting, Franchisee may be obligated to pay Franchisor a penalty equal to two attendance fees being charged attendees by Franchisor for the meeting. The annual meetings referenced in this section 6.2(a) are in addition to any voluntary convention or sales conference that may be coordinated by Franchisor.

(b) To offset the cost of Franchisee's attendance at the Annual Franchisee Meeting, Franchisee must pay a monthly, nonrefundable Convention Support Fee of \$25 per month (and Franchisor may increase the monthly Convention Support Fee to \$75 per month, upon 60 days' notice). The Convention Support Fee is payable on the 10th business day of each month. At least 30 days before the Annual Franchisee Meeting, the amount of Convention Support Fee paid by Franchisee will be credited against the attendance fees payable by Franchisee's attendees and other related costs to be incurred by Franchisee relating to the Annual Franchisee Meeting.

6.3 Staff Training Courses. Franchisor may make available to Franchisee, from time to time, optional staff training courses, seminars, conferences or other programs, at a suitable location in Franchisor's discretion. Upon reasonable notice, Franchisor may require attendance of designated personnel of Franchisee at training courses, seminars, conferences or other programs (other than Initial Franchise Training), that are deemed by Franchisor to be relevant or appropriate to the successful operation of the System. No fees will be charged by Franchisor for required training courses, seminars, conferences or other programs. In connection with any staff training courses described in this section 6.3, Franchisee must pay the travel, food and lodging expenses for its attendees.

6.4 Business Coaching and Other Assistance.

(a) Franchisor will provide such periodic business coaching and assistance as it deems appropriate, using Franchisor's representatives who may visit Franchisee's Outlet from time to time. The frequency and duration of such visits to Franchisee's Outlet by representatives of Franchisor will be in the sole discretion of Franchisor. In addition, Franchisor will be available on an ongoing basis at its national headquarters for business coaching and other consultation with respect to the operation and management of the Franchised Business. In addition to the Confidential Manuals, Franchisor may from time to time provide Franchisee with additional materials relating to the Franchised Business. However, other than providing Franchisee general guidelines for tax and federal employment compliance in the Confidential Manuals, Franchisor does not provide Franchisee with assistance in contracting with agents or hiring employees.

(b) Franchisee has the obligation and the right to request additional business coaching and training and Franchisor will, at its sole discretion, provide such training to Franchisee or Franchisee's managers at such times and places and for such duration as Franchisor deems necessary. Franchisee may be required to pay a *per diem* charge of \$350 for the business coach or training representative provided by Franchisor, plus the cost of transportation, food and lodging, which costs must be paid in advance.

VII. OPERATION OF BUSINESS

7.1 Operational and Staff Requirements.

(a) Subject to applicable state law and regulations, Franchisee must employ or engage the services of a General Manager who must devote and focus on a full-time basis the management, operation and development of the Franchised Business in the Territory. Franchisee must keep Franchisor informed as to the identity of Franchisee's General Manager (initially identified in section 15.2(b) hereof). (If Franchisee is a sole proprietorship, Franchisee may appoint himself or herself General Manager.) Upon the termination of employment of a General Manager, Franchisee must appoint a successor within 30 days.

(b) Franchisee understands and agrees that consistency in the nature and type of Postal Connections Services and Products and other products and services provided at the Outlet by Franchisee is materially important to Franchisor and to the Postal Connections system, to properly promote and protect the public image of Postal Connections and to protect the Brand under which Postal Connections franchisees are licensed to operate. Franchisee therefore agrees to provide only those Postal Connections Services and Products and other products and services at the Outlet authorized under the terms of this Agreement and the Confidential Manuals. Franchisor has the right to change and add other authorized goods and services that Franchisee will then be required to offer. There are no limits on Franchisor's right to make changes to the offerings, except that the additional investment required of Franchisee for equipment, supplies and inventory will not exceed \$50,000 in any 12 consecutive months. If Franchisee proposes to provide Postal Connections Services and Products and other products and services at the Outlet of a type or nature that have not been previously authorized by Franchisor, Franchisee must first notify Franchisor in writing, and then obtain Franchisor's specific written consent.

(c) Franchisee must purchase, use, maintain and update at its expense the QuickList (iSOLD It operating software system), computer and other systems, including point-of-sale and back-office systems (collectively, "Computer System") that meet Franchisor's specifications, as modified from time to time. If required by Franchisor, Franchisee agrees to maintain its Computer System on-line to allow Franchisor access to system data and information. Franchisee agrees to comply with Franchisor's then-current Terms of Use and Privacy Policies and any other requirements regarding the Computer System and other systems, including Internet usage. The fees and costs charged by Franchisor (for the QuickList operating system) and other suppliers or licensors for use, maintenance, support and updates regarding the Computer System are payable

by Franchisee upon receipt of invoices. Franchisor may require the Computer System to be configured and enabled to send daily and weekly sales reports to the email address provided by Franchisor.

(d) All information on the Computer System, including but not limited to customer data and contact information, is Franchisor's property and Franchisee consents to Franchisor using this information in any way Franchisor sees fit, including to market other products not constituting Postal Connections Services and Products directly to other persons.

(e) Franchisor may disclose information relating to Franchisee's operation of the Franchised Business, including, but not limited to, Gross Revenues, customer counts, and other related data, to future prospective franchisees.

(f) Neither Franchisor nor any of its affiliates or related entities will have any liability or obligation (and neither Franchisee nor any of its affiliates or related entities will make any claims) because of any failures, errors or any other occurrences relating to the Computer System or any other computer or system hardware or software, even if recommended or specified by Franchisor, unless Franchisor has made a relevant express written warranty.

(g) Franchisee must display at the Outlet in a prominent and designated area marketing materials provided by Franchisor notifying customers (and others that may visit the Outlet) that Postal Connections franchises are available, together with the telephone number or e-mail address of Franchisor. Franchisee will be responsible to keep the franchise opportunity display area adequately stocked with these materials and must promptly request replacement materials as necessary to maintain this display area.

(h) Franchisee agrees to diligently consider customer reviews and respond to customer indications of dissatisfaction with services rendered by Franchisee, its employees and agents, in a diligent and professional manner and Franchisee agrees to cooperate with representatives of Franchisor in any investigation undertaken by Franchisor of complaints respecting Franchisee's activities.

7.2 Confidential Manuals.

(a) Franchisee must operate the Franchised Business in accordance with the Confidential Manuals, copies of which will be loaned to Franchisee at Initial Franchise Training. Thereafter, Franchisee may have access via the Internet (and using a password for access) to the Confidential Manuals. If Franchisee causes the unauthorized distribution to third parties of all or any part of the Confidential Manuals, it may be required to pay Franchisor upon demand the sum of \$10,000. The Confidential Manuals contain explicit instructions for operation of the Franchised Business; use of the Marks and Brand; how to assemble and service the Outlet; sample business forms; advertisements; information on marketing, management, and administration methods developed by Franchisor for use by Franchisee; names and addresses of approved suppliers; and other information that Franchisor believes will be necessary or helpful to Franchisee in the operation of the Franchise. Franchisor can modify the Confidential Manuals at any time. Franchisor agrees that although such modifications to the Confidential Manuals may be material in that they may have an effect on the operation of the business, they may not conflict with or materially alter the terms of this Agreement. All such additions, deletions or modifications will be effective immediately upon receipt by Franchisee.

(b) All additions, deletions or modifications to the Confidential Manuals will be equally applicable to all similarly situated Postal Connections franchisees. The Confidential Manuals, as modified or amended, will not alter Franchisee's fundamental status and rights under this Agreement. As modified from time to time, the Confidential Manuals will be deemed to be an integral part of this Agreement and references to the Confidential Manuals made in this Agreement, or in any amendments or exhibits hereto, will be deemed to mean the Confidential Manuals, as amended. If there is any dispute as to the requirements of the Confidential Manuals at any point in time, the terms of the master copy of the Confidential Manuals maintained by Franchisor will control.

(c) Upon the expiration or termination of this Agreement for any reason whatsoever, Franchisor will render Franchisee's password non-functional. Except as specifically permitted by Franchisor, at no time may Franchisee, or its employees or agents, make, or cause to be made, any copies or reproductions of all or any portion of the Confidential Manuals, or disclose the terms thereof to any other person except employees and agents of Franchisee when required in the operation of the Franchised Business.

7.3 Ethical Operation. Franchisee must at all times give prompt, courteous, and efficient service to its customers; and in all business dealings with members of the public be governed by the highest standards of honesty, integrity, fair dealing, and ethical conduct. Franchisee will do nothing that would tend to discredit, dishonor, reflect adversely upon, or in any manner injure the reputation of Franchisor, Franchisee or any other Postal Connections entity or franchisee.

7.4 Employment Practices. During the term of this Agreement, and for a period of six months thereafter, Franchisee must not, without the written consent of such person's employer, employ or attempt to employ any person who is at the time employed by Franchisor or by any other Franchisee, and during the same period Franchisor must not, without the written consent of Franchisee, employ or attempt to employ any person who is at that time employed by Franchisee, nor may Franchisee or Franchisor otherwise directly or indirectly induce or attempt to induce any such person to leave his or her employment as aforesaid.

7.5 Telephone Numbers. At its sole expense, Franchisee must obtain city directory listings in at least one applicable telephone directory of general distribution covering the Territory, or such other areas as Franchisor may direct, of its authorized Business Name as promptly as possible after the Outlet has been identified, and Franchisee must list the telephone numbers for its Outlet. Upon termination of this Agreement for any reason, any telephone numbers used or advertised in connection with the Franchised Business or Franchisee's Business Name will be immediately transferred to Franchisor, using appropriate supersedure forms required by the applicable telephone companies.

7.6 Insurance. Franchisee must obtain by the Opening Date and maintain during the term hereof appropriate insurance in such types and amounts (including general liability and, if applicable, worker's compensation coverage) as are specified in the Confidential Manuals. All policies of insurance to be maintained by Franchisee must contain a separate endorsement naming the Franchisor and its affiliated companies as additional insured parties. Such policies of insurance may not be subject to cancellation or modification except with 10 days prior written notice to the Franchisor. Franchisee must cause certificates of insurance showing compliance with the above requirements to be delivered to the Franchisor within 10 days after the policy is issued, annually upon renewal and at such other times as Franchisor may request. If Franchisee does not maintain the insurance coverage required in the Confidential Manuals, Franchisor may purchase such policies of insurance as it deems required and Franchisee must reimburse Franchisor for all costs of such insurance. Franchisee must promptly notify Franchisor of all claims against Franchisee or Franchisor under said policies of insurance. Franchisee's failure, for any reason, to procure and maintain the insurance coverage required under this Agreement, will be deemed a material breach of this Agreement.

7.7 Review of Operations. Upon reasonable prior written notice, Franchisor has the right to send its representatives at reasonable intervals during normal business hours, to inspect the Outlet, operations, business methods, service, management and administration, to determine the quality thereof and the faithfulness of Franchisee's compliance with the provisions of this Agreement and the Confidential Manuals. Franchisee must cooperate with such inspections by rendering such assistance as Franchisor's representatives may reasonably request; and, upon notice from Franchisor or Franchisor's agents, must immediately begin such steps as may be necessary to correct any deficiencies noted during any such inspection.

7.8 Compliance with Laws. Franchisee must (i) operate the Franchise and the Outlet in compliance with all applicable laws, rules and regulations of all governmental authorities, (ii) comply with all applicable wage, hour and other laws and regulations of the federal, state or local governments, (iii) prepare and file all necessary tax returns and (iv) pay promptly all taxes imposed upon Franchisee or upon its business or property (non-payment is grounds for termination of this Agreement). Franchisee represents and warrants that it will obtain and at all times maintain all necessary permits, certificates or licenses necessary to conduct the Franchise in the localities within which the Outlet is situated. Franchisee must immediately notify Franchisor of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving Franchisee, or any entity affiliated with Franchisee, or any agent, employee, owner, director or partner of Franchisee, which notification must include all relevant details in respect thereof, according to the procedures set forth in the Confidential Manuals.

7.9 Payment of Indebtedness. Franchisee must promptly pay all taxes and debts when due and satisfy any other *bona fide* indebtedness that Franchisee incurs in operating the Franchised Business. Contractors, subcontractors, vendors and suppliers providing services to the Franchised Business must be paid in accordance with the terms of their agreements with Franchisee.

7.10 No Competing Business Activities.

(a) Franchisee acknowledges that pursuant to this Agreement Franchisee will receive valuable specialized training and trade secrets, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of the System. In consideration for the use and license of such valuable information, Franchisee agrees that it will not (i) during the term of this Agreement and (ii) for a period of two years after the date (the "Expiration Date") of termination of this Agreement or its expiration without renewal of this Agreement (for any reason) within a 20 mile radius of Franchisee's Outlet or any other Postal Connections retail business location, operate, manage, own, assist or hold an interest, direct or indirect (as an employee, officer, director, shareowner, partner, joint venture or otherwise), in any business that is the same or equivalent to the Franchised Business except as permitted in an effective written agreement with Franchisor or without the express prior written consent of Franchisor. It is the intention of the parties that Franchisee maximizes the Gross Volume of the Franchised Business for the mutual benefit of Franchisor and Franchisee, and any action of Franchisee that diverts business to another entity or diminishes the Gross Volume of the Franchised Business will be a material breach of this Agreement. Franchisee must not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, persons, partnership, or corporation, divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks, Brand or the System. Following termination or expiration of this Agreement, Franchisee must always refrain from any use, direct or indirect, of any of Franchisor's Proprietary Information.

(b) For a period of one year after the Expiration Date, Franchisee agrees that neither Franchisee nor any Principal Equity Owner may (either directly or indirectly, for itself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity): (i) raid, solicit, or attempt to solicit or induce any person who is currently, or was at any time during the one year period preceding the Expiration Date, an employee of, independent contractor to, consultant to or other service provider of Franchisor ("Service Provider"), to terminate his or her relationship with Franchisor; or (ii) hire or attempt to hire any Service Provider of Franchisor as an employee, independent contractor or consultant to or for Franchisee, Principal Equity Owner, or any affiliate or subsidiary thereof. The foregoing will not restrict a party from hiring any Service Provider that contacts it on his or her own initiative, nor apply to general solicitations to hire through general advertising, nor any solicitations made by any of a party's agents that were not aware of the contract relationship between Franchisor and the Service Provider.

(c) Franchisee acknowledges that the restrictions contained in this section 7.10 are reasonable and necessary in order to protect legitimate interests of Franchisor, and in the event of violation of any of these restrictions, Franchisor will be entitled to obtain damages including, without limitation, royalties and other fees that would have been payable if such business were included in the Franchised Business, and an equitable accounting of all earnings, profits and other benefits arising from such violation, which rights and remedies will be cumulative and in addition to any other rights or remedies to which Franchisor may be entitled at law or in equity.

(d) Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from and against all Losses which Franchisor may sustain because of any breach of this section 7.10 by Franchisee, any Principal Equity Owner, or Franchisee's General Manager. Franchisee further agrees that a breach of the non-competition covenants set forth above will cause immediate and irreparable damage to Franchisor that would be impossible or inadequate to measure and calculate and could not be fully remedied by monetary damages. Accordingly, Franchisor has the right to specifically enforce this Agreement and seek injunctive or other equitable relief as may be necessary or appropriate to prevent such breach or continued breach without the necessity of proving actual damages by reason of any such breach or threatened breach of this Agreement. Franchisee and each Principal Equity Owner further agree that no bond or other security will be required in obtaining such equitable relief and hereby consents to the issuance of such injunction and to the ordering of specific performance. Franchisee and each Principal Equity Owner further acknowledge that such remedies are in addition to any other rights or remedies, whether at law or in equity, which may be available to Franchisor, including, but not limited to, monetary damages.

(e) This section 7.10 applies to Franchisee's General Manager, Principal Equity Owners and each of Franchisee's other managers, directors, officers, general partners and affiliates.

(f) Each provision of this section 7.10 is independent of each other provision of this Agreement. If any provision of this section 7.10 is held unreasonable or unenforceable by any court, agency or other tribunal of competent jurisdiction, Franchisee agrees to be bound by the maximum duty permitted by law with respect to that provision, which will be deemed restated accordingly, and all other provisions of this section 7.10.

7.11 Web Site, Internet Advertising. Franchisee may not engage in Franchised Business directly or indirectly through the Internet, except as authorized by Franchisor in the Confidential Manuals or otherwise in writing. Under no circumstances will Franchisee be authorized to establish its own web site for the purpose of conducting Franchised Business.

7.12 Reporting Requirements. Franchisee is required to report to Franchisor on a monthly basis Gross Revenues received or receivable, gross sales, operating expenses and such other data as further specified in the Confidential Manuals.

7.13 Records and Rights of Inspection.

(a) Franchisee covenants and agrees that it will keep and maintain during the term hereof, and for a period of 60 months following expiration or termination for any reason, full, true and complete records of all revenues and expenditures derived from Franchisee's operation of the Franchised Business, in the form and manner specified by Franchisor in the Confidential Manuals and will permit Franchisor or its representatives or agents selected in the sole discretion of Franchisor, during normal business hours, to examine or audit the books of accounts, bank statements, documents, records, papers, and federal, state and local tax return records relating to the Franchised Business or individual officers, directors, owners, partners, or affiliated or related entities or shareholders. If Franchisor should cause an audit to be made and the Gross Volume as shown by Franchisee's records should be found to be understated by any amount, Franchisee must immediately pay to Franchisor the additional amount payable as shown by such audit, plus interest thereon at an annual percentage rate of 18% or the highest rate of interest allowed by law, whichever is lower, computed from the date (or dates) said understated amount (or amounts) were due. If (i) the Gross Volume is found to be understated by 3% or more or (ii) if Franchisee's records require a substantial effort (as determined in the sole judgment of Franchisor, exercised in good faith) on behalf of Franchisor's auditors to be placed in a condition readily conducive to audit, Franchisee will be required to pay the entire cost of such audit. Franchisee must furnish Franchisor with a copy of any and all certified financial statements respecting Franchisee's business, in the format and chart of accounts specified by Franchisor, without any cost or expense to Franchisor.

(b) Within 90 days after the end of each of Franchisee's fiscal years, Franchisee must furnish Franchisor with (i) a Profit and Loss Statement and Balance Sheet of the Franchised Business for the previous fiscal year, and (ii) a statement of Gross Volume for the previous fiscal year along with any further information that Franchisor reasonably requests. All such financial statements and information must be prepared in accordance with the guidelines prescribed by Franchisor in the Confidential Manuals, and must be certified by Franchisee, or in the case of a corporate Franchisee, by Franchisee's Chief Executive Officer or Chief Financial Officer, as being true and correct.

VIII. ASSIGNMENT

8.1 Assignment by Franchisor. Franchisor has the right to Transfer this Agreement, and all of its rights and privileges hereunder, to any other person, firm or corporation ("Assignee of Franchisor"); provided that, in respect to any Transfer ("Assignment by Franchisor") (i) at the time of Assignment by Franchisor, the Assignee of Franchisor is financially responsible and economically capable of performing the obligations of Franchisor hereunder; and (ii) the Assignee of Franchisor expressly assumes and agrees to perform such obligations. In the event of such Assignment by Franchisor, Franchisor will be relieved of all obligations or liabilities then existing or thereafter able to be asserted under this Agreement; provided, however, that if Franchisee continues to comply with all terms and conditions of this Agreement, then Franchisee will be entitled during such continued compliance to use the Marks and Brand, licensed hereunder until the later of the end of the then current term of this Agreement or two years from the date of such Assignment by Franchisor.

8.2 Assignment by Franchisee.

(a) This Agreement is being entered into in reliance upon and in consideration of the singular personal skills and qualifications of Franchisee and its Principal Equity Owners and the trust and confidence Franchisor reposes in Franchisee and them. Therefore, neither Franchisee's interest in this Agreement and the Franchise

granted hereunder, nor more than 50% of the equity interest in Franchisee (if Franchisee is an entity), nor all or substantially all of the assets of the Franchised Business, nor any controlling interest or non-controlling interest in the Franchised Business may be assigned, transferred, shared or divided, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner (collectively, "Assignment by Franchisee"), without Franchisor's prior written consent and, except for any transfer of a non-controlling interest, subject to Franchisor's right of first purchase provided for in section 8.3 hereof. Franchisor's consent to a specific Assignment by Franchisee is not cumulative and will not apply to any subsequent assignments, in respect of each of which Franchisee must comply with this section 8.2.

(b) Prior to any Assignment by Franchisee, Franchisee must notify Franchisor of Franchisee's intent to sell, transfer or assign the Franchise, the Outlet, all or substantially all of the assets of the Franchised Business, or a controlling or non-controlling interest in the Franchised Business. The notice must be in writing, delivered to Franchisor in accordance with section 12.7 hereof and include all of the following:

(i) The name and address of the proposed assignee ("Franchisee's Assignee");

(ii) A copy of all agreements related to the sale, assignment, or transfer of the Franchise, the assets of the Franchised Business, or the interest in the Franchised Business; and

(iii) Franchisee's Assignee's application for approval to become the successor franchisee. The application must include all forms, financial disclosures and related information generally used by Franchisor when interviewing prospective new franchisees (if those forms are readily made available to Franchisee). If the forms are not readily available, Franchisee must request that Franchisor deliver the forms to Franchisee by business courier in accordance with section 12.7 hereof within 15 calendar days. As soon as practicable after the receipt of Franchisee's Assignee's application, Franchisor will notify Franchisee and Franchisee's Assignee, in writing, of any additional information or documentation necessary to complete the transfer application. If Franchisor's then-existing standards for the approval of new or renewing franchisees are not readily available to Franchisee when Franchisee notifies Franchisor of Franchisee's intent to sell, transfer, or assign the Franchise, all or substantially all the assets of the Franchised Business, or the controlling or non-controlling interest in the Franchised Business, Franchisor will communicate the standards to Franchisee within 15 calendar days.

(c) Within 60 days after the receipt of all necessary information and documentation required pursuant to section 8.2(b) above, or as specified by written agreement between Franchisor and Franchisee, Franchisor will notify Franchisee of the approval or disapproval of the proposed Assignment by Franchisee. The notice will be in writing and delivered to Franchisee by business courier in accordance with section 12.7 hereof. Should Franchisor elect not to exercise its right of first purchase, or should such right of first purchase be inapplicable, as herein provided, the proposed Assignment by Franchisee will be deemed approved, unless disapproved by Franchisor in writing and for reasons permitted by the law governing this Agreement. If the proposed sale, assignment or transfer is disapproved, Franchisor will include in the notice of disapproval a statement setting forth the reasons for the disapproval. Franchisor may impose, among other things, the following conditions precedent to Franchisor's consent to any such Assignment by Franchisee (these conditions are consistently applied to similarly situated franchisees operating under the Franchise brand):

(i) Franchisee's Assignee must complete Franchisor's application for a Franchise, and in connection therewith, Franchisee and Franchisee's Assignee must fully disclose in writing all of the terms and conditions of the Assignment by Franchisee;

(ii) Franchisee's Assignee and the principal equity owners of Franchisee's Assignee demonstrate they have the skills, qualifications, moral and ethical reputation, and economic resources necessary, in Franchisor's sole judgment, to conduct the business contemplated by this Agreement;

(iii) Franchisee's Assignee and each principal equity owner of Franchisee's Assignee expressly assume in writing for Franchisor's benefit all of Franchisee's obligations under this Agreement;

(iv) Franchisee's Assignee executes the then current form of Franchise Agreement being used by Franchisor for the remainder of the term of this Agreement or, in Franchisor's sole discretion, for the initial term of the then current form of Franchise Agreement (unless Franchisor has a reasonable basis not to allow this, Franchisee may elect to have Franchisee's Assignee assume this Agreement for the remainder of its term);

(v) Franchisee must have complied fully as of the date of any such Assignment by Franchisee with all of Franchisee's material obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor;

(vi) Franchisee's Assignee agrees that (A) a General Manager successfully trained by Franchisor must at all times be employed to operate the Outlet and (B) Franchisor's Initial Franchise Training program described in section 6.1 hereof and any other training or orientation programs then required by Franchisor will be satisfactorily completed by Franchisee's Assignee's General Manager and other necessary personnel within 30 days after the execution by Franchisee's Assignee of a Franchise Agreement, provided, however, that Franchisee's Assignee must agree to pay for all of their expenses incurred in connection therewith, including any fee Franchisor charges for training (at the rate in effect at the time of transfer), travel, hotel and meal expenses; and

(vii) Not later than 10 days before the transfer, Franchisee must pay Franchisor a non-refundable "Transfer Fee" of \$5,000 (the Transfer Fee is not payable if Franchisor exercises its right of first purchase pursuant to section 8.3 of this Agreement).

(d) Franchisee does not have a right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever (except that with Franchisor's consent, which will not be unreasonably withheld, Franchisee may pledge a security interest in this Agreement in connection with a Small Business Administration loan), nor subfranchise or otherwise transfer, or attempt to subfranchise or otherwise transfer the Franchised Business, or to transfer or subfranchise a portion but not all of Franchisee's rights hereunder without Franchisor's express prior written consent, which may be withheld for any reason in Franchisor's sole discretion.

(e) Any attempt by Franchisee to assign or any purported Assignment by Franchisee in violation of this section 8.2 is void and will (i) constitute a material breach of this Agreement, (ii) cause this Agreement (and in Franchisor's sole discretion any or all other agreements between Franchisee and Franchisor, or between Franchisee and Franchisor's affiliates) to be subject to immediate termination without further notice, and (iii) confer no rights or interest whatsoever under this Agreement upon any other party.

(f) Upon Franchisor's consent to any Assignment by Franchisee, Franchisee must bring all accounts with Franchisor current and transfer to Franchisee's assignee all service agreements or contracts signed by customers of the Franchised Business conducted at Franchisee's Outlet. Also, Franchisee must (i) execute an agreement among Franchisee, Franchisor and Franchisee's assignee effecting the Assignment by Franchisee, which will include a mutual release between Franchisee and Franchisor and (ii) enter into an assignment of the lease for the Outlet premises (including an assignment to the assignee of Franchisee's rights, title and interest to telephone numbers and utilities respecting the Outlet).

8.3 Right of First Purchase.

(a) The right of Franchisee to assign, transfer or sell its interest in the Franchised Business granted by this Agreement, as provided in section 8.2 hereof, except for a transfer to the Franchisee's heirs, personal representatives or conservators in the case of his death or legal incapacity, will be subject to Franchisor's right of first purchase, which may be exercised in the following manner:

(i) Franchisee must send to Franchisor a written notice setting forth (A) all of the terms and conditions of any *bona fide* offer relating to a proposed Assignment by Franchisee, and (B) all available information concerning the proposed Assignee of Franchisee. If the specified terms and conditions include consideration of a non-monetary nature, such consideration must be expressed in reasonably equivalent monetary terms, and if it involves matters that cannot be stated in monetary terms, such consideration will not be considered in connection with Franchisor's right of first purchase.

(ii) Within 10 business days after Franchisor's receipt of such notice (or if additional information is requested, within 10 business days after receipt thereof), Franchisor may either consent or withhold its consent to such Assignment by Franchisee, in accordance with section 8.2 hereof or, at its option, may accept the Assignment by Franchisee itself or on behalf of its affiliated nominee upon the terms and conditions specified in the notice.

(b) If Franchisor elects not to exercise its right of first purchase and consents to such Assignment by Franchisee, Franchisee will for a period of 90 days, and subject to the provisions of section 8.2 hereof, be free to assign this Agreement to such proposed Assignee of Franchisee upon the terms and conditions specified in said notice. If, however, said terms are materially changed, or if said 90-day period expires, Franchisor will again have a right of first purchase with respect thereto and Franchisee will be required to comply again with section 8.3(a) above.

8.4 Transfers to Family Members. If either is a natural person, Franchisee or a principal owner may with Franchisor's consent, which will not be unreasonably withheld, Transfer the Franchised Business or an equity interest in Franchisee to such person's spouse, parent, sibling, niece, nephew, descendant or spouse's descendant provided that adequate provision is made for the management of the Franchised Business and the transferor guarantees, in form and substance satisfactory to Franchisor, the performance of the transferee's obligations under this Agreement. No transfer under this section 8.4 will be subject to (i) Franchisor's right of first purchase set forth in section 8.3 hereof or (ii) the transfer fee set forth in section 8.2(b)(vii) hereof. Franchisee will be required to comply with section 8.2(b)(i) through (vi) above.

8.5 Transfers to Affiliated Entity. Franchisee or a Principal Equity Owner may without the consent of Franchisor, but upon 30 days prior written notice to Franchisor, Transfer the Franchised Business or an equity interest in Franchisee to an entity owned by Franchisee or the Principal Equity Owner, as the case may be, in the same proportionate amount of ownership as prior to such Transfer, provided that adequate provision is made for the management of the Franchised Business and that the transferor guarantees, in form and substance satisfactory to Franchisor, the performance of the transferee's obligations under this Agreement. No transfer under this section 8.5 will be subject to (i) Franchisor's right of first purchase set forth in section 8.3 hereof or (ii) the transfer fee set forth in section 8.2(b)(vii) hereof. Franchisee will be required to comply with section 8.2(b)(i) through (vi) above.

8.6 Transfers Upon Death, Incapacity.

(a) Notwithstanding any of the foregoing, in the event of the death or legal incapacity of Franchisee or an Equity Owner, if a natural person, such person's interest in this Agreement or its equity interest in the Franchisee will Transfer in accordance with such person's will or, if such person dies intestate, in accordance with laws of intestacy governing the distribution of such person's estate, provided that adequate provision is made for the management of the Franchised Business and the transferee is one or more of the decedent's spouse, parents, siblings, nieces, nephews, descendants or spouse's descendants. If Franchisor determines (i) there is no imminent sale to a qualified successor or (ii) there is no heir or other principal person capable of operating the Franchised Business, Franchisor will notify the representative of the estate of the decedent of such determination and the transferee (within the meaning of this section 8.6) will have 120 days thereafter to employ a capable (in Franchisor's reasonable determination) General Manager or this Agreement will be terminable upon notice from Franchisor.

(b) If Franchisor advises Franchisee's heirs or beneficiaries in writing that Franchisor will not approve them as transferees of the Franchise, or if Franchisor fails to approve or disapprove the Transfer within 60 days following death of Franchisee or an Equity Owner, his or her heirs or beneficiaries will have 120 additional days from the date of disapproval of the Transfer or the end of the 60-day period, whichever is first, within which to find and notify Franchisor of a proposed Transfer to a qualified transferee in conformity with the provisions of section 8.8 of this Agreement. If said heirs or beneficiaries do not advise Franchisor of a qualified transferee within the specified period, the Franchise will automatically terminate at the end of the period unless a written extension of time has been granted by Franchisor.

8.7 Restrictions on Granting Security Interests and Subfranchising. Except as otherwise set forth below, Franchisee will not in any event have the right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever (except that with Franchisor's consent, which will not be unreasonably withheld, Franchisee may pledge a security interest in this Agreement in connection with a Small Business Administration loan), nor subfranchise or otherwise Transfer, or attempt to subfranchise or otherwise Transfer the Franchise so long as it is operated as a Franchise, or to Transfer or subfranchise a portion but not all of Franchisee's rights hereunder without the express prior written permission of Franchisor. Notwithstanding anything contained herein to the contrary, Franchisee will have the right to pledge its accounts receivable or other assets without the prior written consent of Franchisor for the sole purpose of obtaining financing for the operation of the Franchised Business provided Franchisee is in full compliance with all terms and conditions of this Agreement, and any other agreement, arrangement or understanding with Franchisor.

8.8 Consent of Franchisor to Transfers. Except as otherwise provided in this Agreement and subject to Franchisor's right of first purchase provided in section 8.3 hereof, Franchisee or a Principal Equity Owner may affect any Transfer of a direct or indirect interest in this Agreement, in the Franchised Business or in the economic benefits derived therefrom, or any equity interest in Franchisee, not permitted by the preceding sections 8.4, 8.5 and 8.6, only after written notice to Franchisor and only with Franchisor's written consent, which may not be unreasonably withheld. Franchisor will exercise its good faith business judgment in determining whether to give or withhold its consent to a Transfer under this section 8.8. Such exercise of good faith business judgment will include Franchisor's consideration of certain skills and qualifications of the prospective transferee which are of business concern to Franchisor, including without limitation, the following: experience in similar retail businesses, financial and operational skills and qualifications, economic resources, reputation and character of such prospective transferees; the ability of such prospective transferee(s) to fully and faithfully conduct the Franchised Business as contemplated by this Agreement; and the effect that the Transfer and the prospective transferees will have or may reasonably be expected to have on the reputation or business operations of the Franchised Business, the System or Franchisor, its parent or any of its affiliates.

IX. DEFAULT AND TERMINATION

9.1 General.

(a) This Agreement may be terminated only for good cause, which means a failure of a party to substantially comply with the lawful requirements imposed upon it by this Agreement after being given notice at least 30 days in advance of the termination and a reasonable opportunity, which in no event will be less than 30 days from the date of the notice of noncompliance, to cure the failure (provided that this section 9.1(a) does not apply when there are grounds for immediate termination without notice pursuant to section 9.2 below).

(b) If Franchisor is in material breach of this Agreement, Franchisee may terminate this Agreement by giving Franchisor prior written notice setting forth the asserted breach of this Agreement and giving Franchisor 30 days in which to cure the default. A material breach of this Agreement by Franchisor means any unauthorized action or omission seriously impairing or adversely affecting Franchisee or the relationship between Franchisor and Franchisee created by this Agreement. However, if Franchisor becomes insolvent or declares bankruptcy, Franchisee will continue to have the right to operate under this Agreement until and unless a court order provides otherwise. If because of the nature of the breach, it would be unreasonable for Franchisor to be able to cure the default within 60 days, Franchisor will be given additional time (up to 30 additional days) as is reasonably necessary to cure said breach, upon condition that Franchisor must, upon receipt of such notice from Franchisee, immediately commence to cure such breach and continue to use best efforts to do so.

(c) Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor also has the option, to be exercised in its sole discretion, to choose alternative remedies to its right to terminate the entire Agreement.

(d) Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor also has the right to exercise all remedies available to it at law or in equity, including without limitation specific performance and damages (including punitive damages). All rights and remedies provided herein are in addition to and not in substitution of all other rights and remedies available to a party at law or in equity.

9.2 Immediate Termination.

(a) Franchisor has the right to immediately terminate this Agreement upon notice to Franchisee without an opportunity to cure if:

(i) Franchisee admits its inability to pay its debts as they come due, or Franchisee or the business to which the Franchise relates (A) has been the subject of an order for relief in bankruptcy, (B) is judicially determined to be insolvent or (C) has all or a substantial part of its assets assigned to or for the benefit of any creditor;

(ii) Franchisee Abandons the Franchise by failing to operate the Outlet for five consecutive business days during which Franchisee is required to operate the business under the terms of this Agreement,

or any shorter period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the Franchise, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond Franchisee's control;

(iii) Franchisor and Franchisee agree in writing to terminate the Franchise;

(iv) Franchisee makes any material misrepresentations relating to the acquisition of the Franchise or Franchisee engages in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the System;

(v) Franchisee fails, for a period of 10 business days after notification of noncompliance, to comply with any federal, state or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the Franchise;

(vi) after curing any failure in accordance with section 9.3 below, Franchisee engages in the same noncompliance whether or not such noncompliance is corrected after notice;

(vii) Franchisee repeatedly fails to comply with one or more material requirements of this Agreement, whether or not corrected after notice;

(viii) the Franchised Business or the business premises of the Franchise are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lien holder or lessor, provided that a final judgment against Franchisee remains unsatisfied for 30 days (unless an appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in the Franchised Business, and it is not discharged within five days of such levy;

(ix) Franchisee is convicted of a felony or any other criminal misconduct (including intentional conversion of cash proceeds received from Franchisee's customers but not reported as Gross Revenues) which is relevant to the operation of the Franchise;

(x) an audit or investigation conducted by Franchisor (A) discloses that Franchisee knowingly maintained false books or records, or submitted false reports to Franchisor, or knowingly understated Franchisee's Gross Revenues or withheld the reporting of any of Franchisee's Gross Revenues, or (B) reveals an underreporting or under recording error on any single occasion of 5% or more; or

(xi) Franchisor makes a reasonable determination that Franchisee's continued operation of the Franchise will result in an imminent danger to public health or safety.

(b) The parties recognize that some breaches may involve conduct which undermines the basis for the Agreement such that the expectation of full and proper contract performance cannot be restored, even if the specific activity giving rise to the claim of breach has ended. In such cases, no period of "cure" will be required. However, the termination will not take effect for 10 days to enable the parties to consider whether other alternatives may be possible.

(c) If Franchisee's rights under this Agreement are terminated by Franchisor because of an event described in section 9.2(a) above, section 10.1 below is not applicable, and Franchisor may immediately commence an action under section 10.2 or 10.3 below, as applicable, to collect damages or otherwise enforce its rights.

9.3 Termination After Notice.

(a) Except as provided in section 9.2 above, Franchisor may terminate this Agreement only for good cause (as defined in section 9.1(a) above) after giving Franchisee prior written notice setting forth the asserted breach of this Agreement and giving Franchisee (i) 14 days in which to cure any default by Franchisee of its obligation to pay any sums due Franchisor under this Agreement or (ii) 30 days in which to cure any other default that can be cured. Upon receipt of a notice of default, Franchisee must immediately commence diligently to cure said breach, and if Franchisee cures said breach within said 14 or 30 days, Franchisor's right to terminate this Agreement will cease. If because of the nature of the breach, it would be unreasonable for Franchisee to be able to cure a default (other than failure to pay sums due Franchisor from Franchisee) within 30 days, Franchisee will

be given additional time (up to 15 additional days) as is reasonably necessary in Franchisor's determination to cure said breach, upon condition that Franchisee must, upon receipt of such notice from Franchisor, immediately commence to cure such breach and continue to use Franchisee's best efforts to do so.

(b) If Franchisee's rights under this Agreement are terminated by Franchisor for material breach, Franchisor may, at its option, declare Franchisee in default of all franchise agreements or other agreements Franchisee has executed with Franchisor, and terminate Franchisee's rights under those other agreements as well.

(c) If Franchisee's rights under this Agreement are terminated by Franchisor for Franchisee's failure to make any payment due under this Agreement, section 10.1 below is not applicable, and Franchisor may immediately commence an action under section 10.2 below to collect damages or otherwise enforce its rights.

(d) The description of any default in any notice served by Franchisor hereunder upon Franchisee in no way precludes Franchisor from specifying additional or supplemental defaults in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

(e) If Franchisee and Franchisor agree to mutually terminate this Agreement, Franchisee must return a signed counterpart of any document Franchisor prepares to implement the termination not later than 10 days after Franchisee receives it, or the agreement to terminate will be voidable by Franchisor, and Franchisor may thereafter immediately and unilaterally terminate this Agreement and require payment of all sums due and payable to Franchisor at the date of termination.

(f) Franchisor is entitled to reimbursement from Franchisee upon Franchisor's demand of all costs Franchisor has incurred (including reasonable attorneys' fees and investigator's fees) to enforce Franchisor's rights under this Agreement, including actions to collect any amounts due and delinquent hereunder.

9.4 Cross-Defaults. Any default by Franchisee (or any Principal) under this Agreement may be regarded by Franchisor as a default under any other agreement between Franchisor (or any affiliate or entity related to Franchisor) and Franchisee (or any affiliate or entity related to Franchisee). Any such default under any other agreement or any other obligation between Franchisor (or any affiliate or entity related to Franchisor) and Franchisee (or any affiliate or entity related to Franchisee) may be regarded as a default under this Agreement. Any default by Franchisee (or any affiliate or entity related to Franchisee) under any lease, sublease, loan agreement, or security interest may be regarded as a default under this Agreement, regardless of whether any such agreements are between Franchisee (or any affiliate or entity related to Franchisee) and Franchisor (or any affiliate or entity related to Franchisor).

9.5 Failure to Meet Performance Standards.

(a) **System Standards.** Franchisor may choose in its business judgment to evaluate Franchisee's Outlet for compliance with System standards using various methods (including, inspections, field service visits, customer comments/surveys and secret shopper reports). In conducting such an evaluation Franchisor will use the same methodology and scoring system then in use by Franchisor for evaluating any Postal Connections business locations owned or operated by Franchisor or affiliated companies. Franchisee's Outlet will be assigned Postal Connections "System Standards Scores" for categories being scored at that time. Franchisee's scores will be compared with the average score in each such category achieved by all Outlets in the United States (including those owned or operated by Franchisor or affiliated companies), or such other geographic area as Franchisor reasonably believes to be appropriate for evaluation purposes.

(b) **Correction Process.** If Franchisor notifies Franchisee of its failure to meet the then-current average System Standards Score in a scored category or the applicable Financial Standard, then Franchisee will have a period of six months (the "Correction Period") from Franchisor's delivery of written notice to Franchisee in accordance with section 12.7 below, to meet all applicable Financial and System Standards. Franchisor will reasonably cooperate with and assist Franchisee in its efforts to meet Franchisee's performance objectives. Such assistance may include, but is not limited to, on site consultations, audits by Franchisor or its designee, meetings at Franchisor's headquarters, and retraining activities or programs at designated locations. Franchisee will be responsible for any costs associated with such activities, including travel, meals, lodging and any other related expenses and will participate in the same upon Franchisor's request.

(c) If at the end of such the Correction Period, Franchisee's Outlet does not meet the average System Standards Score for any category or the then applicable Financial Standards, then Franchisor may elect to terminate this Agreement. However, before termination would be effective, Franchisee will have 120 days after the end of the Correction Period to enter into a purchase and sale agreement and 60 days after the signing of such purchase and sale agreement to close the sale of Franchisee's franchise to a third party, provided that:

(i) Franchisee provides Franchisor written notice of Franchisee's desire to sell Franchisee's franchise within 10 days of the expiration of the Correction Period along with a General Release signed by Franchisee and each of Franchisee's Principal Equity Owners, other equity owners and affiliates; and

(ii) Any such transfer meets all other requirements of this Agreement respecting transfers of the Franchise.

(d) Nothing in this section 9.5 is intended to limit or diminish in any way any rights or remedies provided Franchisor under this or any other agreement, at law or in equity. The fact that any correction process may be ongoing will not prevent Franchisor from exercising any such rights or remedies, including any right to terminate this Agreement for another default under this or any other agreement.

9.6 Description of Default. The description of any default in any notice served by Franchisor hereunder upon Franchisee will in no way preclude Franchisor from specifying additional or supplemental defaults in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

9.7 Statutory Limitations. Notwithstanding anything to the contrary in this Article IX, if any valid, applicable law or regulation of a competent government authority having jurisdiction over this Agreement or the parties hereto limits Franchisor's rights of termination hereunder or requires longer notice periods than those set forth herein, and if the parties are prohibited by law from agreeing to the shorter periods set forth herein, then this Agreement will be deemed amended to conform to the requirements of such laws and regulations, but the provisions of the Agreement thus affected will be amended only to the extent necessary to bring it within the requirements of the law or regulation.

9.8 Extended Cure Period. Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor will also have the right, to be exercised in its sole discretion, to grant to Franchisee an extended period of time to cure the breach which gave rise to Franchisor's right to terminate, but in no event will such extended cure period exceed six months from the last day of the cure period otherwise applicable to such breach. Franchisee acknowledges that Franchisor's election to grant such an extended cure period to Franchisee will not operate as a waiver of any of Franchisor's rights hereunder.

9.9 Continuance of Business Relations. Any continuance of business relations between Franchisor and Franchisee after termination of this Agreement will not be construed as a renewal, extension or continuation of this Agreement.

X. DISPUTE RESOLUTION

10.1 Initial Steps to Resolve a Dispute and Mediation.

(a) Franchisor and Franchisee have entered a long-term franchise relationship which gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, considering the overall best interests of the System, as contemplated by this Agreement. To that end, Franchisee and Franchisor acknowledge that Franchisee and Franchisor need to attempt to resolve disagreements or disputes before such disagreements or disputes negatively impact the relationship. Good faith communications between Franchisee and Franchisor are important aspects of that obligation. The parties hereby pledge and agree that they will first attempt to resolve any dispute, claim or controversy arising out of or relating to this Agreement or any alleged breach hereof, including any claim that this Agreement or any part hereof is invalid, illegal or otherwise voidable or void (collectively, "Dispute") by first having Franchisor's executive officers and Franchisee's Principal Equity Owners meet in person within five business days after a party notifies the other party that a Dispute has arisen at Franchisor's principal executive office (without their respective legal counsel) to conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement. Franchisor may proceed to terminate this Agreement in either of the following two situations without a settlement meeting or mediation proceeding: (i) if there is any breach of this Agreement by Franchisee

that may result in an immediate termination of this Agreement pursuant to section 9.2 above, or (ii) if Franchisee fails to pay any sums due Franchisor under this Agreement which may result in termination of this Agreement pursuant to section 9.3 above. Also, if a party refuses to participate in the settlement meeting or mediation within the respective time frames set forth in this section 10.1, the other party may immediately commence an arbitration proceeding pursuant to section 10.2 below.

(b) If the parties are unable to settle the Dispute at the settlement conference described in section 10.1(a) above, within 10 business days after the date this conference took place (or should have taken place), Franchisee and Franchisor may submit the dispute to non-binding mediation conducted by and before a mediator, and at a location in Texas, mutually agreeable to both parties; provided however the mediator must be an attorney who has practiced franchise law for at least 10 years. If the Dispute is not referred to mediation within 10 business days after the settlement conference took place (or should have taken place), the Dispute may be immediately submitted to binding resolution through arbitration proceedings pursuant to section 10.2 below. Any mediation proceedings should be completed within 60 days following the date either party first gives notice of mediation. The fees and expenses of the mediator will be shared equally by the parties. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matter.

(c) Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission because of its use in the mediation.

10.2 Arbitration.

(a) Except as specifically provided in sections 9.2(c) and 9.3(c) above, any Dispute between Franchisor (or its affiliated entities) and Franchisee (or its Principal Equity Owners or affiliated entities) not settled through the procedures described in section 10.1 above will be resolved through binding arbitration by and before JAMS, Inc. ("JAMS"), in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than \$250,000) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is \$250,000 or more), or if the parties in dispute mutually agree, through binding arbitration by any other mutually agreeable arbitrator. It is explicitly agreed by each of the parties hereto that no arbitration of any Dispute may be commenced except in accordance with this section 10.2.

(b) All hearings and other proceedings will take place at the JAMS business location in Dallas, Texas, or at the JAMS business location nearest another county where Franchisor's headquarters is then located, or if Franchisor so elects, at the JAMS business location nearest where Franchisee's (or an applicable Principal Equity Owner's) principal place of business is then located.

(c) Either party may present briefs and affidavits of witnesses who are unable to attend hearings. A limited amount of discovery is permitted within the discretion of the arbitrator (including affidavits, interrogatories and depositions). The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance and injunctive relief, provided that the arbitrator will not have the right to declare any Mark generic or otherwise invalid or to award punitive damages. If either party fails to appear or participate in the arbitration proceeding, the other party will be entitled to a default judgment award. The arbitration award will be final and binding on the parties, and judgment on the award may be entered in any federal or state court having jurisdiction.

(d) TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL CLAIMS BROUGHT UNDER THIS AGREEMENT WILL BE BROUGHT IN AN INDIVIDUAL CAPACITY. THIS AGREEMENT MAY NOT BE CONSTRUED TO ALLOW OR PERMIT THE CONSOLIDATION OR JOINDER OF OTHER CLAIMS OR CONTROVERSIES INVOLVING ANY OTHER FRANCHISEES OR PERMIT SUCH CLAIMS OR CONTROVERSIES TO PROCEED AS A CLASS ACTION, CLASS ARBITRATION, COLLECTIVE ACTION, OR ANY SIMILAR REPRESENTATIVE ACTION. NO ARBITRATOR WILL HAVE THE AUTHORITY UNDER THIS AGREEMENT TO ORDER ANY SUCH CLASS OR REPRESENTATIVE ACTION. BY SIGNING BELOW, FRANCHISEE EXPRESSLY AGREES TO WAIVE ANY SUBSTANTIVE OR PROCEDURAL

RIGHTS THAT FRANCHISEE MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS.

(e) TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ALL RIGHTS THEY MAY HAVE TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. ACCORDINGLY, THE ARBITRATOR WILL HAVE NO POWER TO ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY.

(f) This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement.

(g) The provisions of this section 10.2 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Furthermore, this section 10.2 will be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with the law.

[Franchisor's Initials: _____ Franchisee's Initials: _____]

10.3. Injunctive Relief. Any party has the right in a situation where there is an imminent threat of harm to the legal rights of a party and damages would not be adequate relief to seek a temporary restraining order and temporary or preliminary injunctive relief from a court of competent jurisdiction in Texas, without the necessity of first complying with sections 10.1 and 10.2 above or posting any bond, and if bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of \$1,000 will be a sufficient bond. If an arbitration proceeding has already commenced pursuant to section 10.2 above when a party seeks injunctive relief, then the party seeking such injunctive relief agrees to contemporaneously submit the merits of its dispute to the arbitrator. The existence of a proceeding commenced under section 10.1 or 10.2 above will in no event abate or otherwise affect the ability of party to seek injunctive relief under this section 10.3. Franchisee acknowledges that failure on its part to comply fully with any of the terms of this Agreement respecting the obligations regarding examinations, audits and the Marks could cause irreparable damage to Franchisor or other affiliated persons or entities, and Franchisor or its affiliates may seek injunctive relief to protect the Marks. This covenant is independent, severable and enforceable notwithstanding any other rights or remedies that any party may have.

10.4 Legal Fees and Expenses. The prevailing party in any arbitration or litigation to resolve a dispute between any of the parties hereto will be entitled to recover from the losing party reasonable legal fees (and incurred costs of the prevailing party's counsel) and all other expenses incurred by the prevailing party in bringing or defending such arbitration, action or proceeding and/or enforcing any resulting award or judgment (including without limitation arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator), whether incurred prior to or in preparation for or in contemplation of the filing of the action or thereafter. The prevailing party will be determined by the arbitrator or court. This section 10.4 is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

10.5 Survival. The terms of this Article X survive termination, expiration or cancellation of this Agreement.

XI. OBLIGATIONS AND RIGHTS UPON TERMINATION OR EXPIRATION

11.1 Franchisee's Obligations.

(a) Except as otherwise set forth in section 8.1 with respect to assignment by Franchisor of any or all of its interest in this Agreement, in the event of termination or expiration of this Agreement for any reason, in addition to any other obligations provided for in this Agreement, Franchisee must forthwith discontinue the use or display of the Brand in any manner whatsoever, and Franchisee must not thereafter operate or do business under the Brand or any other name or in any manner that might tend to give the general public the impression that Franchisee is in any way associated or affiliated with Franchisor, or any of the businesses conducted by it or other owners of the Brand, including without limitation repainting the business premises in a distinctively different color and removing or rearranging distinctive elements of the Postal Connections trade dress. Franchisee must (i) contact other online review sites and other online directories and websites, (ii) request the removal of all use of the trademarks in connection with the former Postal Connections Outlet (and the physical address of the former

Postal Connections Outlet) and all use of former reviews from the period Franchisee was a Postal Connections franchisee, and (iii) notify Franchisor who from Franchisee will end the PackageHub relationship and remove Franchisee's listing from the PackageHub directory. Also, Franchisee must return to Franchisor (at no expense to Franchisor) all copies of the Confidential Manuals and other proprietary materials of Franchisor. Thereafter, Franchisee must not use, in any manner, or for any purpose, directly or indirectly, any of Franchisor's trade secrets, procedures, techniques, business format, software (or other software functionally equivalent thereto) or materials acquired by Franchisee and refrain from any use, direct or indirect, of any of Franchisor's proprietary information.

(b) If there is a termination, cancellation or expiration as described in section 11.1(a) above, Franchisee must comply with section 7.10 above and section 11.1(g) below respecting post-termination competition and promptly:

(i) Remove at its expense all signs erected or used by Franchisee and bearing the Marks, or any word or mark indicating that Franchisee is associated or affiliated with Franchisor;

(ii) Erase or obliterate from letterheads, stationery, printed matter, advertising or other forms used by Franchisee the Marks and all words indicating that Franchisee is associated or affiliated with Franchisor;

(iii) Permanently discontinue all advertising (including appropriate notifications to website directories that list Postal Connections) stating or implying Franchisee is associated or affiliated with Franchisor or the System;

(iv) If Franchisee engages in any business thereafter, Franchisee must use trade names, service marks or trademarks which are significantly different from those under which Franchisee had done business and must use sign formats which are significantly different in color and type face; and take all necessary steps to ensure Franchisee's present and former employees, agents, officers, shareholders and partners observe the foregoing obligations; and

(v) Assign all administrative rights to all social media sites that Franchisee is used to promote the Franchised Business and all interests and rights to use all telephone numbers and all other listings applicable to the Outlet in use at the time of such termination to Franchisor and take all actions necessary to change all such telephone numbers immediately and change all such listings as soon as possible.

(c) If Franchisee fails or omits to make or cause to be made any removal or change described in section 11.1(b) above, then Franchisor will have the right within 15 days after written notice to enter Franchisee's Outlet without being deemed guilty of trespass or any other tort, and make or cause to be made such removal and changes at the expense of Franchisee, which expense Franchisee agrees to pay to Franchisor promptly upon demand; and Franchisee hereby irrevocably appoints Franchisor as its lawful attorney upon termination of this Agreement with authority to file any document in the name of and on behalf of Franchisee for the purpose of terminating any and all of Franchisee's rights in the Business Name and any of the Brand.

(d) If the Outlet is Abandoned or otherwise closed (not including reasonable vacations or illnesses lasting for less than 30 days) for a period of five consecutive business days without Franchisor's prior written consent (which will not be withheld unreasonably), Franchisee must promptly take action to remove any indication that such Franchisee is associated or affiliated with either Franchisee or Franchisor, and remove at Franchisee's expense all signs erected or used by Franchisee on, in or in connection with the Outlet and bearing either the Brand or any word or mark indicating that such Franchisee is associated or affiliated with either Franchisee or Franchisor, except as otherwise required by law.

(e) For two years after termination of this Agreement, Franchisee and its Principal Equity Owners agree not to engage, within 10 miles of the location of (i) Franchisee's Outlet or (ii) any other Postal Connections retail location, in any business selling or offering products or services that are equivalent to those offered by Postal Connections franchises. Should this section 11.1(e) violate the laws of the state whose laws govern this Agreement, the maximum restrictions as to duration and scope of post-termination non-competition covenants permitted in that state will govern this section 11.1(e).

(f) If by the next business day after requested by Franchisor, Franchisee does not provide the identity of Franchisee's bank used to pay debts owed to creditors of Franchisee, Franchisor is authorized to request this information directly from any creditor of Franchisee.

11.2 Rights of Franchisor.

(a) The expiration or termination of this Agreement will be without prejudice to any rights of Franchisor against Franchisee and such expiration or termination will not relieve Franchisee of any of its obligations to Franchisor existing at the time of expiration or termination or terminate those obligations of Franchisee which, by their nature, survive the expiration or termination of this Agreement. Franchisor has the right to immediately advertise and offer Postal Connections Services and Products and other products and services to Franchisee's customers.

(b) Within 30 days after the termination, expiration or non-renewal of this Agreement, Franchisor has the option, but not the obligation, to purchase all or any portion of Franchisee's reusable inventory, apparel containing the Marks, proprietary equipment, parts, fixtures and furnishings owned and used by Franchisee in Franchisee's franchised operation. Franchisor will be permitted to deduct and withdraw from the purchase price to be paid to Franchisee all sums then due and owing to Franchisor. The purchase price for Franchisee's inventory of apparel containing the Marks will be at Franchisee's cost for said items. The purchase price for the proprietary equipment, parts, fixtures and furnishings will be the fair market value thereof as Franchisee and Franchisor mutually determine. In determining the fair market value of such items, Franchisee and Franchisor agree to exclude any factor or increment for goodwill or going concern value. The purchase price to be paid to Franchisee will be paid in cash at the closing of any purchase. The closing will occur no less than 30 days from the date Franchisor exercises its option to purchase unless Franchisee and Franchisor are unable to agree on the fair market value of the assets to be purchased. If Franchisee and Franchisor are unable to reach agreement within a reasonable time as to the fair market value of the items Franchisor has agreed to purchase, Franchisor will designate an independent appraiser, and the appraiser's determination will be binding. Franchisee and Franchisor must each pay 50% of the fee charged by the independent appraiser.

11.3 Franchisor's Right to Cure Defaults by Franchisee. In addition to all other remedies herein granted, if Franchisee defaults in the performance of any of its obligations or breach any term or condition of this Agreement or any related agreement involving third parties, Franchisor may, at its election, immediately or at any time thereafter, without waiving any claim for breach hereunder and without notice to Franchisee, cure such default for the account of and on behalf of Franchisee, and all costs or expenses including attorney's fees incurred by Franchisor on account thereof will be due and payable by Franchisee to Franchisor on demand.

11.4 Waiver and Delay. No waiver by Franchisor of any breach or series of breaches or defaults in performance by Franchisee and no failure, refusal or neglect of Franchisor either to exercise any right, power or option given to it hereunder or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement or the Confidential Manuals, will constitute a waiver of the provisions of this Agreement or the Confidential Manuals with respect to any subsequent breach thereof or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

XII. GENERAL CONDITIONS AND PROVISIONS

12.1 Relationship of Franchisee to Franchisor.

It is expressly agreed by the parties they intend by this Agreement to establish between themselves the relationship of franchisee and franchisor. It is further agreed neither Franchisee nor any Principal Equity Owner has the authority to create or assume in Franchisor's name or on Franchisor's behalf, any obligation, express or implied, or to act or purport to act as agent or representative on Franchisor's behalf for any purpose whatsoever. Neither Franchisee (nor any Principal Equity Owner) nor Franchisor is the employer, employee, agent, partner, fiduciary or co-venturer of or with the other, each being independent. Franchisee agrees it will not hold itself out as Franchisor's agent, employee, partner or co-venturer or the owner of the Brand. All employees or agents hired or engaged by or working for Franchisee will be only the employees or agents of Franchisee and will not for any purpose be deemed employees or agents of Franchisor, nor subject to Franchisor's control; and in particular, Franchisor will have no authority to exercise control over the hiring or termination of these employees, independent contractors, or others who work for Franchisee, their compensation, working hours or conditions, or their day-to-day activities, except to the extent necessary to protect the Brand. Franchisee and Franchisor agree to file their own tax, regulatory and payroll reports with respect to their respective employees or agents and operations.

12.2 Indemnity.

(a) Franchisee hereby agree to protect, defend and indemnify Franchisor, and all of Franchisor's past, present and future owners, affiliates, officers, directors, employees, attorneys and designees, and each of them, and hold them harmless from and against any and all Losses arising out of or in connection with any "Proceeding" (as defined in section 12.2(f) below) concerning Franchisee's intentional tort or negligence, or the intentional tort or negligence of Franchisee's agents, servants or representatives, relating to Franchisee's development, maintenance or operation of the Outlet and the Franchised Business, except if caused by Franchisor's intentional misfeasance, gross negligence or material default of any terms of, or Franchisor's obligations arising under, this Agreement.

(b) Franchisor hereby agrees to protect, defend and indemnify Franchisee, its Principal Equity Owners, other owners, affiliates, officers, directors, employees and attorneys and each of them, from any Losses any of them may incur as a result of any third party Proceeding arising out of Franchisor's intentional misfeasance, gross negligence or material breach of Franchisor's obligations under this Agreement, except if caused by the intentional misfeasance of, gross negligence of, or material breach by, Franchisee (or any of its Principal Equity Owners, or other owners, affiliates, officers, directors, employees or attorneys of Franchisee) of any terms of, or Franchisee's obligations arising under, this Agreement.

(c) In order for the indemnification to be effective, each indemnified party ("Indemnified Party") will give the indemnifying party ("Indemnifying Party") reasonable notice of each claim or loss for which the Indemnified Party demands indemnity and defense, except that failure to provide such notice will not release the Indemnifying Party from any obligations hereunder except to the extent that the Indemnifying Party is materially prejudiced by such failure. The Indemnifying Party will assume, at its sole cost and expense, the defense of such Proceeding through legal counsel reasonably acceptable to the Indemnified Party, except that the Indemnified Party may at its option and expense select and be represented by separate counsel. The Indemnifying Party will have control over the Proceeding, including the right to settle; provided, however, the Indemnifying Party will not, absent the written consent of the Indemnified Party, consent to the entry of any judgment or enter into any settlement that: (i) provides for any admission of liability on the part of the Indemnified Party or relief other than the payment of monetary damages for which the Indemnifying Party will be solely liable; or (ii) adversely affects the rights of the Indemnified Party under this Agreement, or (iii) does not release the Indemnified Party from all Proceedings and "Losses" (as defined in section 12.2(d) below) in respect thereof. In no event will the Indemnified Party be liable for any Losses that are compromised or settled in violation of this section 12.2. The Indemnifying Party's duty to defend is independent of its duty to indemnify. Each indemnified party must submit its claims to its insurers in a timely manner. Any payments made by an indemnified party will be net of benefits received by any indemnified party from insurance coverage in respect of such claims.

(d) The term "Losses" means, refers to, and includes all "Expenses" (as defined in section 12.2(e) below), liabilities, obligations, losses, fines, penalties, costs, or damages including all reasonable out of pocket fees and disbursements of legal counsel in the investigation or defense of any of the same or in asserting any party's respective rights hereunder but excluding punitive damages (unless resulting from third party claims).

(e) The term "Expenses" means, refers to, and includes, all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding casts, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses will also include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the person being indemnified because of the actual or deemed receipt of any payments under this Agreements, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent.

(f) The term "Proceeding" means, refers to, and includes any threatened pending or completed suit, claim, demand, action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether civil, criminal, administrative or investigative.

12.3 Survival of Covenants. The covenants contained in this Agreement that by their terms require performance by the parties after the expiration or termination of this Agreement will be enforceable notwithstanding expiration or termination of this Agreement for any reason whatsoever.

12.4 Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Franchisor and will be binding upon and inure to the benefit of the Franchisee and its or their respective heirs, executors, administrators, successors and assigns, subject to the restrictions on Assignment by Franchisee contained herein.

12.5 Joint and Several Liability. If Franchisee consists of more than one person or entity, or a combination thereof, the obligation and liabilities to Franchisor of each such person or entity are joint and several.

12.6 Counterparts. This Agreement may be executed in any number of copies, each of which will be deemed to be an original, and all of which together will be deemed to be one and the same instrument.

12.7 Notices.

(a) All notices that the parties hereto are required or may desire to give under or in connection with this Agreement must be in writing and (unless personally delivered by an agent of the sending party) must be sent by reliable overnight courier, for delivery on the next business day and addressed as follows:

(i) If to Franchisor, to:

BLUE STAMP FRANCHISE COMPANY
6136 FRISCO SQUARE BLVD STE 400
FRISCO TX 75034-3251
Phone: (619) 294-7550

(ii) If to Franchisee, to the attention of the General Manager (or other designee) at:

Phone: _____

(b) Unless previously delivered in person by an agent of the sending party, notices between Franchisee and Franchisor will be deemed given the next business day after deposit with a reliable overnight courier, properly addressed and marked for delivery on the next business day.

(c) Any change in the addresses listed in section 12.7(a) above must be sent to the other party as soon as practicable after the change occurs by reliable overnight courier.

(d) Any notices sent to Franchisee which include a statement of intent to terminate or not renew the Franchise must provide (i) the reasons why and (ii) the effective date of such termination or nonrenewal or expiration.

12.8 Compliance with U.S. Anti-Terrorism and Other U.S. Federal Laws.

(a) Franchisee certifies that neither it nor any Principal Equity Owners or employees of Franchisee, or anyone else who is associated with Franchisee is listed in the Annex to Executive Order 13224 (available at <http://treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>). Franchisee covenants not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, the Principal Equity Owners, employees or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee and each of the Principal Equity Owners will comply with and assist Franchisor as much as possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents and warrants that none of Franchisee's respective property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and the Principal Equity Owners are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws. Franchisee specifically

acknowledges and agrees that its indemnification responsibilities as provided in this Agreement also pertain to its obligations under this section 16.12. Any misrepresentation by Franchisee under this section 16.12 or any violation of the Anti-Terrorism Laws by Franchisee, any of the Principal Equity Owners, or employees will constitute grounds for immediate termination of this Agreement and any other agreement Franchisee executed with Franchisor or one of Franchisor's Affiliates. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists, and any other requirements of any United States governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

(b) Neither Franchisee nor any Principal Equity Owner conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under any applicable Anti-Terror Legislation.

(c) Neither Franchisee nor any Principal Equity Owner nor any employee of either is named as a "Specially Designated National" or "Blocked Person" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control and published at www.treas.gov/offices/enforcement/ofac/sdn/. Franchisee acknowledges that it is not directly or indirectly owned or controlled by the government of any country that is subject to neither a United States embargo, nor does Franchisee or any Principal Equity Owner act directly or indirectly on behalf of the government of any country that is subject to a United States embargo. Franchisee agrees that Franchisee will notify Franchisor in writing immediately of the occurrence of any event, which renders the foregoing representations and warranties of this section 12.8 incorrect.

[Franchisee's Initials: _____]

XIII. CONSTRUCTION OF AGREEMENT

13.1 Governing Law. The Federal Arbitration Act (9 U.S.C. §1 *et seq.*) governs the arbitration of disputes under this Agreement. Otherwise, the laws of the state of Texas govern this Agreement and all related matters, documents and agreements, without regard to conflicts of laws. If any provision of this Agreement is impermissible under a governing law, the provision will be deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision, or if the provision as amended cannot substantially maintain the original intent, then the provision will be deemed deleted.

13.2 Entire Agreement; Modification.

(a) The parties to this Agreement each acknowledge and warrant to each other that they wish to have all terms of this business relationship defined solely in and by this written Agreement and the Confidential Manuals. Recognizing the costs on all parties which attend uncertainty, the signatories to this Agreement each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings (which have been or may in the future be exchanged between them) serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein.

(b) In accordance with the foregoing section 13.2(a), the parties to this Agreement agree that this Agreement, and the Confidential Manuals, constitutes the entire agreement between the parties and contain all of the terms, conditions, rights and obligations of the parties with respect to the franchised business contemplated by this Agreement and any other aspect of the relationship between the parties. Nothing in this Agreement, the Confidential Manuals, or in any related agreement or writing, is intended to disclaim the representations made in the Blue Stamp Franchise Company Franchise Disclosure Document ("FDD") provided to Franchisee. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the Franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by Franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the Franchise.

(c) This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto.

13.3 Titles for Convenience Only. Section titles used in this Agreement are for convenience only and will not be deemed to affect the meaning or construction of any of the terms or provisions of this Agreement.

13.4 Gender. All terms used in any one number or gender will extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any section may require.

13.5 Severability. Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement or the Confidential Manuals and any present or future statute, law, ordinance, regulation or judicial decision, contrary to which the parties have no legal right under this Agreement, the latter will prevail, but in such event the provision of this Agreement or the Confidential Manuals thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, section, sentence or clause of this Agreement or the Confidential Manuals will be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be deemed deleted, and the remaining parts thereof will continue in full force and effect, unless said provision pertains to the payment of fees pursuant to Article III hereof, in which case this Agreement will terminate.

13.6 No Third-Party Beneficiaries. This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity will be entitled to any rights hereunder under so-called "third party beneficiary rights" or otherwise.

XIV. EFFECTIVENESS OF AGREEMENT

This Agreement will become effective only upon the execution thereof by Franchisee and by Franchisor and after Franchisee was provided an FDD. HOWEVER, THIS AGREEMENT IS NOT BINDING ON FRANCHISOR UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY FRANCHISOR.

XV. ACKNOWLEDGMENTS AND REPRESENTATIONS OF FRANCHISEE

15.1 Acknowledgments and Representations of Franchisee.

(a) Franchisee hereby represents and warrants that all statements in this section 15.1 are true and accurate.

(b) Franchisee does not seek to obtain the Franchise for speculative or investment purposes and has no present intention to sell or transfer or attempt to sell or transfer the Franchised Business or the Franchise within 12 months after the Opening Date.

(c) Franchisee understands and acknowledges the value to the System of uniform and ethical standards of quality, appearance and service described in and required by the Confidential Manuals and the necessity of operating the Franchised Business under the standards set forth in the Confidential Manuals. Franchisee represents that it has the capabilities, professionally, financially and otherwise, to comply with Franchisor's standards.

(d) If Franchisee is an entity, Franchisee is duly organized and qualified to do business in the state and any other applicable jurisdiction within which the Outlet is located.

(e) Franchisee's execution of this Agreement will not constitute or violate any other agreement or commitment to which Franchisee is a party.

(f) Any individual executing this Agreement on Franchisee's behalf is duly authorized to do so and the Agreement constitutes a valid and binding obligation of Franchisee and all of Franchisee's Principal Equity Owners.

(g) Franchisee and its Principal Equity Owners (i) carefully read this Agreement and all other related documents to be executed by Franchisee concurrently or in conjunction with the execution hereof, (ii) conducted an independent investigation of the business contemplated by this Agreement, (iii) obtained, or had the opportunity to obtain, the advice of counsel in connection with the execution and delivery of this Agreement, (iv) understand the nature of this Agreement, and (v) intend to comply with the terms hereof and be bound hereby.

(h) Franchisee agrees that complete and detailed uniformity among Franchisor's franchisees under varying conditions may be inadvisable, impractical or impossible, and accordingly agree that Franchisor, in its sole discretion, may modify or vary aspects of the System as to any franchisee or group of franchisees based on, for example, local sales potential, demographics, competition, business practices or other conditions. Franchisee further agrees that Franchisor has no obligation to disclose or offer the same or similar variances to Franchisee. Franchisee is aware that other Postal Connections/ISold It franchisees may operate under different agreements and, consequently, that Franchisor's obligations and rights as to those franchisees may differ materially in certain circumstances.

(i) Franchisee received an FDD and a copy of this Agreement at least 15 calendar days before it signed this Agreement.

(j) Franchisee made no payment to Franchisor before Franchisee signed this Agreement.

(k) Franchisee acknowledges that in operating the System, Franchisor must consider the needs of the System as a whole, and the need to protect the Marks, even if Franchisor's actions are contrary to Franchisee's interests.

15.2 Additional Information Respecting Franchisee.

(a) Franchisee must fully complete the schedule attached as Exhibit 2 of this Agreement with required information about the Principal Equity Owners.

(b) The name and address (written notice of any change in this information after the Effective Date must be delivered to Franchisor pursuant to section 12.7 hereof) of Franchisee's designated General Manager is set forth in section 12.7(a)(ii).

This Agreement may be executed and delivered by facsimile, email with scanned attachment or any electronic signature complying with the U.S. federal ESIGN Act of 2000 (including DocuSign) and, upon such execution and delivery, will have the same force and effect as an original.

IN WITNESS WHEREOF, and each signatory being jointly and severally liable, the parties hereto have caused this Agreement to be executed on or as of the Effective Date.

FRANCHISEE:

FRANCHISOR:

BLUE STAMP FRANCHISE COMPANY

By: _____
[SIGNATURE]

By: _____
[SIGNATURE]

[PRINTED NAME AND TITLE]

[PRINTED NAME AND TITLE]

List of Exhibits to Franchise Agreement:

Exhibit 1 - Territory

Exhibit 2 - Names and Addresses of Principal Equity Owners

Exhibit 3 - Guarantee of Franchise Agreement

Exhibit 4 - PC/ISI Store Construction, Build-Out and Opening Addendum

EXHIBIT 1 - TERRITORY

The Territory is the geographical area around the Outlet depicted in a map attached to this Exhibit 1.

Franchisee's initial PC/ISI Store is located at:

(If the address is unknown when this Agreement is signed, as soon as the address is determined, it will be inserted later into the space above or added by addendum attached to this Exhibit 1.)

Franchisee hereby acknowledges by initialing in the bracketed spaces below that it has reviewed the following sections of this Agreement:

Section 1.1 (Grant of Franchise) [],

Section 1.2 (Reserved Rights) [], and

Section 1.3 (Area and Scope of Operation) [].

EXHIBIT 2 - NAMES AND ADDRESSES OF PRINCIPAL EQUITY OWNERS

If Franchisee is an entity, list below the names, residential addresses and respective percentage equity ownership interests in the Franchisee entity of each Principal Equity Owner:

1. _____

_____ %

2. _____

_____ %

3. _____

_____ %

4. _____

_____ %

5. _____

_____ %

EXHIBIT 3 - GUARANTEE OF FRANCHISE AGREEMENT

In consideration of the execution by Franchisor of the Franchise Agreement (the "Franchise Agreement") dated _____, 20____ between Blue Stamp Franchise Company, doing business as Postal Connections and iSold It ("Franchisor") and _____ ("Franchisee") and for other good and valuable consideration, each of the undersigned "Principal Equity Owners" (as defined in the Franchise Agreement), and their spouses (if applicable), for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Franchise Agreement and in any other agreement(s) by and between Franchisee and Franchisor.

If more than one person has executed this Guarantee of Franchise Agreement ("Guarantee"), the term "the undersigned", as used herein, refers to each such person, and the liability of each of the undersigned hereunder will be joint and several and primary as sureties.

The undersigned, individually and jointly, hereby agree to be personally bound by every covenant, term, condition, agreement and undertaking contained and set forth in said Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor.

The undersigned further hereby agree that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder: (i) any term, covenant or condition of the Franchise Agreement may be amended, compromised, released or otherwise altered by Franchisor and Franchisee, and the undersigned do guarantee and promise to perform all the obligations of Franchisee under the Agreement as so amended, compromised, released or altered; (ii) any guarantor of or party to the Franchise Agreement may be released, substituted or added; (iii) any right or remedy under the Agreement, this Guarantee or any other instrument or agreement between Franchisor and Franchisee may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and, (iv) Franchisor or any other person may deal in any manner with Franchisee, any of the undersigned, any party to the Franchise Agreement or any other person.

Should Franchisee be in breach or default under the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, Franchisor may proceed directly against any or each of the undersigned without first proceeding against Franchisee and without proceeding against or naming in such suit any other Franchisee, signatory to the Franchise Agreement or any others of the undersigned.

Notice to or demand upon Franchisee or any of the undersigned will be deemed notice to or demand upon Franchisee and all the undersigned, and no notice or demand need be made to or upon any of the undersigned. The cessation of or release from liability of Franchisee or any of the undersigned will not relieve any other guarantors from liability hereunder, under the Franchise Agreement, or under any other agreement(s) between Franchisor and Franchisee, except to the extent that the breach or default has been remedied or moneys owed have been paid.

Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns, related to the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, will not modify or amend this Guarantee, which will be continuing, absolute, unconditional and irrevocable.

It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee inure to the benefit of the Franchisor, its successors and assigns. This Guarantee may be assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

The Lanham Act (15 U.S.C. §1051 et seq.) governs any issue involving Franchisor's proprietary trademarks. Otherwise, this Guarantee and the legal relations among the parties hereto will be governed by and construed in accordance with the laws of the State of Texas. Nothing in this Guarantee is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of Texas or any other state, which would not otherwise apply.

Any litigation arising out of or related to this Guarantee will be instituted exclusively in the 380th District Court of Collin County, Texas or the United States District Court for the Eastern District of Texas. Guarantors hereby covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of *forum non conveniens*). Guarantors further hereby covenant never to assert or claim that such courts lack personal

jurisdiction over Guarantors. In the event both such courts lack jurisdiction to enter any requested injunctive relief, an action or proceeding requesting such relief may be brought before any court having jurisdiction to grant such relief.

Should any one or more provisions of this Guarantee be determined to be illegal or unenforceable, all other provisions will nevertheless be effective.

This Guarantee may be executed and delivered by facsimile, email with scanned attachment or any electronic signature complying with the U.S. federal ESIGN Act of 2000 (including DocuSign) and, upon such execution and delivery, will have the same force and effect as an original.

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee effective as of the date of the Franchise Agreement.

PRINCIPAL EQUITY OWNERS

SPOUSES OF PRINCIPAL EQUITY OWNERS
(if applicable)

x _____

x _____

Printed Name of Principal Equity Owner

Printed Name of Spouse

x _____

x _____

Printed Name of Principal Equity Owner

Printed Name of Spouse

x _____

x _____

Printed Name of Principal Equity Owner

Printed Name of Spouse

x _____

x _____

Printed Name of Principal Equity Owner

Printed Name of Spouse

x _____

x _____

Printed Name of Principal Equity Owner

Printed Name of Spouse

EXHIBIT 4 - PC/ISI STORE CONSTRUCTION, BUILD-OUT AND OPENING ADDENDUM

THIS PC/ISI STORE ADDENDUM ("Addendum") to the Franchise Agreement dated _____, 20____ (the "Franchise Agreement") is made and entered into as of the date of the Franchise Agreement by and between Blue Stamp Franchise Company, doing business as Postal Connections and iSold It ("Franchisor") and _____ ("Franchisee"), to supplement and amend certain terms of the Franchise Agreement. To the extent not defined herein, all initial-capitalized references in this Addendum will have the same meaning as defined in the Franchise Agreement.

PURPOSE

- A. The Franchise Agreement grants Franchisee a franchise to establish and operate a Postal Connections retail location ("PC/ISI Store")
 - B. Franchisor makes available through designated and approved suppliers construction, development, modular fixtures, and built-out services ("Build-Out Services") to assist franchisees in construction, developing and equipping the PC/ISI Store.
 - C. Franchisee desires to obtain the Build-Out Services and Franchisor desires to make available the Build-Out Services to Franchisee through designated and approved suppliers under the terms and conditions that are contained in the Addendum.
- 1) Store Construction and Build-Out Services. Franchisor will make available through arrangements with independent contractors, the following PC/ISI Store Construction and Build-Out Services to Franchisees, for the construction and build out of the PC/ISI Store:
- a) Provide suitable plans and specifications conforming to Franchisor's requirements for dimensions, interior design, layout, signage, counters, equipment and decorating the PC/ISI Store in compliance with applicable ordinances, building codes, permit requirements and lease requirements and restrictions.
 - b) Provide manuals, training, assistance and an installation sign-off list to franchisee for monitoring and acceptance of store as "ready to open for business".
 - c) Assist in the acquisition of any required construction-related permits and licenses.
 - d) Assist in the acquisition of fixtures, material, equipment, modular furniture, counters and other such materials required for the construction of the PC/ISI Store.
 - e) Recommend contractors or subcontractors to construct modular fixtures in the PC/ISI Store.
 - f) Coordinate and assist in the management of construction, build-out and decoration of the PC/ISI Store.
 - g) Coordinate and assist in the procurement and installation of the required interior and exterior signage, graphics and image and identity materials for the PC/ISI Store.
 - h) Coordinate and assist in the procurement and installation of certain equipment.
- 2) Commencement of PC/ISI Store Construction and Build-Out Services. Franchisor will not be obligated to commence coordination and assistance in the PC/ISI Store construction and Build-Out Services until Franchisee submits an executed site lease for the premises where the PC/ISI Store will be located and deposits the estimated costs for the (i) franchise opening, training and build-out administration, (ii) store construction, (iii) Build-Out Services and (iv) PC/ISI Store inventory as outlined in the Franchise Agreement (collectively, the "Build Out Deposit") into a separate bank account.
- 3) Completion of PC/ISI Store Construction and Build-Out Obligations. Conditioned upon (i) written acceptance and acknowledgment by Franchisee of the estimated costs for the PC/ISI Store construction and Build-Out Services, (ii) submission of an executed site lease for the PC/ISI Store premises and (iii) timely deposit of the Build Out Deposit into the PC/ISI Store Build Out Escrow Account, Franchisor agrees

to use its best efforts to coordinate and assist in the development of the PC/ISI Store in order for it to be ready to open and commence the operation of business within a reasonable time.

- 4) Store Construction and Build-Out Costs and Additional Expenses. The projected costs of the Store construction and Build-Out Services will be calculated in the "Store Construction and Build-Out Schedule" executed by Franchisee and Franchisor no later than the date PC/ISI Store construction begins. Franchisee acknowledges that the PC/ISI Store construction and Build-Out Services may not include certain other charges, costs and expenses for which Franchisee is solely responsible and liable, such as construction extras, landlord charge backs and additional unforeseen costs and expenses. Franchisee acknowledges that Franchisor may or may not receive compensation for its coordination, assistance, development, management and purchasing services.
- a) Franchisee acknowledges and agrees that the actual cost of the build-out will be computed upon completion of the Build-Out Services and will be adjusted to reflect the actual cost of the build-out of the PC/ISI Store. Franchisee will be liable for any additional costs due to events or actions that were not within the control of Franchisor.

This Addendum may be executed and delivered by facsimile, email with scanned attachment or any electronic signature complying with the U.S. federal ESIGN Act of 2000 (including DocuSign) and, upon such execution and delivery, will have the same force and effect as an original.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum on or as of the date below.

FRANCHISEE:

By: _____

Its: _____

FRANCHISOR:

BLUE STAMP FRANCHISE COMPANY

By: _____

Its: _____

POSTAL CONNECTIONS

FRANCHISE AGREEMENT

@HOME LOCATION

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FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is made and executed as of _____, 20__ (the "Effective Date"), by and among Blue Stamp Franchise Company, a Texas corporation doing business as "Postal Connections" and "iSOLD It" ("Franchisor") and _____ ("Franchisee"), with reference to the following facts:

RECITALS

Using time, skill, effort and money, Franchisor has developed and will supervise the "System" (as defined in "Definitions" below) operated in accordance with the provisions of this Agreement and Franchisor's "Confidential Manuals" (as defined below).

Franchisor has developed a system and procedure for the operation by independent persons throughout the United States and other countries of outlets that provide mailing, shipping, fax, copy, key duplication, mail box rental, packaging, shipping, Federal Express and United Parcel Service, sale of stamps, related products and services, and in some cases, notary public, Internet merchandise sales and support services and other authorized programs, and related products and services to retail customers and proprietary online sales systems (the "Franchised Business") under the proprietary marks "Postal Connections", "iSold It" and "PC/ISI" (collectively, the "Brand") at approved locations, consisting of (i) full service Postal Connections stores or rented concession locations within third party large retail stores ("PC/ISI Stores") serving retail customers, with an on-site iSold It Internet auction fulfillment centers ("ISI Business Centers"), and (ii) iSold It Internet auction fulfillment businesses operated from an individual Franchisee's residence, and adjacent storage facilities to hold products to be shipped for retail customers ("@Home Location"). This Agreement relates to an @Home Location, which is sometimes referred to herein as the "Outlet". Franchisor is the owner of the Brand and all rights in respect thereof. Franchisor has the sole right to authorize use of, and to license others to use, the Brand.

As part of the System, Franchisor will provide certain products and services to Franchisee and other Postal Connections Franchisees including training, use of the Brand, names and logo and other services related to the efficient and successful operation of an Outlet and the maintenance of high standards of quality. To assist Franchisee in the start-up of its Franchised Business, Franchisor will make available to Franchisee both initial and continuing information, experience, advice, business coaching and know-how with respect to management, operation, promotion, communications, computer technologies and business services.

Franchisee desires to be franchised and licensed by Franchisor to use the "System" (as defined below), "Brand" (as defined below), "Marks" (as defined below) and goodwill to conduct the "Franchised Business" (as defined below) from a specific Outlet identified in Exhibit 1 attached.

Franchisor is willing to grant Franchisee a "Franchise" of the right to own and operate an Outlet using the Brand and Franchisor's business format, in accordance with the provisions of this Agreement and the Confidential Manuals.

Franchisee acknowledges that, in the administration of this Agreement and in taking actions with respect to its relationship with Franchisee, Franchisor must consider the needs of the System, and the effect upon the System as a whole, and the need to protect the Brand for the benefit of the entire System.

DEFINITIONS

Abandoned. The term "Abandoned" means closure of a Franchise for a period of five consecutive business days without Franchisor's prior written consent. A repeated pattern of closures of a Franchise for periods of less than five consecutive business days may result in the Franchise being deemed Abandoned if in the judgment of Franchisor such closure adversely impacts the Franchised Business. A Franchise will not be deemed Abandoned if the closure is due to natural disasters, the death or disability of an individual Franchisee, or other matters beyond the control of Franchisee (other than Franchisee's inability to procure money), provided that Franchisee (i) gives notice of any such closure to Franchisor within five business days after the initial occurrence of the event resulting in such closure, (ii) acknowledges in writing that such closure is due to one of the foregoing causes, and (iii) re-establishes the Franchised Business and is fully operational in another suitable business site within 60 days after the initial occurrence of the event resulting in such closure or such longer period as Franchisor may permit.

Anniversary Year. The term “Anniversary Year” means the 12-month period between the “Opening Date” (as defined below) and the first anniversary thereof and between each succeeding anniversary.

@Home Location Services and Products. The term “@Home Location Services and Products” means mailing, shipping, fax, copy, key duplication, mailbox rental, packaging, shipping, Federal Express and United Parcel Service, United States Postal Service products and sale of stamps, related products and services.

Brand. The term “Brand” means (i) the proprietary marks “Postal Connections[®]”, “iSold It[®]”, “QuickList[®]”, “PC/ISI” and distinctive logo designs in respect of which registrations have been filed with the United States Patent and Trademark Office, and (ii) all common law trademarks and service marks, trade names, logos, insignias, designs and other commercial symbols which Franchisor uses and authorizes others to use to identify the Franchised Business. Franchisor will list in the Confidential Manuals the proprietary marks that Franchisee is authorized to use under this Agreement and update this list as necessary.

Confidential Information. The term “Confidential Information” means information, know-how, and materials, other than Trade Secrets, that is of value to Franchisor (or other third party, as applicable) and treated as confidential by any of the foregoing and is disclosed or made known or available to Franchisee or its employees or agents. Without limiting the generality of the foregoing, the term Confidential Information includes, without limitation: (i) the Confidential Manuals; (ii) all technical and non-technical information, including without limitation, information concerning finances, financing and capital raising plans, accounting or marketing, business opportunities, affiliate lists, business plans, forecasts, predictions, projections, recipes, products, research, development, and know-how; (iii) Intellectual Property, the Marks, “iSold It Services” and “@Home Location Services and Products”, insignias, designs, and materials subject to copyright, patent, or trademark registration; (iv) any developments, inventions, improvements, additions, modifications, enhancements, derivatives, ideas, reports, analyses, opinions, studies, data or other materials or work product, whether prepared by Franchisor or otherwise, that contain or are based upon Proprietary Information; (v) information regarding customers and potential customers of the Franchised Business, including customer lists, names, needs or desires with respect to the products or services offered, contracts and their contents and parties, the type and quantity of products and services provided or sought to be provided to customers and potential customers of the Franchised Business and other non-public information relating to customers and potential customers; (vi) information regarding any of Franchisor’s business partners or affiliates and their services, including names, representatives, proposals, bids, contracts and their contents and parties, the type and quantity of products and services received by the discloser, and other non-public information relating to business partners; (vii) information regarding personnel, including compensation and personnel files; and (viii) any other non-public information that a competitor of Franchisor could use to the competitive disadvantage of Franchisor.

Confidential Manuals. The term “Confidential Manuals” means the manual or manuals (regardless of title) containing policies and procedures to be adhered to by Franchisee in performing under this Agreement (as described in section 7.3 hereof). The Confidential Manuals may be accessed online at the private intranet site *franconxtions.net* and will include all amendments and supplements thereto provided to Franchisee from time to time.

Consumer Price Index. The term “Consumer Price Index” (or “CPI”) means the annual average of the Consumer Price Index for All Urban Consumers, Service Group Only, 1992-1994=100, published by the Bureau of Labor Statistics of the United States Department of Labor (or the highest similar future index if these figures become unavailable).

Control. The term “Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

Force Majeure. The term “Force Majeure” means a natural disaster (such as tornado, earthquake, hurricane, flood, fire or other natural catastrophe); strike, lockout or other industrial disturbance; war, terrorist act, riot, or other civil disturbance; epidemic; or other similar force which Franchisee could not by the exercise of reasonable diligence have avoided; provided however, neither an act or failure to act by any federal, state, county, municipal and local governmental and quasi-governmental agency, commission or authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, or other person will be a Force Majeure, except to the extent such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise a Force Majeure. To avoid any

potential misunderstanding, Franchisee's financial inability to perform or Franchisee's insolvency will not be a Force Majeure.

Franchised Business. The term "Franchised Business" means the operation of a retail center at an Outlet at a location Franchisor has consented to that provides "iSold It Services" (as defined in these Definitions below) and in some cases, notary public and other authorized programs, online sales systems and related products and services to retail customers, at a specified location within a specific territory, using the Brand, operational techniques, service concepts and proprietary information owned or authorized to be used by and identified with Franchisor.

General Manager. The term "General Manager" means the employee of Franchisee who has been designated by Franchisee as the person responsible for the day-to-day operation on a full-time basis of the Franchised Business and who has successfully completed "Initial Franchise Training" (pursuant to section 6.1 hereof).

Gross Volume. The term "Gross Volume" means all money or things of value received directly or indirectly by Franchisee constituting payment to or on account of the Franchised Business or the Franchise, less applicable sales and use taxes and *bona fide* product or service refunds.

Initial Training. The term "Initial Training" means training in the System provided by Franchisor, as described in and required by section 6.1 hereof.

Intellectual Property. The term "Intellectual Property" means creations of the mind, including inventions, proprietary software systems used to operate the Franchised Business, literary and artistic works, designs, symbols, names and images owned by Franchisor and used in the Franchised Business or at Outlets.

Intellectual Property Rights. The term "Intellectual Property Rights" means all past, present, and future rights of the following types, which may exist or be created under the laws of any jurisdiction in the world: (i) rights associated with works of authorship, including exclusive exploitation rights, copyrights, moral rights, and mask work rights; (ii) trademark and trade name rights and similar rights; (iii) trade secret rights; (iv) patent and industrial property rights; (v) other proprietary rights in intellectual property of every kind and nature; and (vi) rights in or relating to registrations, renewals, extensions, combinations, divisions, and reissues of, and applications for, any of the rights referred to in clauses (i) through (v) of this sentence.

iSold It Services. The term "iSold It Services" means receiving from retail customers of a variety of merchandise and other property on a consignment basis and subsequent sale of this merchandise over the Internet under the Brand "iSold It", and then acting as a sales assistance seller for these retail customers using EBay, Amazon, Craigslist, or another Internet seller.

Opening Date. The term "Opening Date" means the day Franchisee open its Outlet, furnished, inventoried and equipped in accordance with our requirements, and Franchisee begins operating the Franchised Business at the Outlet.

Outlet. The term "Outlet" means an @Home Location residential property consented to by Franchisor, accessible to customers and attached or adjacent storage facilities to hold products to be shipped for customers, and exclusively dedicated to the operation of the Franchised Business under the Marks and in accordance with the System.

Principal Equity Owner. The term "Principal Equity Owner" means each person who owns 20% or more of Franchisee.

Proprietary Information. The term "Proprietary Information" means, refers to, and includes Trade Secrets and Confidential Information of Franchisor (or if any other third party provided such information to or on behalf of Franchisor). No formal identification of Proprietary Information will be required. Without limiting the generality of the foregoing, Proprietary Information may take the form of documentation, drawings, specifications, software, technical or engineering data and other forms, and may be communicated orally, in writing, by electronic means or media, by visual observation and by other means.

Suggestions. The term "Suggestions" means any new products or services, specifications, suggestions or other feedback made by Franchisee or its Principal Equity Owners to modify the System.

System. The term “System” means an interdependent network composed of Franchisor, Franchisee and any other people or companies that Franchisor has licensed to use the Brand or System. The System is a comprehensive marketing and operational system prescribed by Franchisor to be used in the conduct of the Franchised Business, as set forth in this Agreement, the Confidential Manuals (as amended from time to time) and online systems for training and sales. The System will include, among other things, proprietary QuickList online sales software, the Brand, advertising, marketing and sales programs and techniques, training programs and materials, artwork, graphics, layouts, slogans, names, titles, text and other intellectual property that Franchisor makes available to Franchisee. In its sole discretion, Franchisor may improve or change the System from time to time (including but not limited to adding to, deleting or modifying elements of the System, establishing categories or classifications of Franchisees and amending the Confidential Manuals) for the intended purpose of making the System more effective, efficient, economical or competitive; adapting to or taking advantage of competitive conditions, opportunities, technology, materials or local marketing needs and conditions; enhancing the reputation or public acceptance of the System; or better serving the public.

Territory. The term “Territory” means a mutually agreed geographical area varying in size from a radius around the Outlet varying from two city blocks (in densely populated urban areas) to one-half mile (in rural areas), as depicted in Exhibit 1 hereto.

Trade Secret. The term “Trade Secret” means information constituting a trade secret within the meaning of the Defend Trade Secrets Act of 2016 (18 U.S.C. § 1836, *et seq.*), as amended.

Transfer. The term “Transfer” means a sale, assignment, transfer, conveyance, pledge, mortgage, encumbrance, abandonment, elimination or giving away, voluntarily or involuntarily, by operation of law or otherwise.

I. THE FRANCHISED BUSINESS

1.1 Grant of Franchise.

(a) Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, a license and franchise (“Franchise”) to participate in and use the System by conducting the Franchised Business at the licensed Outlet identified in Exhibit 1 attached hereto within the Territory also described in Exhibit 1 attached hereto, in strict accordance with this Agreement and the Confidential Manuals, from the time of commencement of the Franchised Business until the end of the term hereof and any additional term unless sooner terminated. As long as Franchisee remains in good standing under this Agreement, Franchisor will not open itself or through any Postal Connections franchisee or affiliate any Outlet within the Territory. (For purposes of this section 1.1, “Outlet” does not include limited square footage outlets like an “express” unit or a kiosk, units housed within other retail facilities, warehouses, Internet sites, publicity releases, or direct mail operations.)

(b) Each Principal Equity Owner (and their respective spouses, if applicable), must execute the Guarantee of Franchise Agreement attached as Exhibit 3 of this Agreement.

(c) Franchisee acknowledges that Franchisor has granted and may in the future operate or grant other licenses and franchises for Franchised Business outside the Territory. FRANCHISEE MAY NOT USE THE MARKS (AS DEFINED HEREIN), OPERATIONAL TECHNIQUES, QUICKLIST PROPRIETARY SOFTWARE OPERATING SYSTEM, SERVICE CONCEPTS OR PROPRIETARY INFORMATION IN CONNECTION WITH SUCH BUSINESSES OR SERVICES WITHOUT THE EXPRESS PRIOR WRITTEN PERMISSION OF THE PRESIDENT OF FRANCHISOR, WHICH PERMISSION, IF GRANTED, WILL BRING SUCH BUSINESSES OR SERVICES WITHIN THE SCOPE OF THE FRANCHISED BUSINESS AND SUBJECT REVENUES THEREFROM TO PAYMENT OF ROYALTY AND MARKETING FUND CONTRIBUTION AND PROMOTION FEES.

1.2 Reserved Rights. Nothing contained herein will accord Franchisee any right, title or interest in or to the Brand, System, operational techniques, service concepts, proprietary information or goodwill of Franchisor, except such rights as may be granted hereunder. **THE FRANCHISE APPLIES TO THE OUTLET LISTED IN EXHIBIT 1 HERETO AND NO OTHER PLACES OF BUSINESS.**

1.3 Area and Scope of Operation. Franchisee may only operate its Franchised Business from its Outlet. Franchisee must (i) diligently and effectively promote, market and engage in the Franchised Business; (ii) develop, to the best of its ability, the potential for the Franchised Business within the Territory prescribed by

Franchisor, and shown in Exhibit 1 attached hereto and (iii) devote and focus its attentions and efforts to such promotion and development.

1.4 Electronic Execution and Copies.

(a) An executed copy of this Agreement (or any portion of this Agreement) may be delivered by any of the parties by electrical, digital, magnetic, optical, electromagnetic, or similar capability regardless of the medium of transmission (any such medium is referred to in this section 1.4(a) and the following section 1.4(b) as "electronic"), and such delivery will be effective and binding upon such party, and will not in any way diminish or affect the legal effectiveness, validity or enforceability of this Agreement.

(b) Franchisee acknowledges and agrees Franchisor may create an electronic record of any or all agreements, correspondence or other communication between Franchisee and Franchisor or involving third parties, and Franchisor may thereafter dispose of or destroy the original of any such document or record. Any such electronic record will be inscribed on a tangible medium or stored in an electronic or other medium and be retrievable in perceivable form and will be maintained in and readable by generally available hardware and software. Franchisee agrees, notwithstanding any statute, regulation, or other rule of law to the contrary, any such electronic version of this or any other agreement or correspondence between the parties will have the same legal effect, validity, and enforceability as an original of any such document, even if the original of such document has been disposed of or intentionally destroyed.

1.5 Obligations of an Entity Franchisee.

(a) If Franchisee is an entity, Franchisee must provide Franchisor at the Effective Date with a copy of its organizational document and by-laws, shareholders' agreement, operating agreement or other agreement between the equity owners.

(b) If Franchisee is an entity, Franchisee must place the following legend on all certificates evidencing an equity interest:

"THE TRANSFER OF THE EQUITY INTEREST IN THE ENTITY REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A FRANCHISE AGREEMENT DATED _____, 20____, BETWEEN THIS ENTITY AND BLUE STAMP FRANCHISE COMPANY. REFERENCE IS MADE TO SUCH FRANCHISE AGREEMENT AND THE RESTRICTIVE PROVISIONS CONTAINED THEREIN AND AS MAY BE OTHERWISE SET FORTH IN THE ORGANIZATIONAL DOCUMENTS AND OPERATING AGREEMENTS OF THIS ENTITY."

II. OPENING OF OUTLET AND FRANCHISED BUSINESS

2.1 The Outlet.

(a) The Franchised Business may only be operated from the licensed Outlet, which is a residential property owned or leased by a Principal Equity Owner of Franchisee. The Outlet must be configured in the manner authorized by Franchisor in the Confidential Manuals or otherwise approved by Franchisor in writing. Franchisee must have adequate adjacent storage facilities to hold products to be shipped for customers and be in full compliance with (i) local zoning laws, (ii) city laws, regulations and ordinances, (iii) covenants, conditions and restrictions ("CC&Rs") relating to the premises where the Outlet is located, and (iv) any applicable homeowner's association requirements.

(b) To promote the orderly and timely service of iSold It customers, the Outlet will be equipped with QuickList, Franchisor's proprietary operating system Franchisee must use to offer and sell iSold It Services through the Internet. Otherwise, Franchisee may not deliver iSold It Services from a business location outside the licensed Territory without Franchisor's prior written consent.

(c) Premises acceptable to Franchisor from which the Outlet will be operated must be located and secured by you within 90 days after the Effective Date. Within 15 days thereafter Franchisor will review and either consent to or disapprove the location (and if Franchisor disapproves, Franchisee must promptly propose an alternative location). If Franchisee has not commenced operation of the Franchised Business within 270 days after the Effective Date, Franchisor may terminate this Agreement effective on written notice, and if Franchisor does so, Franchisee will not be entitled to receive any refund of the Initial Franchise Fee it paid.

Franchisor will give Franchisee an automatic 90-day extension to open the Outlet beyond the mandatory dates specified above in this section 2.1(c) if Franchisor deems in its sole discretion Franchisee made a diligent effort to locate and open the Outlet but was unable to do so due to reasons beyond its reasonable control.

(d) It is Franchisee's obligation to maintain, modify or upgrade the Outlet in accordance with the Confidential Manuals and other standards established by Franchisor.

2.2 Equipment and Inventory.

(a) Within the timeframes Franchisor specifies to assure delivery before the Opening Date, Franchisee must order from (and, if necessary, pre-pay to) Franchisor, designated or approved suppliers recommended proprietary (i) the QuickList software system and other recommended proprietary equipment, (ii) supplies (in at least the amount required to complete Franchisor's recommended initial inventory of these items) and (iii) other items as specified in the Confidential Manuals, with delivery scheduled for later than 45 days before the Opening Date. Thereafter, Franchisee must buy replacement or additional proprietary equipment, supplies and other items in sufficient quantities to permit the uninterrupted conduct of the Franchised Business at Franchisee's Outlet, and only from vendors or suppliers designated or approved by Franchisor.

(b) Franchisee must also purchase non-proprietary merchandise and supplies (in at least the amount required to complete Franchisor's recommended initial inventory of these items), fixtures, furnishings, equipment, computer hardware, software, modems and peripheral equipment as specified in the Confidential Manuals, in adequate quantities and sufficiently in advance to allow Franchisee to fully operate its Outlet on the Opening Date, and continuously thereafter in sufficient quantities to permit the uninterrupted conduct of the Franchised Business at Franchisee's Outlet.

(c) Franchisee must buy apparel and other materials containing the Marks to be sold at the Outlet only from vendors or suppliers designated or approved by Franchisor.

(d) Franchisor and its affiliated entities reserve the right to derive and receive revenues, rebates or other material consideration from required purchases or leases by iSOLD It @Home Location franchisees, and to retain for itself or use such revenues, rebates or other material consideration as Franchisor deems appropriate.

2.3 Standards of Operation.

(a) Franchisee agrees that Franchisor, Franchisee and the System will benefit from the maintenance of reasonable standards of quality, and prominent display of the Marks and Brand at the Outlet. Therefore, Franchisee agrees to maintain the standards of quality, appearance and display of the Marks and Brand in strict accordance with this Agreement and the Confidential Manuals and as Franchisor may otherwise direct in writing. So as not to impede the establishment and maintenance of an effective network of franchisees for the sale of iSold It Services and @Home Location Services and Products, Franchisee specifically agrees that it will not display the Marks or Brand at any place or places of business for the conduct of Franchised Business operations other than at the Outlet without Franchisor's prior written approval.

(b) Franchisor reserves the right in its reasonable discretion to refuse to allow types of Internet communications or computer-related entertainment.

(c) To protect and maintain the integrity, reputation and goodwill of the System and the Brand, Franchisor requires that Franchisee complies with the methodology Franchisor prescribes in providing iSold It Services to customers. To enhance uniformity in the delivery of goods and services to retail customers by iSold It franchises and the strength of the Marks and Brand in inter-brand competition, and subject to applicable antitrust laws, Franchisor may recommend retail prices for specific iSold It Services and other products and services Franchisor authorizes for sale at Franchisee's Outlet. If Franchisor does so, Franchisee may not advertise or promote (whether by telephone, Internet, printed materials or any other media, including, without limitation, social media) retail prices that are inconsistent with these recommended prices. Also, to the extent permitted by federal and state law applicable to the Outlet, Franchisor may designate maximum and minimum retail prices to be charged for iSold It Services.

(d) Franchisee hereby grants Franchisor the right at any time to use the name, image and likeness of Franchisee for commercial purposes in connection with the marketing and promotion of the Marks, Brand, iSold It Services, any Outlet, and the System, without compensation. Franchisee also agrees (i) to have any

affected employee of Franchisee who is not a Principal Equity Owner sign a release in the form contained in the Confidential Manuals authorizing Franchisor to also use his or her name, image and likeness for the purposes described in this section 2.3(d), without compensation, and (ii) to provide Franchisor with a copy of such signed release upon request. The terms of this section 2.3(d) survive termination or expiration of this Agreement.

[Franchisee's Initials: _____]

2.4 Signs. Franchisee may be required by the Confidential Manuals to prominently display on all forms, advertising, literature and business cards the following words: "Independently Owned and Operated Franchise."

2.5 Permission to Relocate.

(a) If Franchisee desires to relocate its Outlet, Franchisee may do so provided that not less than 90 days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation in which event notice must be made as soon as possible), Franchisee makes a written request for consent to relocate, describing the reasons for the relocation and providing complete written details regarding any proposed new location.

(b) Within 20 days after receiving Franchisee's request, Franchisor will either approve or disapprove in writing such closure or relocation in Franchisor's reasonable discretion. In the event of disapproval of a proposed relocation, Franchisee may request an alternative proposed new location pursuant to the provisions of this section 2.5.

III. INITIAL AND ON-GOING PAYMENTS BY FRANCHISEE

3.1 Initial Franchise Fee.

(a) The "Initial Franchise Fee" for an @Home Location is \$25,000, and this fee includes the registration fee for the first franchise conference following the Effective Date of this Agreement. If Franchisee is a former member of the U.S. Armed Services who was honorably discharged, Franchisor will discount the Initial Franchise Fee for Franchisee's initial @Home Location by \$5,000 (or 20%), and Franchisee would pay a total of \$20,000 to Franchisor.

(b) The Initial Franchise Fee is due and payable in full, by cashier's check or money order or wire transfer to Franchisor's bank account when Franchisee signs this Agreement.

(c) The Initial Franchise Fee is fully earned by Franchisor when paid and is not refundable. Franchisor does not offer any type of financing.

(d) If before Franchisee's successful completion of initial training, either (i) Franchisor decides, in its sole discretion, that Franchisee should not operate a Postal Connections franchise business, or (ii) Franchisee does not obtain Franchisor's consent to the location of Franchisee's Outlet within 90 days after the Effective Date (see section 2.1(c) above), Franchisor may cancel this Agreement without any liability for doing so.

(e) Except for the Initial Franchise Fee, any stated dollar amount in this Agreement may be adjusted in Franchisor's discretion based on changes in the CPI since the Effective Date.

3.2 Continuing Royalty.

(a) Commencing on the Opening Date, Franchisee must pay Franchisor a "Continuing Royalty" equal to (i) 4% of Franchisee's Gross Volume (sales fee or sales commission earned on item sales) for the prior calendar month (or shorter reporting period if required by Franchisor) derived from the sale of iSold It Services and other products and services Franchisor authorizes for sale at Franchisee's Outlet, plus (ii) a percentage of Franchisee's Gross Volume for the prior calendar month (or shorter reporting period if required by Franchisor) derived from the sale of iSold It Services, as follows: (A) 1% of the gross sales of goods owned by Franchisee and sold through the Internet, and (B) 4% of the sales fee charged as a percentage of the item online sale and other items sold to retail customers (*i.e.* packing and shipping, supplies, mail service, printing and copying, freight).

(b) Payment of Continuing Royalty is due by the 10th business day of the month following the month in which applicable Gross Volume was received by Franchisee, based on online sales recorded through required use of the QuickList proprietary operating system and on the sale of packaging and shipping sold items to buyers. Each month, franchisee must submit to franchisor a form that reports the amount of Gross Volume for the prior calendar month ("Payment Reporting Form") and calculates the Continuing Royalty due. If Franchisee fails to include the Payment Reporting Form, then Franchisor may demand payment of Continuing Royalty based on a presumed Gross Volume equal to 101.67% of the reported or presumed Gross Volume for the month before the month for which the Payment Reporting Form should have been filed.

(c) It is expressly agreed that the payment of Continuing Royalty will not be contingent upon Franchisor providing a level of continuing assistance perceived by Franchisee to be adequate, nor may Franchisee offset any Continuing Royalty based upon a perceived non-performance of any provision hereof on the part of Franchisor, and no offset is permitted against Continuing Royalty of any amounts due or allegedly due Franchisee from Franchisor. Notwithstanding expiration or termination of this Agreement, the Continuing Royalty remains payable as to all transactions executed or sales made prior to such expiration or termination.

(d) Franchisor requires payment of the Continuing Royalty by electronic funds transfer ("EFT") through the Automated Clearing House ("ACH") electronic network for financial transactions (or such other automatic payment mechanism Franchisor may designate) directly from Franchisee's account into Franchisor's operating account. Franchisee must execute or re-execute and deliver to Franchisor bank-required pre-authorized check forms and other instruments or drafts to enable Franchisor to draw directly from Franchisee's bank account Continuing Royalty and other sums payable under the terms of this Agreement. Franchisee must also, in addition to those terms and conditions set forth in the Confidential Manuals, maintain a single bank account for such payments (with overdraft protection from Franchisee's operating account) and must maintain such minimum balance in such account as Franchisor may reasonably specify from time to time. Franchisee must not alter or close such account except upon Franchisor's prior written approval. Any failure of Franchisee to implement such EFT system in strict accordance with Franchisor's instructions will constitute a material default of this Agreement.

3.3 Advertising Fund Contribution.

(a) Commencing on the Opening Date, Franchisee must pay Franchisor a monthly "Advertising Fund Contribution" equal to 2% of Franchisee's Gross Volume (calculated by the QuickList proprietary operating system) up to a maximum of \$225, accompanied by a Payment Reporting Form that calculates the Advertising Fund Contribution due. If Franchisee fails to include the Payment Reporting Form, then Franchisor may demand payment of an Advertising Fund Contribution by EFT based on a presumed Gross Volume equal to 101.67% of the reported or presumed Gross Volume for the month before the month for which the Payment Reporting Form should have been filed. The Advertising Fund is the property of Franchisor and may be deposited by Franchisor into its general operating account, but administratively segregated for the use contemplated in this section 3.3.

(b) Payment of Advertising Fund Contributions is due by the 10th business day of the month following the month in which applicable Gross Volume was received by Franchisee. Franchisor will have the right, in its sole discretion, to raise the maximum monthly dollar amount of Advertising Fund Contribution (but never to exceed 2% of Franchisee's Gross Volume) or to reduce the maximum monthly dollar amount of Advertising Fund Contribution. If Franchisor reduces the maximum monthly dollar amount of Advertising Fund Contribution rate for the benefit of certain franchisees, then such reduction (and any related changes in contract terms) will be made available on the same terms, conditions and qualifications to all similarly situated Postal Connections franchisees. Franchisor retains the right, in its sole discretion, upon not less than 10 days prior written notice, to partially or totally restore such Advertising Fund Contribution rate to the amount set forth herein.

(c) Advertising Fund Contributions are collected from all Postal Connections franchisees for the national promotion, enhancement and protection of the Postal Connections system and the Brand, goodwill and reputation of Franchisor and the Postal Connections network. Franchisor uses the Advertising Fund Contribution for (i) design, preparation, production and distribution of Postal Connections advertising (including print media pieces, brochures and collateral materials), press releases and other point of sale materials, (ii) expenses of advertising agencies and public relations firms, (iii) supplementing regional advertising efforts and (iv) expenses incurred by Franchisor for marketing staff time and materials.

(d) On a regional or system-wide basis, Franchisor may impose upon affected Postal Connections franchisees for special designated advertising or promotional activities an assessment that is in addition to the Advertising Fund Contribution referred to in section 3.3(a) above if 51% of all affected Postal Connections franchised Outlets agree to such additional assessment by affirmative written vote. If so, participation in the additional assessment by all applicable Outlets will be mandatory.

(e) Franchisor will expend (i) the aggregate Advertising Fund Contributions collected from all of its franchisees for the purposes set forth in this section 3.3 and for supporting national or local advertising, market research, public relations and promotional campaigns designed to promote and enhance the value of the Marks and general public recognition and acceptance thereof, less (ii) an administrative fee of 15% of the annual aggregate Advertising Fund Contributions received by Franchisor.

(f) Franchisor will determine the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure) location and all other matters relating to advertising, public relations and promotional campaigns which use the Marks. All advertising and promotions by Franchisee in any manner or medium will be conducted in an appropriate manner and will conform to such standards and requirements specified by Franchisor and in accordance with the Confidential Manuals. Franchisee may submit to Franchisor for its prior approval (except with respect to prices to be charged) samples of all advertising and promotional plans and materials that Franchisee desires to use which have not been prepared or previously approved by Franchisor within the immediately preceding 12 months. If written disapproval of those samples or materials is not received by Franchisee from Franchisor within 30 days of the date of receipt by Franchisor of those samples or materials, Franchisor will be deemed to have approved their use by Franchisee. Franchisee will not use any advertising or promotional plans or materials the Franchisor has disapproved.

(g) No interest on unexpended Advertising Fund Contributions will be imputed for the benefit of, or be payable to, Franchisee and no interest on Franchisor expenditures more than Advertising Fund Contributions collected will be imputed for the benefit of, or payable to, Franchisor.

(h) On or before April 30 of each year, upon written request, Franchisor will deliver to Franchisee a statement of receipts and expenditures of the aggregate Advertising Fund Contributions relating to the preceding calendar year, certified to be correct by an officer of Franchisor.

(i) In addition to the 2% Advertising Fund Contribution submitted to Franchisor, it is recommended that Franchisee spend a minimum of 5% of its monthly Gross Volume on local advertising and promotion of the Outlet (Franchisee is encouraged to spend additional amounts as appropriate). All local advertising must be approved by Franchisor and initial pre-opening advertising must be in effect within 10 days prior to opening. If requested by Franchisor, Franchisee must substantiate the minimum advertising required by Franchisor, supplying such information as Franchisor may require on a monthly, quarterly, annual or other basis.

(j) Franchisee must purchase an "Initial Marketing and Stationery Kit" from Franchisor before the opening of the Outlet. Also, Franchisee must spend a minimum of \$1,600 for an @Home Location grand opening promotion developed by Franchisor.

(k) Franchisee must have listings in the dominant city online directory and telephone directory in their area in the categories of "Consignment Sales", "Pawn Stores" and "Shipping". If additional iSOLD It @Home Locations are in the area serviced by Franchisee's dominant city directory, Franchisee must participate in an equal cost basis for advertising space in the city directory.

3.4 Training Fee for Additional Attendees; Technology Support Fee; Computer Set-Up Fee.

(a) There is no separate fee payable for the first two of Franchisee's attendees at initial franchise training under section 6.1 below. Franchisee must pay Franchisor a Training Fee of \$750 for each additional Franchisee's attendees at initial franchise training.

(b) Beginning on the Opening Date, Franchisee must pay Franchisor a monthly Technology Support Fee of \$100. Upon 60 days' notice, Franchisor may increase the Technology Support Fee to \$150 per month.

(c) Payment of the Technology Support Fee is due by the 10th business day of the month.

(d) Franchisee may be required to pay Franchisor a "Computer Set-Up Fee" from \$1,000 to \$1,500 before opening, for Franchisor's telephonic support in setting up accounts and configuring Franchisee's computer to be able to provide iSold It Services.

3.5 Fees Fully Earned: No Setoff on Payments.

All payments made by Franchisee to Franchisor pursuant to this Article III are fully earned and non-refundable when paid. All payments to be made by Franchisee to Franchisor will be without setoff, deduction, defense, counterclaim or claims in recoupment.

3.6 Late Fee; Interest on Delinquent Payments.

(a) Any payment not received by Franchisor within five days of the due date is delinquent. All delinquent payments of any sums due Franchisor which are not paid within five days after their due date will be a material breach of this Agreement and will be subject to a late fee of \$50. In connection therewith, Franchisor and Franchisee agree that the late charge is a reasonable and good faith estimate by Franchisor and Franchisee of such costs because (i) as a result of any such late payment, Franchisor will incur certain costs and expenses including, without limitation, administrative costs, collection costs, loss of interest, and other direct and indirect costs in an uncertain amount; and (ii) it would be impractical or extremely difficult to fix the exact amount of such costs in such event. A late fee of \$50 is also payable each time Franchisee fails to file a required report to Franchisor on time.

(b) In addition to late payment penalties, all delinquent amounts will bear interest from the date payment was due at an annual percentage rate ("APR") of 18% or the highest APR permitted by law, whichever is lower, and Franchisee must reimburse Franchisor immediately upon demand for all reasonable costs of collection relating to delinquent amounts. Receipt by Franchisor of interest on delinquent payments is not to be construed as a waiver of Franchisor's right to timely payment. Franchisor has the right to waive all late interest and delinquency payments at its sole discretion.

3.7 No Accord or Satisfaction. If Franchisee pays, or Franchisor otherwise receives, a lesser amount than the full amount provided for under this Agreement for any payment due hereunder, such payment or receipt will be applied against the earliest amount due Franchisor. Franchisor may accept any check or payment in any amount without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere will constitute or be construed as an accord or satisfaction.

IV. TERM

4.1 Initial Term. The initial term of this Agreement commences on the Signing Date and expires on the 10th anniversary of the Opening Date, unless sooner terminated pursuant to the provisions of this Agreement.

4.2 Additional Term.

(a) Upon written notice delivered to Franchisor not less than 120 days before the end of the existing term hereof, Franchisee may renew its rights granted under this Agreement for additional 10-year terms commencing on the expiration date of the previous term, subject to the provisions of sections 4.2(b) through 4.2(g) below.

(b) At the time of renewal, Franchisee must (i) then be solvent (which means that Franchisee is able to pay its debts as and when promised by Franchisee and that Franchisee has assets that are greater than its debts), (ii) not have abandoned the Outlet, (iii) not be operating the Franchise in a manner that endangers public health or safety or materially harms the Brand or Franchisor's reputation, and (iv) not have knowingly submitted false or incomplete reports to Franchisor during the initial term.

(c) Notwithstanding section 4.2(a) above, Franchisor is not obligated to renew Franchisee's rights granted under this Agreement for an additional term if one or more of the following applies or occurs:

(i) Franchisee gives Franchisor written notice of Franchisee's intention not to renew this Agreement at least 180 days before the expiration of the initial term or any successor term.

(ii) During the 180 days prior to expiration of the Franchise, Franchisor permits Franchisee to sell the rights to operate the Franchised Business at the Outlet to a purchaser meeting Franchisor's then current requirements for granting new Franchises or (if Franchisor is not granting a significant number of new Franchises) the then current requirements for granting renewal Franchises.

(iii) Termination of this Agreement would be permitted pursuant to sections 9.1 or 9.2 hereof.

(iv) Franchisee and Franchisor agree not to renew the Franchise.

(v) Franchisor withdraws from distributing iSold It Services through Franchises in the geographic market served by Franchisee, provided that:

(A) Upon expiration of the Franchise, Franchisor agrees not to seek to enforce any covenant of the non-renewed franchisee not to compete with Franchisor or its franchisees; and

(B) The failure to renew is not for the purpose of converting the business conducted by Franchisee pursuant to this Agreement to operation by Franchisor's employees or agents for Franchisor's own account.

(vi) At the time of renewal, Franchisee or any Principal Equity Owner has been convicted of a felony or a crime involving moral turpitude, consumer fraud or any other offense that is reasonably likely, in Franchisor's reasonable judgment, to have a materially adverse effect on the Marks, the System or the goodwill associated with the Marks or System.

(vii) Franchisor and Franchisee fail to agree to changes or additions to the terms and conditions of this Agreement, if such changes or additions would result in renewal of this Agreement on substantially the same terms and conditions on which Franchisor is then customarily granting renewal franchises, or if Franchisor is not then granting a significant number of renewal Franchises, the terms and conditions on which Franchisor is then customarily granting original franchise agreements. Franchisor may give Franchisee written notice of a date which is at least 30 days from the date of such notice, on or before which a proposed written agreement of the terms and conditions of the renewal Franchise must be accepted in writing by Franchisee. Such notice, when given not less than 180 days before the end of the Franchise term, may state that in the event of failure of such acceptance by Franchisee, the notice will be deemed a notice of intention not to renew at the end of the Franchise term.

(d) As a condition to renewing Franchisee's rights, duties and obligations hereunder, not later than 90 days before the end of the term that is expiring, Franchisee and Franchisor must sign Franchisor's then-current standard Franchise Agreement modified by addendum to remove provisions that only apply to a new franchisee, such as initial franchise fee and initial training requirements ("Renewal Franchise Agreement"). **IN ADDITION TO NOT GRANTING ANY ADDITIONAL RIGHTS BEYOND THOSE GRANTED IN THIS AGREEMENT, THE RENEWAL FRANCHISE AGREEMENT MAY CONTAIN OTHER TERMS THAT ARE SUBSTANTIALLY DIFFERENT FROM THOSE IN THIS AGREEMENT.** The Renewal Franchise Agreement, when executed, will supersede this Agreement.

(e) At the time of renewal, Franchisee must have satisfied all monetary obligations owed by Franchisee to Franchisor and to Franchisor's affiliates and all other material obligations under this Agreement, and Franchisor may examine Franchisee's books and records to verify compliance with this requirement anytime during normal business hours within 60 days of Franchisee's renewal date.

(f) Before or not later than 90 days after Franchisee's execution of a Renewal Franchise Agreement for an additional term, Franchisee must make such physical modifications to Franchisee's Outlet as are reasonably necessary so that they are substantially consistent with the then current System requirements, and so that they can accommodate new iSold It Services, if any. Franchisee must also bring Franchisee's Outlet and equipment, materials and supplies into compliance with the standards then applicable to new Postal Connections/iSold It franchises.

4.3 Notice of Expiration Required by Law. If applicable law requires that Franchisor give a longer period of notice to Franchisee than herein provided prior to the expiration of the initial term or any additional term, Franchisor will give such additional required notice. If Franchisor does not give such required additional notice,

this Agreement will remain in effect on a month-to-month basis only until Franchisee has received such required additional notice.

V. PROPRIETARY BRAND

5.1 Use and Display of Brand.

(a) Franchisor hereby grants to Franchisee the right during the term hereof to use and display the Marks and Brand in accordance with the provisions contained herein and in the Confidential Manuals, and solely in connection with the operation of the Franchised Business. Franchisee acknowledges that Franchisor prescribes minimum standards respecting the nature and quality of the goods and services used by Franchisee in connection with which the Marks or Brand is used. Franchisee agrees to be responsible for and supervise all its employees and agents to ensure the proper use of the Marks and Brand in compliance with this Agreement. Franchisee must use the Marks and Brand solely in connection with the Franchised Business. Franchisee may not use or display the Marks or Brand in connection with the operation of any business or the performance of any service or other activity outside the scope of the Franchised Business, or in any other manner not permitted in this Agreement without the prior written consent of Franchisor. Franchisee may only use the Marks and Brand on the Internet in the manner and as specifically authorized by Franchisor in the Confidential Manuals or otherwise in writing. Franchisee agrees that all of Franchisee's use of the Marks or Brand under this Agreement inures to the benefit of Franchisor. Nothing herein will give Franchisee any right, title or interest in or to any of the Marks or Brand, except a mere privilege and license during the term hereof to display and use the same strictly according to the limitations provided in this Agreement and the Confidential Manuals. Franchisee agrees to join with Franchisor in any application to enter Franchisee as a registered or permitted user, or the like, of the Marks or Brand with any appropriate governmental agency or entity. Upon termination of this Agreement for any reason whatsoever, Franchisor may immediately apply to cancel Franchisee's status as a registered or permitted user and Franchisee must consent in writing to the cancellation and must join in any cancellation petition. The expense of any of the foregoing recording activities will be borne by Franchisor.

(b) Franchisee agrees that as between Franchisor and Franchisee, the Marks and Brand are the exclusive property of Franchisor. Franchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation or ownership thereof because of Franchisee's franchised or licensed use thereof or otherwise. It is expressly understood and agreed that ownership and title of the Marks, Brand, Confidential Manuals, bulletins, instruction sheets, forms, methods of operation and goodwill are and, as between Franchisor and Franchisee, are vested solely in Franchisor, and the use thereof is only permitted during the term of this Agreement. Franchisee acknowledges that the material and information now and hereafter provided or revealed to Franchisee pursuant to this Agreement and the Confidential Manuals are confidential trade secrets of Franchisor and are revealed in confidence. Franchisee expressly agrees to keep and respect the confidentiality of information disclosed to it, both during the term of this Agreement and thereafter. Franchisor expressly reserves all rights with respect to the Brand, confidential trade secrets, methods of operation and other proprietary information, except as may be expressly granted to Franchisee hereby or in the Confidential Manuals. Franchisor will disclose its trade secrets to Franchisee by loaning to Franchisee, for the term of this Agreement, Confidential Manuals and other written materials containing the trade secrets, through training and assistance provided to Franchisee hereunder, and by and through the performance of Franchisor's other obligations under this Agreement. Franchisee further acknowledges that it will acquire no interest in the trade secrets, other than the right to use them in the development and operation of the Franchised Business during the term of this Agreement. In addition, Franchisee acknowledges that the use or duplication of the trade secrets, except as expressly permitted by this Agreement, will constitute an unfair method of competition and that Franchisor will suffer irreparable injury thereby. Franchisee agrees that it will not do, or permit any act or thing to be done, in derogation of any of the rights of Franchisor in connection with the Marks or Brand, either during the term of this Agreement or thereafter, and that it will use same only for the uses and in the manner franchised and licensed hereunder and as herein provided. Furthermore, Franchisee and its employees and agents will not engage in any act or conduct that impairs the goodwill associated with the Marks or Brand.

(c) As between Franchisee and Franchisor, the Suggestions and all Intellectual Property Rights in and to the Suggestions are owned exclusively by Franchisor, except as otherwise set forth herein. Franchisee's Suggestions will not entitle Franchisee to any Intellectual Property Rights in and to the System; the System will not become a joint work of authorship because of Franchisee's Suggestions under any circumstances. Franchisee's Suggestions will be considered as a "work for hire" (as defined under the United States Copyright Act), and such Suggestions will be owned by and for the benefit of Franchisor. To the extent that any such Suggestions by Franchisee may not constitute a work for hire, Franchisee hereby grants, assigns and transfers

all right, title and interest in and to such Suggestions, including all rights in and to the Intellectual Property therein, to Franchisor and agrees to execute all further documents and things reasonably required by Franchisor to effect and record such assignment. If Franchisee has any such rights that cannot be assigned to Franchisor, Franchisee hereby grants to Franchisor an exclusive, irrevocable, perpetual, worldwide, fully paid license (with right to sublicense through multiple tiers) to such rights. Franchisee acknowledges there are, and may be, future rights that Franchisee may otherwise become entitled to with respect to the Suggestions not yet existing, as well as new uses, media, means and forms of exploitation throughout the universe exploiting current or future technology yet to be developed, and Franchisee specifically intends the foregoing assignment of rights to Franchisor will include all such now known or unknown uses, media and forms of exploitation throughout the universe.

(d) Franchisee agrees that at all times and in all advertising, promotions, signs and other display materials, on its letterheads, business forms, and at the Franchise and other authorized business sites, in all of its business dealings related thereto and to the general public, it will identify the Franchised Business under the name "iSOLD It" and other names authorized by Franchisor (collectively, the "Business Name"), all in the form, size and style prescribed in the Confidential Manuals. Franchisee must also use the term "INDEPENDENTLY OWNED AND OPERATED" on stationery, letterhead and other written materials containing the Brand. Franchisee must file and keep current a "Fictitious Business Name Statement" (or similar document) with respect to its Business Name in the county or other designated region in which Franchisee is conducting business and at such other places as may be required by law. Prior to commencing business under the Brand, Franchisee must supply evidence satisfactory to Franchisor that Franchisee has complied with relevant laws regarding the use of fictitious or assumed names. Franchisee further agrees that it will not identify itself as (i) Franchisor, (ii) a subsidiary, parent, division, shareholder, partner, joint venture, agent or employee of Franchisor or other owner of the Marks or Brand or (iii) any of Franchisor's other franchisees. If Franchisee is an entity, it may not use any of the Marks or Brand in its entity's legal name.

(e) Franchisor may add to, substitute or modify any or all of the elements of the Marks or Brand from time to time, by directive in the Confidential Manuals. Franchisee must accept, use, display, or cease using, as may be applicable, the Marks or Brand, including but not limited to any such modified or additional trade names, trademarks, service marks, logo types and commercial symbols, and must, within 30 days of receiving notification, commence to implement such changes and use its best efforts to complete such changes as soon as practicable. On expiration or sooner termination of this Agreement, Franchisor may, if Franchisee does not do so, execute in Franchisee's name and on Franchisee's behalf all documents necessary, in Franchisor's judgment, to end and cause a discontinuance of the use by Franchisee of the Marks or Brand and Business Name registrations, and Franchisor is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact to do so. Franchisee agrees that it will not, during or after the term of this Agreement, in any way, dispute or impugn the validity of the Marks and Brand licensed hereunder, or the rights of Franchisor thereto, or the right of Franchisor or other franchisees of Franchisor to use the same during the term of this Agreement or thereafter.

5.2 Use of Other Trademarks. Franchisee must not use or display or permit the use or display of trademarks, trade names, service marks, insignias or logo types, other than the Business Name (i) in any advertisement that contains the Marks or Brand, (ii) in or on the Outlet or place of business of Franchisee in any manner that is reasonably visible from outside such Franchise or place of business, (iii) on the Internet, or (iv) in any computer system used at any Franchise or place of business of Franchisee, or otherwise in connection with the Franchised Business, in any manner that could lead any person to believe that such other trademarks, trade names, service marks, insignias or logo types or the iSold It Services or other services with which they are associated are owned or offered by Franchisor or its affiliates, except as otherwise expressly permitted herein or in the Confidential Manuals.

5.3 Infringement Claims and Defense of Brand. If Franchisee receives notice or otherwise becomes aware of any claim, suit or demand against it by any party other than Franchisor or its affiliates on account of any alleged infringement, unfair competition or similar matter arising from its use of the Marks or Brand in accordance with the terms of this Agreement, Franchisee must promptly notify Franchisor of any such claim, suit or demand. Franchisee will have no power, right or authority to settle or compromise any such claim, suit or demand by a third party without the prior written consent of Franchisor. Franchisor will defend, compromise or settle at its discretion any such claim, suit or demand at Franchisor's cost and expense, using attorneys selected by Franchisor or the owner of the Marks and Brand, and Franchisee agrees to cooperate fully in such matter; and Franchisor will indemnify and hold harmless Franchisee from and against any and all judgments resulting from such claim, suit or demand arising from Franchisee's use of the Marks or Brand in accordance with the terms of this Agreement. Franchisor will have the sole discretion to determine whether a similar trademark or service mark

that is being used by a third party is confusingly like the Marks or Brand being used by Franchisee and whether and what subsequent action, if any, should be undertaken with respect to such similar trademark or service mark.

5.4 Advertising Materials. Franchisee agrees to submit to Franchisor copies of all advertising materials that Franchisee proposes to use at least two weeks before the first time they are to be submitted for broadcasting or publishing. Franchisor will review the materials within a reasonable time and will promptly notify Franchisee whether it approves or rejects them. Franchisor will not withhold its approval unreasonably. For purposes of this section 5.4, advertising materials that differ from previously approved materials only in such variables as date or price may be considered previously approved. Even if Franchisor has approved specified materials, it may later withdraw its approval if it reasonably believes it is necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising, including but not limited to, any misrepresentation in the advertising material.

VI. INSTRUCTION AND OPERATING ASSISTANCE

6.1 Initial Franchise Training and Assistance.

(a) Franchisee understands that it is materially important that Franchisee, its Principal Equity Owners, salespersons and other employees understand the System. Consequently, the General Manager must complete "Initial Franchise Training" (or "IFT") and the effectiveness of this Agreement is conditioned upon such successful completion.

(b) There is no separate training fee for the first two attendees at IFT (must be (i) the General Manager, and (ii) one other Principal Equity Owner or other person having significant management responsibility over Franchisee's operations). Subsequent attendees at IFT may be required to pay a tuition charge of \$750 per person. If the General Manager does not successfully complete IFT, the General Manager will have an opportunity to retake the training program; but Franchisor reserves the right to assess a reasonable tuition charge (not to exceed \$300 per day) for each General Manager retraining. Franchisee is responsible for all costs of its attendees at IFT (including transportation, lodging and food).

(c) To assist Franchisee in the fulfillment of its responsibilities, Franchisor will provide the following coaching assistance and materials to Franchisee:

(i) Provide access to Franchisor's staff by office telephone (not mobile or cellular telephones) or Internet to coach in matters related to operation of the Franchise.

(ii) Copies of sample advertising material, and master copies of marketing and required forms.

(iii) Confidential Manuals or password protected access via the Internet to them.

(iv) Periodic follow-up assistance and visits by Franchisor after the IFT to the extent Franchisor deems necessary to assist Franchisee in management, merchandising, and training in its day-to-day operations.

6.2 Mandatory Meetings.

(a) Not more often than once each year, Franchisor conducts a system-wide "Annual Franchisee Meeting" to discuss iSOLD It @Home Location business activities or other matters relating to the Franchised Business. Attendance of at least one Principal Equity Owner at this meeting is mandatory (and is highly recommended for the General Manager and other Principal Equity Owners). Franchisee must pay an attendance fee set by Franchisor and all other costs incurred as a result thereof, including the cost of transportation, accommodations and living expenses. Except for extenuating circumstances accepted by Franchisor, if at least one Principal Equity Owner from Franchisee does not attend a mandatory Annual Franchisee Meeting, Franchisee may be obligated to pay Franchisor a penalty equal to two attendance fees being charged attendees by Franchisor for the meeting. The annual meetings referenced in this section 6.2(a) are in addition to any voluntary convention or sales conference that may be coordinated by Franchisor.

(b) To offset the cost of Franchisee's attendance at the Annual Franchisee Meeting, Franchisee must pay a monthly, nonrefundable Convention Support Fee of \$25 per month (and Franchisor may increase the monthly Convention Support Fee to \$75 per month, upon 60 days' notice). The Convention Support Fee is payable on the 10th business day of each month. At least 30 days before the Annual Franchisee Meeting, the

amount of Convention Support Fee paid by Franchisee will be credited against the attendance fees payable by Franchisee's attendees and other related costs to be incurred by Franchisee relating to the Annual Franchisee Meeting.

6.3 Staff Training Courses. Franchisor may make available to Franchisee, from time to time, optional staff training courses, seminars, conferences or other programs, at a suitable location in Franchisor's discretion. Upon reasonable notice, Franchisor may require attendance of designated personnel of Franchisee at training courses, seminars, conferences or other programs (other than Initial Franchise Training), that are deemed by Franchisor to be relevant or appropriate to the successful operation of the System. No fees will be charged by Franchisor for required training courses, seminars, conferences or other programs. In connection with any staff training courses described in this section 6.3, Franchisee must pay the travel, food and lodging expenses for its attendees.

6.4 Business Coaching and Other Assistance.

(a) Franchisor will provide such periodic business coaching and assistance as it deems appropriate, using Franchisor's representatives who may visit Franchisee's Outlet from time to time. The frequency and duration of such visits to Franchisee's Outlet by representatives of Franchisor will be in the sole discretion of Franchisor. In addition, Franchisor will be available on an ongoing basis at its national headquarters for business coaching and other consultation with respect to the operation and management of the Franchised Business. In addition to the Confidential Manuals, Franchisor may from time to time provide Franchisee with additional materials relating to the Franchised Business. However, other than providing Franchisee general guidelines for tax and federal employment compliance in the Confidential Manuals, Franchisor does not provide Franchisee with assistance in contracting with agents or hiring employees.

(b) Franchisee has the **obligation and the right** to request additional business coaching and training and Franchisor will, at its sole discretion, provide such training to Franchisee or Franchisee's managers at such times and places and for such duration as Franchisor deems necessary. Franchisee may be required to pay a *per diem* charge of \$350 for the business coach or training representative provided by Franchisor, plus the cost of transportation, food and lodging, which costs must be paid in advance.

VII. OPERATION OF BUSINESS

7.1 Operational and Staff Requirements.

(a) Subject to applicable state law and regulations, Franchisee must employ or engage the services of a General Manager who must devote and focus on a full-time basis the management, operation and development of the Franchised Business in the Territory. Franchisee must keep Franchisor informed as to the identity of Franchisee's General Manager (initially identified in section 15.2(b) hereof). (If Franchisee is a sole proprietorship, Franchisee may appoint himself or herself General Manager.) Upon the termination of employment of a General Manager, Franchisee must appoint a successor within 30 days.

(b) Franchisee understands and agrees that consistency in the nature and type of iSold It Services and other products and services provided at the Outlet by Franchisee is materially important to Franchisor and to the iSOLD It system, to properly promote and protect the public image of iSold It @Home Locations and to protect the Brand under which Postal Connections franchisees are licensed to operate. Franchisee therefore agrees to provide only those iSold It Services and other products and services at the Outlet authorized under the terms of this Agreement and the Confidential Manuals. Franchisor has the right to change and add other authorized goods and services that Franchisee will then be required to offer. There are no limits on Franchisor's right to make changes to the offerings, except that the additional investment required of Franchisee for equipment, supplies and inventory will not exceed \$50,000 in any 12 consecutive months. If Franchisee proposes to provide iSold It Services, @Home Location Services and Products, or other products and services at the Outlet of a type or nature that have not been previously authorized by Franchisor, Franchisee must first notify Franchisor in writing, and then obtain Franchisor's specific written consent.

(c) Franchisee must purchase, use, maintain and update at its expense the QuickList (iSOLD It operating software system), computer and other systems, including point-of-sale and back-office systems (collectively, "Computer System") that meet Franchisor's specifications, as modified from time to time. If required by Franchisor, Franchisee agrees to maintain its Computer System on-line to allow Franchisor access to system data and information. Franchisee agrees to comply with Franchisor's then-current Terms of Use and Privacy Policies and any other requirements regarding the Computer System and other systems, including

Internet usage. The fees and costs charged by Franchisor (for the QuickList operating system) and other suppliers or licensors for use, maintenance, support and updates regarding the Computer System are payable by Franchisee upon receipt of invoices. Franchisor may require the Computer System to be configured and enabled to send daily and weekly sales reports to the email address provided by Franchisor.

(d) All information on the Computer System, including but not limited to customer data and contact information, is Franchisor's property and Franchisee consents to Franchisor using this information in any way Franchisor sees fit, including to market other products not constituting iSold It Services directly to other persons.

(e) Franchisor may disclose information relating to Franchisee's operation of the Franchised Business, including, but not limited to, Gross Revenues, customer counts, and other related data, to future prospective franchisees.

(f) Neither Franchisor nor any of its affiliates or related entities will have any liability or obligation (and neither Franchisee nor any of its affiliates or related entities will make any claims) because of any failures, errors or any other occurrences relating to the Computer System or any other computer or system hardware or software, even if recommended or specified by Franchisor, unless Franchisor has made a relevant express written warranty.

(g) Franchisee agrees to diligently consider customer reviews and respond to customer indications of dissatisfaction with services rendered by Franchisee, its employees and agents, in a diligent and professional manner and Franchisee agrees to cooperate with representatives of Franchisor in any investigation undertaken by Franchisor of complaints respecting Franchisee's activities.

7.2 Confidential Manuals.

(a) Franchisee must operate the Franchised Business in accordance with the Confidential Manuals, copies of which will be loaned to Franchisee at Initial Franchise Training. Thereafter, Franchisee may have access via the Internet (and using a password for access) to the Confidential Manuals. If Franchisee causes the unauthorized distribution to third parties of all or any part of the Confidential Manuals, it may be required to pay Franchisor upon demand the sum of \$10,000. The Confidential Manuals contain explicit instructions for operation of the Franchised Business; use of the Marks and Brand; how to assemble and service the Outlet; sample business forms; advertisements; information on marketing, management, and administration methods developed by Franchisor for use by Franchisee; names and addresses of approved suppliers; and other information that Franchisor believes will be necessary or helpful to Franchisee in the operation of the Franchise. Franchisor can modify the Confidential Manuals at any time. Franchisor agrees that although such modifications to the Confidential Manuals may be material in that they may have an effect on the operation of the business, they may not conflict with or materially alter the terms of this Agreement. All such additions, deletions or modifications will be effective immediately upon receipt by Franchisee.

(b) All additions, deletions or modifications to the Confidential Manuals will be equally applicable to all similarly situated iSOLD It @Home Location franchisees. The Confidential Manuals, as modified or amended, will not alter Franchisee's fundamental status and rights under this Agreement. As modified from time to time, the Confidential Manuals will be deemed to be an integral part of this Agreement and references to the Confidential Manuals made in this Agreement, or in any amendments or exhibits hereto, will be deemed to mean the Confidential Manuals, as amended. If there is any dispute as to the requirements of the Confidential Manuals at any point in time, the terms of the master copy of the Confidential Manuals maintained by Franchisor will control.

(c) Upon the expiration or termination of this Agreement for any reason whatsoever, Franchisor will render Franchisee's password non-functional. Except as specifically permitted by Franchisor, at no time may Franchisee, or its employees or agents, make, or cause to be made, any copies or reproductions of all or any portion of the Confidential Manuals, or disclose the terms thereof to any other person except employees and agents of Franchisee when required in the operation of the Franchised Business.

7.3 Ethical Operation. Franchisee must at all times give prompt, courteous, and efficient service to its customers; and in all business dealings with members of the public be governed by the highest standards of honesty, integrity, fair dealing, and ethical conduct. Franchisee will do nothing that would tend to discredit, dishonor, reflect adversely upon, or in any manner injure the reputation of Franchisor, Franchisee or any other Postal Connections entity or franchisee.

7.4 Employment Practices. During the term of this Agreement, and for a period of six months thereafter, Franchisee must not, without the written consent of such person's employer, employ or attempt to employ any person who is at the time employed by Franchisor or by any other Franchisee, and during the same period Franchisor must not, without the written consent of Franchisee, employ or attempt to employ any person who is at that time employed by Franchisee, nor may Franchisee or Franchisor otherwise directly or indirectly induce or attempt to induce any such person to leave his or her employment as aforesaid.

7.5 Telephone Numbers and Online Directories. At its sole expense, Franchisee must obtain city directory listings in at least one applicable online directory and one applicable telephone directory of general distribution covering the Territory, or such other areas as Franchisor may direct, of its authorized Business Name as promptly as possible after the Outlet has been identified, and Franchisee must list the telephone numbers for its Outlet. Upon termination of this Agreement for any reason, any telephone numbers used or advertised in connection with the Franchised Business or Franchisee's Business Name will be immediately transferred to Franchisor, using appropriate supersedure forms required by the applicable telephone companies.

7.6 Insurance. Franchisee must obtain by the Opening Date and maintain during the term hereof appropriate insurance in such types and amounts (including general liability and, if applicable, worker's compensation coverage) as are specified in the Confidential Manuals. All policies of insurance to be maintained by Franchisee must contain a separate endorsement naming the Franchisor and its affiliated companies as additional insured parties. Such policies of insurance may not be subject to cancellation or modification except with 10 days prior written notice to the Franchisor. Franchisee must cause certificates of insurance showing compliance with the above requirements to be delivered to the Franchisor within 10 days after the policy is issued, annually upon renewal and at such other times as Franchisor may request. If Franchisee does not maintain the insurance coverage required in the Confidential Manuals, Franchisor may purchase such policies of insurance as it deems required and Franchisee must reimburse Franchisor for all costs of such insurance. Franchisee must promptly notify Franchisor of all claims against Franchisee or Franchisor under said policies of insurance. Franchisee's failure, for any reason, to procure and maintain the insurance coverage required under this Agreement, will be deemed a material breach of this Agreement.

7.7 Review of Operations. Upon reasonable prior written notice, Franchisor has the right to send its representatives at reasonable intervals during normal business hours, to inspect the Outlet, operations, business methods, service, management and administration, to determine the quality thereof and the faithfulness of Franchisee's compliance with the provisions of this Agreement and the Confidential Manuals. Franchisee must cooperate with such inspections by rendering such assistance as Franchisor's representatives may reasonably request; and, upon notice from Franchisor or Franchisor's agents, must immediately begin such steps as may be necessary to correct any deficiencies noted during any such inspection.

7.8 Compliance with Laws. Franchisee must (i) operate the Franchise and the Outlet in compliance with all applicable laws, rules and regulations of all governmental authorities, (ii) comply with all applicable wage, hour and other laws and regulations of the federal, state or local governments, (iii) prepare and file all necessary tax returns and (iv) pay promptly all taxes imposed upon Franchisee or upon its business or property (non-payment is grounds for termination of this Agreement). Franchisee represents and warrants that it will obtain and at all times maintain all necessary permits, certificates or licenses necessary to conduct the Franchise in the localities within which the Outlet is situated. Franchisee must immediately notify Franchisor of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving Franchisee, or any entity affiliated with Franchisee, or any agent, employee, owner, director or partner of Franchisee, which notification must include all relevant details in respect thereof, according to the procedures set forth in the Confidential Manuals.

7.9 Payment of Indebtedness. Franchisee must promptly pay all taxes and debts when due and satisfy any other *bona fide* indebtedness that Franchisee incurs in operating the Franchised Business. Contractors, subcontractors, vendors and suppliers providing services to the Franchised Business must be paid in accordance with the terms of their agreements with Franchisee.

7.10 No Competing Business Activities.

(a) Franchisee acknowledges that pursuant to this Agreement Franchisee will receive valuable specialized training and trade secrets, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of the System. In consideration for the use and license of

such valuable information, Franchisee agrees that it will not (i) during the term of this Agreement and (ii) for a period of two years after the date (the "Expiration Date") of termination of this Agreement or its expiration without renewal of this Agreement (for any reason) within a 20 mile radius of Franchisee's Outlet or any other ISOLD It or Postal Connections retail business location, operate, manage, own, assist or hold an interest, direct or indirect (as an employee, officer, director, shareowner, partner, joint venture or otherwise), in any business that is the same or equivalent to the Franchised Business except as permitted in an effective written agreement with Franchisor or without the express prior written consent of Franchisor. It is the intention of the parties that Franchisee maximizes the Gross Volume of the Franchised Business for the mutual benefit of Franchisor and Franchisee, and any action of Franchisee that diverts business to another entity or diminishes the Gross Volume of the Franchised Business will be a material breach of this Agreement. Franchisee must not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, persons, partnership, or corporation, divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks, Brand or the System. Following termination or expiration of this Agreement, Franchisee must always refrain from any use, direct or indirect, of any of Franchisor's Proprietary Information.

(b) For a period of one year after the Expiration Date, Franchisee agrees that neither Franchisee nor any Principal Equity Owner may (either directly or indirectly, for itself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity): (i) raid, solicit, or attempt to solicit or induce any person who is currently, or was at any time during the one year period preceding the Expiration Date, an employee of, independent contractor to, consultant to or other service provider of Franchisor ("Service Provider"), to terminate his or her relationship with Franchisor; or (ii) hire or attempt to hire any Service Provider of Franchisor as an employee, independent contractor or consultant to or for Franchisee, Principal Equity Owner, or any affiliate or subsidiary thereof. The foregoing will not restrict a party from hiring any Service Provider that contacts it on his or her own initiative, nor apply to general solicitations to hire through general advertising, nor any solicitations made by any of a party's agents that were not aware of the contract relationship between Franchisor and the Service Provider.

(c) Franchisee acknowledges that the restrictions contained in this section 7.10 are reasonable and necessary in order to protect legitimate interests of Franchisor, and in the event of violation of any of these restrictions, Franchisor will be entitled to obtain damages including, without limitation, royalties and other fees that would have been payable if such business were included in the Franchised Business, and an equitable accounting of all earnings, profits and other benefits arising from such violation, which rights and remedies will be cumulative and in addition to any other rights or remedies to which Franchisor may be entitled at law or in equity.

(d) Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from and against all Losses which Franchisor may sustain because of any breach of this section 7.10 by Franchisee, any Principal Equity Owner, or Franchisee's General Manager. Franchisee further agrees that a breach of the non-competition covenants set forth above will cause immediate and irreparable damage to Franchisor that would be impossible or inadequate to measure and calculate and could not be fully remedied by monetary damages. Accordingly, Franchisor has the right to specifically enforce this Agreement and seek injunctive or other equitable relief as may be necessary or appropriate to prevent such breach or continued breach without the necessity of proving actual damages by reason of any such breach or threatened breach of this Agreement. Franchisee further agrees that no bond or other security will be required in obtaining such equitable relief and hereby consents to the issuance of such injunction and to the ordering of specific performance. Franchisee further acknowledges that such remedies are in addition to any other rights or remedies, whether at law or in equity, which may be available to Franchisor, including, but not limited to, monetary damages.

(e) This section 7.10 applies to Franchisee's General Manager, Principal Equity Owners and each of Franchisee's other managers, directors, officers, general partners and affiliates.

(f) Each provision of this section 7.10 is independent of each other provision of this Agreement. If any provision of this section 7.10 is held unreasonable or unenforceable by any court, agency or other tribunal of competent jurisdiction, Franchisee agrees to be bound by the maximum duty permitted by law with respect to that provision, which will be deemed restated accordingly, and all other provisions of this section 7.10.

7.11 Web Site, Internet Advertising. Franchisee may not engage in Franchised Business directly or indirectly through the Internet, except as authorized by Franchisor in the Confidential Manuals or otherwise in writing.

Under no circumstances will Franchisee be authorized to establish its own web site for the purpose of conducting Franchised Business.

7.12 Reporting Requirements. Franchisee is required to report to Franchisor on a monthly basis Gross Revenues received or receivable, gross sales, operating expenses and such other data as further specified in the Confidential Manuals.

7.13 Records and Rights of Inspection.

(a) Franchisee covenants and agrees that it will keep and maintain during the term hereof, and for a period of 60 months following expiration or termination for any reason, full, true and complete records of all revenues and expenditures derived from Franchisee's operation of the Franchised Business, in the form and manner specified by Franchisor in the Confidential Manuals and will permit Franchisor or its representatives or agents selected in the sole discretion of Franchisor, during normal business hours, to examine or audit the books of accounts, bank statements, documents, records, papers, and federal, state and local tax return records relating to the Franchised Business or individual officers, directors, owners, partners, or affiliated or related entities or shareholders. If Franchisor should cause an audit to be made and the Gross Volume as shown by Franchisee's records should be found to be understated by any amount, Franchisee must immediately pay to Franchisor the additional amount payable as shown by such audit, plus interest thereon at an annual percentage rate of 18% or the highest rate of interest allowed by law, whichever is lower, computed from the date (or dates) said understated amount (or amounts) were due. If (i) the Gross Volume is found to be understated by 3% or more or (ii) if Franchisee's records require a substantial effort (as determined in the sole judgment of Franchisor, exercised in good faith) on behalf of Franchisor's auditors to be placed in a condition readily conducive to audit, Franchisee will be required to pay the entire cost of such audit. Franchisee must furnish Franchisor with a copy of any and all certified financial statements respecting Franchisee's business, in the format and chart of accounts specified by Franchisor, without any cost or expense to Franchisor.

(b) Within 90 days after the end of each of Franchisee's fiscal years, Franchisee must furnish Franchisor with (i) a Profit and Loss Statement and Balance Sheet of the Franchised Business for the previous fiscal year, and (ii) a statement of Gross Volume for the previous fiscal year along with any further information that Franchisor reasonably requests. All such financial statements and information must be prepared in accordance with the guidelines prescribed by Franchisor in the Confidential Manuals, and must be certified by Franchisee, or in the case of a corporate Franchisee, by Franchisee's Chief Executive Officer or Chief Financial Officer, as being true and correct.

VIII. ASSIGNMENT

8.1 Assignment by Franchisor. Franchisor has the right to Transfer this Agreement, and all of its rights and privileges hereunder, to any other person, firm or corporation ("Assignee of Franchisor"); provided that, in respect to any Transfer ("Assignment by Franchisor") (i) at the time of Assignment by Franchisor, the Assignee of Franchisor is financially responsible and economically capable of performing the obligations of Franchisor hereunder; and (ii) the Assignee of Franchisor expressly assumes and agrees to perform such obligations. In the event of such Assignment by Franchisor, Franchisor will be relieved of all obligations or liabilities then existing or thereafter able to be asserted under this Agreement; provided, however, that if Franchisee continues to comply with all terms and conditions of this Agreement, then Franchisee will be entitled during such continued compliance to use the Marks and Brand, licensed hereunder until the later of the end of the then current term of this Agreement or two years from the date of such Assignment by Franchisor.

8.2 Assignment by Franchisee.

(a) This Agreement is being entered into in reliance upon and in consideration of the singular personal skills and qualifications of Franchisee and its Principal Equity Owners and the trust and confidence Franchisor reposes in Franchisee and them. Therefore, neither Franchisee's interest in this Agreement and the Franchise granted hereunder, nor more than 50% of the equity interest in Franchisee (if Franchisee is an entity), nor all or substantially all of the assets of the Franchised Business, nor any controlling interest or non-controlling interest in the Franchised Business may be assigned, transferred, shared or divided, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner (collectively, "Assignment by Franchisee"), without Franchisor's prior written consent and, except for any transfer of a non-controlling interest, subject to Franchisor's right of first purchase provided for in section 8.3 hereof. Franchisor's consent to a specific

Assignment by Franchisee is not cumulative and will not apply to any subsequent assignments, in respect of each of which Franchisee must comply with this section 8.2.

(b) Prior to any Assignment by Franchisee, Franchisee must notify Franchisor of Franchisee's intent to sell, transfer or assign the Franchise, the Outlet, all or substantially all of the assets of the Franchised Business, or a controlling or non-controlling interest in the Franchised Business. The notice must be in writing, delivered to Franchisor in accordance with section 12.7 hereof and include all of the following:

(i) The name and address of the proposed assignee ("Franchisee's Assignee");

(ii) A copy of all agreements related to the sale, assignment, or transfer of the Franchise, the assets of the Franchised Business, or the interest in the Franchised Business; and

(iii) Franchisee's Assignee's application for approval to become the successor franchisee. The application must include all forms, financial disclosures and related information generally used by Franchisor when interviewing prospective new franchisees (if those forms are readily made available to Franchisee). If the forms are not readily available, Franchisee must request that Franchisor deliver the forms to Franchisee by business courier in accordance with section 12.7 hereof within 15 calendar days. As soon as practicable after the receipt of Franchisee's Assignee's application, Franchisor will notify Franchisee and Franchisee's Assignee, in writing, of any additional information or documentation necessary to complete the transfer application. If Franchisor's then-existing standards for the approval of new or renewing franchisees are not readily available to Franchisee when Franchisee notifies Franchisor of Franchisee's intent to sell, transfer, or assign the Franchise, all or substantially all the assets of the Franchised Business, or the controlling or non-controlling interest in the Franchised Business, Franchisor will communicate the standards to Franchisee within 15 calendar days.

(c) Within 60 days after the receipt of all necessary information and documentation required pursuant to section 8.2(b) above, or as specified by written agreement between Franchisor and Franchisee, Franchisor will notify Franchisee of the approval or disapproval of the proposed Assignment by Franchisee. The notice will be in writing and delivered to Franchisee by business courier in accordance with section 12.7 hereof. Should Franchisor elect not to exercise its right of first purchase, or should such right of first purchase be inapplicable, as herein provided, the proposed Assignment by Franchisee will be deemed approved, unless disapproved by Franchisor in writing and for reasons permitted by the law governing this Agreement. If the proposed sale, assignment or transfer is disapproved, Franchisor will include in the notice of disapproval a statement setting forth the reasons for the disapproval. Franchisor may impose, among other things, the following conditions precedent to Franchisor's consent to any such Assignment by Franchisee (these conditions are consistently applied to similarly situated franchisees operating under the Franchise brand):

(i) Franchisee's Assignee must complete Franchisor's application for a Franchise, and in connection therewith, Franchisee and Franchisee's Assignee must fully disclose in writing all of the terms and conditions of the Assignment by Franchisee;

(ii) Franchisee's Assignee and the principal equity owners of Franchisee's Assignee demonstrate they have the skills, qualifications, moral and ethical reputation, and economic resources necessary, in Franchisor's sole judgment, to conduct the business contemplated by this Agreement;

(iii) Franchisee's Assignee and each principal equity owner of Franchisee's Assignee expressly assume in writing for Franchisor's benefit all of Franchisee's obligations under this Agreement;

(iv) Franchisee's Assignee executes the then current form of Franchise Agreement being used by Franchisor for the remainder of the term of this Agreement or, in Franchisor's sole discretion, for the initial term of the then current form of Franchise Agreement (unless Franchisor has a reasonable basis not to allow this, Franchisee may elect to have Franchisee's Assignee assume this Agreement for the remainder of its term);

(v) Franchisee must have complied fully as of the date of any such Assignment by Franchisee with all of Franchisee's material obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor;

(vi) Franchisee's Assignee agrees that (A) a General Manager successfully trained by Franchisor must at all times be employed to operate the Outlet and (B) Franchisor's Initial Franchise Training program described in section 6.1 hereof and any other training or orientation programs then required by Franchisor will be satisfactorily completed by Franchisee's Assignee's General Manager and other necessary personnel within 30 days after the execution by Franchisee's Assignee of a Franchise Agreement, provided, however, that Franchisee's Assignee must agree to pay for all of their expenses incurred in connection therewith, including any fee Franchisor charges for training (at the rate in effect at the time of transfer), travel, hotel and meal expenses; and

(vii) Not later than 10 days before the transfer, Franchisee pays to Franchisor a non-refundable "Transfer Fee" of \$1,500 (the Transfer Fee is not payable if Franchisor exercises its right of first purchase pursuant to section 8.3 of this Agreement).

(d) Franchisee does not have a right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever (except that with Franchisor's consent, which will not be unreasonably withheld, Franchisee may pledge a security interest in this Agreement in connection with a Small Business Administration loan), nor subfranchise or otherwise transfer, or attempt to subfranchise or otherwise transfer the Franchised Business, or to transfer or subfranchise a portion but not all of Franchisee's rights hereunder without Franchisor's express prior written consent, which may be withheld for any reason in Franchisor's sole discretion.

(e) Any attempt by Franchisee to assign or any purported Assignment by Franchisee in violation of this section 8.2 is void and will (i) constitute a material breach of this Agreement, (ii) cause this Agreement (and in Franchisor's sole discretion any or all other agreements between Franchisee and Franchisor, or between Franchisee and Franchisor's affiliates) to be subject to immediate termination without further notice, and (iii) confer no rights or interest whatsoever under this Agreement upon any other party.

(f) Upon Franchisor's consent to any Assignment by Franchisee, Franchisee must bring all accounts with Franchisor current and transfer to Franchisee's assignee all service agreements or contracts signed by customers of the Franchised Business conducted at Franchisee's Outlet. Also, Franchisee must (i) execute an agreement among Franchisee, Franchisor and Franchisee's assignee effecting the Assignment by Franchisee, which will include a mutual release between Franchisee and Franchisor and (ii) enter into an assignment of the lease for the Outlet premises (including an assignment to the assignee of Franchisee's rights, title and interest to telephone numbers and utilities respecting the Outlet).

8.3 Right of First Purchase.

(a) The right of Franchisee to assign, transfer or sell its interest in the Franchised Business granted by this Agreement, as provided in section 8.2 hereof, except for a transfer to the Franchisee's heirs, personal representatives or conservators in the case of his death or legal incapacity, will be subject to Franchisor's right of first purchase, which may be exercised in the following manner:

(i) Franchisee must send to Franchisor a written notice setting forth (A) all of the terms and conditions of any *bona fide* offer relating to a proposed Assignment by Franchisee, and (B) all available information concerning the proposed Assignee of Franchisee. If the specified terms and conditions include consideration of a non-monetary nature, such consideration must be expressed in reasonably equivalent monetary terms, and if it involves matters that cannot be stated in monetary terms, such consideration will not be considered in connection with Franchisor's right of first purchase.

(ii) Within 10 business days after Franchisor's receipt of such notice (or if additional information is requested, within 10 business days after receipt thereof), Franchisor may either consent or withhold its consent to such Assignment by Franchisee, in accordance with section 8.2 hereof or, at its option, may accept the Assignment by Franchisee itself or on behalf of its affiliated nominee upon the terms and conditions specified in the notice.

(b) If Franchisor elects not to exercise its right of first purchase and consents to such Assignment by Franchisee, Franchisee will for a period of 90 days, and subject to the provisions of section 8.2 hereof, be free to assign this Agreement to such proposed Assignee of Franchisee upon the terms and conditions specified in said notice. If, however, said terms are materially changed, or if said 90-day period expires, Franchisor will again have

a right of first purchase with respect thereto and Franchisee will be required to comply again with section 8.3(a) above.

8.4 Transfers to Family Members. If either is a natural person, Franchisee or a principal owner may with Franchisor's consent, which will not be unreasonably withheld, Transfer the Franchised Business or an equity interest in Franchisee to such person's spouse, parent, sibling, niece, nephew, descendant or spouse's descendant provided that adequate provision is made for the management of the Franchised Business and the transferor guarantees, in form and substance satisfactory to Franchisor, the performance of the transferee's obligations under this Agreement. No transfer under this section 8.4 will be subject to (i) Franchisor's right of first purchase set forth in section 8.3 hereof or (ii) the transfer fee set forth in section 8.2(b)(vii) hereof. Franchisee will be required to comply with section 8.2(b)(i) through (vi) above.

8.5 Transfers to Affiliated Entity. Franchisee or a Principal Equity Owner may without the consent of Franchisor, but upon 30 days prior written notice to Franchisor, Transfer the Franchised Business or an equity interest in Franchisee to an entity owned by Franchisee or the Principal Equity Owner, as the case may be, in the same proportionate amount of ownership as prior to such Transfer, provided that adequate provision is made for the management of the Franchised Business and that the transferor guarantees, in form and substance satisfactory to Franchisor, the performance of the transferee's obligations under this Agreement. No transfer under this section 8.5 will be subject to (i) Franchisor's right of first purchase set forth in section 8.3 hereof or (ii) the transfer fee set forth in section 8.2(b)(vii) hereof. Franchisee will be required to comply with section 8.2(b)(i) through (vi) above.

8.6 Transfers Upon Death, Incapacity.

(a) Notwithstanding any of the foregoing, in the event of the death or legal incapacity of Franchisee or an Equity Owner, if a natural person, such person's interest in this Agreement or its equity interest in the Franchisee will Transfer in accordance with such person's will or, if such person dies intestate, in accordance with laws of intestacy governing the distribution of such person's estate, provided that adequate provision is made for the management of the Franchised Business and the transferee is one or more of the decedent's spouse, parents, siblings, nieces, nephews, descendants or spouse's descendants. If Franchisor determines (i) there is no imminent sale to a qualified successor or (ii) there is no heir or other principal person capable of operating the Franchised Business, Franchisor will notify the representative of the estate of the decedent of such determination and the transferee (within the meaning of this section 8.6) will have 120 days thereafter to employ a capable (in Franchisor's reasonable determination) General Manager or this Agreement will be terminable upon notice from Franchisor.

(b) If Franchisor advises Franchisee's heirs or beneficiaries in writing that Franchisor will not approve them as transferees of the Franchise, or if Franchisor fails to approve or disapprove the Transfer within 60 days following death of Franchisee or an Equity Owner, his or her heirs or beneficiaries will have 120 additional days from the date of disapproval of the Transfer or the end of the 60-day period, whichever is first, within which to find and notify Franchisor of a proposed Transfer to a qualified transferee in conformity with the provisions of section 8.8 of this Agreement. If said heirs or beneficiaries do not advise Franchisor of a qualified transferee within the specified period, the Franchise will automatically terminate at the end of the period unless a written extension of time has been granted by Franchisor.

8.7 Restrictions on Granting Security Interests and Subfranchising. Except as otherwise set forth below, Franchisee will not in any event have the right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever (except that with Franchisor's consent, which will not be unreasonably withheld, Franchisee may pledge a security interest in this Agreement in connection with a Small Business Administration loan), nor subfranchise or otherwise Transfer, or attempt to subfranchise or otherwise Transfer the Franchise so long as it is operated as a Franchise, or to Transfer or subfranchise a portion but not all of Franchisee's rights hereunder without the express prior written permission of Franchisor. Notwithstanding anything contained herein to the contrary, Franchisee will have the right to pledge its accounts receivable or other assets without the prior written consent of Franchisor for the sole purpose of obtaining financing for the operation of the Franchised Business provided Franchisee is in full compliance with all terms and conditions of this Agreement, and any other agreement, arrangement or understanding with Franchisor.

8.8 Consent of Franchisor to Transfers. Except as otherwise provided in this Agreement and subject to Franchisor's right of first purchase provided in section 8.3 hereof, Franchisee or a Principal Equity Owner may affect any Transfer of a direct or indirect interest in this Agreement, in the Franchised Business or in the economic

benefits derived therefrom, or any equity interest in Franchisee, not permitted by the preceding sections 8.4, 8.5 and 8.6, only after written notice to Franchisor and only with Franchisor's written consent, which may not be unreasonably withheld. Franchisor will exercise its good faith business judgment in determining whether to give or withhold its consent to a Transfer under this section 8.8. Such exercise of good faith business judgment will include Franchisor's consideration of certain skills and qualifications of the prospective transferee which are of business concern to Franchisor, including without limitation, the following: experience in similar retail businesses, financial and operational skills and qualifications, economic resources, reputation and character of such prospective transferees; the ability of such prospective transferee(s) to fully and faithfully conduct the Franchised Business as contemplated by this Agreement; and the effect that the Transfer and the prospective transferees will have or may reasonably be expected to have on the reputation or business operations of the Franchised Business, the System or Franchisor, its parent or any of its affiliates.

IX. DEFAULT AND TERMINATION

9.1 General.

(a) This Agreement may be terminated only for good cause, which means a failure of a party to substantially comply with the lawful requirements imposed upon it by this Agreement after being given notice at least 30 days in advance of the termination and a reasonable opportunity, which in no event will be less than 30 days from the date of the notice of noncompliance, to cure the failure (provided that this section 9.1(a) does not apply when there are grounds for immediate termination without notice pursuant to section 9.2 below).

(b) If Franchisor is in material breach of this Agreement, Franchisee may terminate this Agreement by giving Franchisor prior written notice setting forth the asserted breach of this Agreement and giving Franchisor 30 days in which to cure the default. A material breach of this Agreement by Franchisor means any unauthorized action or omission seriously impairing or adversely affecting Franchisee or the relationship between Franchisor and Franchisee created by this Agreement. However, if Franchisor becomes insolvent or declares bankruptcy, Franchisee will continue to have the right to operate under this Agreement until and unless a court order provides otherwise. If because of the nature of the breach, it would be unreasonable for Franchisor to be able to cure the default within 60 days, Franchisor will be given additional time (up to 30 additional days) as is reasonably necessary to cure said breach, upon condition that Franchisor must, upon receipt of such notice from Franchisee, immediately commence to cure such breach and continue to use best efforts to do so.

(c) Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor also has the option, to be exercised in its sole discretion, to choose alternative remedies to its right to terminate the entire Agreement.

(d) Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor also has the right to exercise all remedies available to it at law or in equity, including without limitation specific performance and damages (including punitive damages). All rights and remedies provided herein are in addition to and not in substitution of all other rights and remedies available to a party at law or in equity.

9.2 Immediate Termination.

(a) Franchisor has the right to immediately terminate this Agreement upon notice to Franchisee without an opportunity to cure if:

(i) Franchisee admits its inability to pay its debts as they come due, or Franchisee or the business to which the Franchise relates (A) has been the subject of an order for relief in bankruptcy, (B) is judicially determined to be insolvent or (C) has all or a substantial part of its assets assigned to or for the benefit of any creditor;

(ii) Franchisee Abandons the Franchise by failing to operate the Outlet for five consecutive business days during which Franchisee is required to operate the business under the terms of this Agreement, or any shorter period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the Franchise, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond Franchisee's control;

(iii) Franchisor and Franchisee agree in writing to terminate the Franchise;

(iv) Franchisee makes any material misrepresentations relating to the acquisition of the Franchise or Franchisee engages in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the System;

(v) Franchisee fails, for a period of 10 business days after notification of noncompliance, to comply with any federal, state or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the Franchise;

(vi) after curing any failure in accordance with section 9.3 below, Franchisee engages in the same noncompliance whether or not such noncompliance is corrected after notice;

(vii) Franchisee repeatedly fails to comply with one or more material requirements of this Agreement, whether or not corrected after notice;

(viii) the Franchised Business or the business premises of the Franchise are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lien holder or lessor, provided that a final judgment against Franchisee remains unsatisfied for 30 days (unless an appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in the Franchised Business, and it is not discharged within five days of such levy;

(ix) Franchisee is convicted of a felony or any other criminal misconduct (including intentional conversion of cash proceeds received from Franchisee's customers but not reported as Gross Revenues) which is relevant to the operation of the Franchise;

(x) an audit or investigation conducted by Franchisor (A) discloses that Franchisee knowingly maintained false books or records, or submitted false reports to Franchisor, or knowingly understated Franchisee's Gross Revenues or withheld the reporting of any of Franchisee's Gross Revenues, or (B) reveals an underreporting or under recording error on any single occasion of 5% or more; or

(xi) Franchisor makes a reasonable determination that Franchisee's continued operation of the Franchise will result in an imminent danger to public health or safety.

(b) The parties recognize that some breaches may involve conduct which undermines the basis for the Agreement such that the expectation of full and proper contract performance cannot be restored, even if the specific activity giving rise to the claim of breach has ended. In such cases, no period of "cure" will be required. However, the termination will not take effect for 10 days to enable the parties to consider whether other alternatives may be possible.

(c) If Franchisee's rights under this Agreement are terminated by Franchisor because of an event described in section 9.2(a) above, section 10.1 below is not applicable, and Franchisor may immediately commence an action under section 10.2 or 10.3 below, as applicable, to collect damages or otherwise enforce its rights.

9.3 Termination With Notice.

(a) Except as provided in section 9.2 above, Franchisor may terminate this Agreement only for good cause (as defined in section 9.1(a) above) after giving Franchisee prior written notice setting forth the asserted breach of this Agreement and giving Franchisee (i) 14 days in which to cure any default by Franchisee of its obligation to pay any sums due Franchisor under this Agreement or (ii) 30 days in which to cure any other default that can be cured. Upon receipt of a notice of default, Franchisee must immediately commence diligently to cure said breach, and if Franchisee cures said breach within said 14 or 30 days, Franchisor's right to terminate this Agreement will cease. If because of the nature of the breach, it would be unreasonable for Franchisee to be able to cure a default (other than failure to pay sums due Franchisor from Franchisee) within 30 days, Franchisee will be given additional time (up to 15 additional days) as is reasonably necessary in Franchisor's determination to cure said breach, upon condition that Franchisee must, upon receipt of such notice from Franchisor, immediately commence to cure such breach and continue to use Franchisee's best efforts to do so.

(b) If Franchisee's rights under this Agreement are terminated by Franchisor for material breach, Franchisor may, at its option, declare Franchisee in default of all franchise agreements or other agreements Franchisee has executed with Franchisor, and terminate Franchisee's rights under those other agreements as well.

(c) If Franchisee's rights under this Agreement are terminated by Franchisor for Franchisee's failure to make any payment due under this Agreement, section 10.1 below is not applicable, and Franchisor may immediately commence an action under section 10.2 below to collect damages or otherwise enforce its rights.

(d) The description of any default in any notice served by Franchisor hereunder upon Franchisee in no way precludes Franchisor from specifying additional or supplemental defaults in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

(e) If Franchisee and Franchisor agree to mutually terminate this Agreement, Franchisee must return a signed counterpart of any document Franchisor prepares to implement the termination not later than 10 days after Franchisee receives it, or the agreement to terminate will be voidable by Franchisor, and Franchisor may thereafter immediately and unilaterally terminate this Agreement and require payment of all sums due and payable to Franchisor at the date of termination.

(f) Franchisor is entitled to reimbursement from Franchisee upon Franchisor's demand of all costs Franchisor has incurred (including reasonable attorneys' fees and investigator's fees) to enforce Franchisor's rights under this Agreement, including actions to collect any amounts due and delinquent hereunder.

9.4 Cross-Defaults. Any default by Franchisee (or any Principal) under this Agreement may be regarded by Franchisor as a default under any other agreement between Franchisor (or any affiliate or entity related to Franchisor) and Franchisee (or any affiliate or entity related to Franchisee). Any such default under any other agreement or any other obligation between Franchisor (or any affiliate or entity related to Franchisor) and Franchisee (or any affiliate or entity related to Franchisee) may be regarded as a default under this Agreement. Any default by Franchisee (or any affiliate or entity related to Franchisee) under any lease, sublease, loan agreement, or security interest may be regarded as a default under this Agreement, regardless of whether any such agreements are between Franchisee (or any affiliate or entity related to Franchisee) and Franchisor (or any affiliate or entity related to Franchisor).

9.5 Failure to Meet Performance Standards.

(a) **System Standards.** Franchisor may choose in its business judgment to evaluate Franchisee's Outlet for compliance with System standards using various methods (including, inspections, field service visits, customer comments/surveys and secret shopper reports). In conducting such an evaluation Franchisor will use the same methodology and scoring system then in use by Franchisor for evaluating any Postal Connections business locations owned or operated by Franchisor or affiliated companies. Franchisee's Outlet will be assigned Postal Connections "System Standards Scores" for categories being scored at that time. Franchisee's scores will be compared with the average score in each such category achieved by all Outlets in the United States (including those owned or operated by Franchisor or affiliated companies), or such other geographic area as Franchisor reasonably believes to be appropriate for evaluation purposes.

(b) **Correction Process.** If Franchisor notifies Franchisee of its failure to meet the then-current average System Standards Score in a scored category or the applicable Financial Standard, then Franchisee will have a period of six months (the "Correction Period") from Franchisor's delivery of written notice to Franchisee in accordance with section 12.7 below, to meet all applicable Financial and System Standards. Franchisor will reasonably cooperate with and assist Franchisee in its efforts to meet Franchisee's performance objectives. Such assistance may include, but is not limited to, on site consultations, audits by Franchisor or its designee, meetings at Franchisor's headquarters, and retraining activities or programs at designated locations. Franchisee will be responsible for any costs associated with such activities, including travel, meals, lodging and any other related expenses and will participate in the same upon Franchisor's request.

(c) If at the end of such the Correction Period, Franchisee's Outlet does not meet the average System Standards Score for any category or the then applicable Financial Standards, then Franchisor may elect to terminate this Agreement. However, before termination would be effective, Franchisee will have 120 days after the end of the Correction Period to enter into a purchase and sale agreement and 60 days after the signing of such purchase and sale agreement to close the sale of Franchisee's franchise to a third party, provided that:

(i) Franchisee provides Franchisor written notice of Franchisee's desire to sell Franchisee's franchise within 10 days of the expiration of the Correction Period along with a General Release signed by Franchisee and each of Franchisee's Principal Equity Owners, other equity owners and affiliates; and

(ii) Any such transfer meets all other requirements of this Agreement respecting transfers of the Franchise.

(d) Nothing in this section 9.5 is intended to limit or diminish in any way any rights or remedies provided Franchisor under this or any other agreement, at law or in equity. The fact that any correction process may be ongoing will not prevent Franchisor from exercising any such rights or remedies, including any right to terminate this Agreement for another default under this or any other agreement.

9.6 Description of Default. The description of any default in any notice served by Franchisor hereunder upon Franchisee will in no way preclude Franchisor from specifying additional or supplemental defaults in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

9.7 Statutory Limitations. Notwithstanding anything to the contrary in this Article IX, if any valid, applicable law or regulation of a competent government authority having jurisdiction over this Agreement or the parties hereto limits Franchisor's rights of termination hereunder or requires longer notice periods than those set forth herein, and if the parties are prohibited by law from agreeing to the shorter periods set forth herein, then this Agreement will be deemed amended to conform to the requirements of such laws and regulations, but the provisions of the Agreement thus affected will be amended only to the extent necessary to bring it within the requirements of the law or regulation.

9.8 Extended Cure Period. Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor will also have the right, to be exercised in its sole discretion, to grant to Franchisee an extended period of time to cure the breach which gave rise to Franchisor's right to terminate, but in no event will such extended cure period exceed six months from the last day of the cure period otherwise applicable to such breach. Franchisee acknowledges that Franchisor's election to grant such an extended cure period to Franchisee will not operate as a waiver of any of Franchisor's rights hereunder.

9.9 Continuance of Business Relations. Any continuance of business relations between Franchisor and Franchisee after termination of this Agreement will not be construed as a renewal, extension or continuation of this Agreement.

X. DISPUTE RESOLUTION

10.1 Initial Steps to Resolve a Dispute and Mediation.

(a) Franchisor and Franchisee have entered a long-term franchise relationship which gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, considering the overall best interests of the System, as contemplated by this Agreement. To that end, Franchisee and Franchisor acknowledge that Franchisee and Franchisor need to attempt to resolve disagreements or disputes before such disagreements or disputes negatively impact the relationship. Good faith communications between Franchisee and Franchisor are important aspects of that obligation. The parties hereby pledge and agree that they will first attempt to resolve any dispute, claim or controversy arising out of or relating to this Agreement or any alleged breach hereof, including any claim that this Agreement or any part hereof is invalid, illegal or otherwise voidable or void (collectively, "Dispute") by first having Franchisor's executive officers and Franchisee's Principal Equity Owners meet in person within five business days after a party notifies the other party that a Dispute has arisen at Franchisor's principal executive office (without their respective legal counsel) to conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement. Franchisor may proceed to terminate this Agreement in either of the following two situations without a settlement meeting or mediation proceeding: (i) if there is any breach of this Agreement by Franchisee that may result in an immediate termination of this Agreement pursuant to section 9.2 above, or (ii) if Franchisee fails to pay any sums due Franchisor under this Agreement which may result in termination of this Agreement pursuant to section 9.3 above. Also, if a party refuses to participate in the settlement meeting or mediation within the respective time frames set forth in this section 10.1, the other party may immediately commence an arbitration proceeding pursuant to section 10.2 below.

(b) If the parties are unable to settle the Dispute at the settlement conference described in section 10.1(a) above, within 10 business days after the date this conference took place (or should have taken place), Franchisee and Franchisor may submit the dispute to non-binding mediation conducted by and before a mediator, and at a location in Texas, mutually agreeable to both parties; provided however the mediator must be an attorney who has practiced franchise law for at least 10 years. If the Dispute is not referred to mediation within 10 business days after the settlement conference took place (or should have taken place), the Dispute may be immediately submitted to binding resolution through arbitration proceedings pursuant to section 10.2 below. Any mediation proceedings should be completed within 60 days following the date either party first gives notice of mediation. The fees and expenses of the mediator will be shared equally by the parties. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matter.

(c) Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission because of its use in the mediation.

10.2 Arbitration.

(a) Except as specifically provided in sections 9.2(c) and 9.3(c) above, any Dispute between Franchisor (or its affiliated entities) and Franchisee (or its Principal Equity Owners or affiliated entities) not settled through the procedures described in section 10.1 above will be resolved through binding arbitration by and before JAMS, Inc. ("JAMS"), in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than \$250,000) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is \$250,000 or more), or if the parties in dispute mutually agree, through binding arbitration by any other mutually agreeable arbitrator. It is explicitly agreed by each of the parties hereto that no arbitration of any Dispute may be commenced except in accordance with this section 10.2.

(b) All hearings and other proceedings will take place at the JAMS business location in Dallas, Texas, or at the JAMS business location nearest another county where Franchisor's headquarters is then located, or if Franchisor so elects, at the JAMS business location nearest where Franchisee's (or an applicable Principal Equity Owner's) principal place of business is then located.

(c) Either party may present briefs and affidavits of witnesses who are unable to attend hearings. A limited amount of discovery is permitted within the discretion of the arbitrator (including affidavits, interrogatories and depositions). The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance and injunctive relief, provided that the arbitrator will not have the right to declare any Mark generic or otherwise invalid or to award punitive damages. If either party fails to appear or participate in the arbitration proceeding, the other party will be entitled to a default judgment award. The arbitration award will be final and binding on the parties, and judgment on the award may be entered in any federal or state court having jurisdiction.

(d) TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL CLAIMS BROUGHT UNDER THIS AGREEMENT WILL BE BROUGHT IN AN INDIVIDUAL CAPACITY. THIS AGREEMENT MAY NOT BE CONSTRUED TO ALLOW OR PERMIT THE CONSOLIDATION OR JOINDER OF OTHER CLAIMS OR CONTROVERSIES INVOLVING ANY OTHER FRANCHISEES OR PERMIT SUCH CLAIMS OR CONTROVERSIES TO PROCEED AS A CLASS ACTION, CLASS ARBITRATION, COLLECTIVE ACTION, OR ANY SIMILAR REPRESENTATIVE ACTION. NO ARBITRATOR WILL HAVE THE AUTHORITY UNDER THIS AGREEMENT TO ORDER ANY SUCH CLASS OR REPRESENTATIVE ACTION. BY SIGNING BELOW, FRANCHISEE EXPRESSLY AGREES TO WAIVE ANY SUBSTANTIVE OR PROCEDURAL RIGHTS THAT FRANCHISEE MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS.

(e) TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ALL RIGHTS THEY MAY HAVE TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. ACCORDINGLY, THE ARBITRATOR WILL HAVE NO POWER TO ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY.

(f) This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement.

(g) The provisions of this section 10.2 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Furthermore, this section 10.2 will be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with the law.

[Franchisor's Initials: _____ Franchisee's Initials: _____]

10.3. Injunctive Relief. Any party has the right in a situation where there is an imminent threat of harm to the legal rights of a party and damages would not be adequate relief to seek a temporary restraining order and temporary or preliminary injunctive relief from a court of competent jurisdiction in Texas, without the necessity of first complying with sections 10.1 and 10.2 above or posting any bond, and if bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of \$1,000 will be a sufficient bond. If an arbitration proceeding has already commenced pursuant to section 10.2 above when a party seeks injunctive relief, then the party seeking such injunctive relief agrees to contemporaneously submit the merits of its dispute to the arbitrator. The existence of a proceeding commenced under section 10.1 or 10.2 above will in no event abate or otherwise affect the ability of party to seek injunctive relief under this section 10.3. Franchisee acknowledges that failure on its part to comply fully with any of the terms of this Agreement respecting the obligations regarding examinations, audits and the Marks could cause irreparable damage to Franchisor or other affiliated persons or entities, and Franchisor or its affiliates may seek injunctive relief to protect the Marks. This covenant is independent, severable and enforceable notwithstanding any other rights or remedies that any party may have.

10.4 Legal Fees and Expenses. The prevailing party in any arbitration or litigation to resolve a dispute between any of the parties hereto will be entitled to recover from the losing party reasonable legal fees (and incurred costs of the prevailing party's counsel) and all other expenses incurred by the prevailing party in bringing or defending such arbitration, action or proceeding and/or enforcing any resulting award or judgment (including without limitation arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator), whether incurred prior to or in preparation for or in contemplation of the filing of the action or thereafter. The prevailing party will be determined by the arbitrator or court. This section 10.4 is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

10.5 Survival. The terms of this Article X survive termination, expiration or cancellation of this Agreement.

XI. OBLIGATIONS AND RIGHTS UPON TERMINATION OR EXPIRATION

11.1 Franchisee's Obligations.

(a) Except as otherwise set forth in section 8.1 with respect to assignment by Franchisor of any or all of its interest in this Agreement, in the event of termination or expiration of this Agreement for any reason, in addition to any other obligations provided for in this Agreement, Franchisee must forthwith discontinue the use or display of the Brand in any manner whatsoever, and Franchisee must not thereafter operate or do business under the Brand or any other name or in any manner that might tend to give the general public the impression that Franchisee is in any way associated or affiliated with Franchisor, or any of the businesses conducted by it or other owners of the Brand, including without limitation repainting the business premises in a distinctively different color and removing or rearranging distinctive elements of the iSOLD It trade dress. Franchisee must (i) contact Yelp, other online review sites and other online directories and websites, and (ii) request the removal of all use of the trademarks in connection with the former iSOLD It @Home Location Outlet (and the physical address of the former Outlet) and all use of former reviews from the period Franchisee was an iSOLD It @Home Location franchisee. Also, Franchisee must return to Franchisor (at no expense to Franchisor) all copies of the Confidential Manuals and other proprietary materials of Franchisor. Thereafter, Franchisee must not use, in any manner, or for any purpose, directly or indirectly, the QuickList proprietary operating system (and representatives of Franchisor will inspect Franchisees computer to ensure that proprietary information has been raised) or any of Franchisor's other trade secrets, procedures, techniques, business format, software (or other software

functionally equivalent thereto) or materials acquired by Franchisee and refrain from any use, direct or indirect, of any of Franchisor's proprietary information.

(b) If there is a termination, cancellation or expiration as described in section 11.1(a) above, Franchisee must comply with section 7.10 above and section 11.1(g) below respecting post-termination competition and promptly:

(i) Remove at its expense all signs erected or used by Franchisee and bearing the Marks, or any word or mark indicating that Franchisee is associated or affiliated with Franchisor;

(ii) Erase or obliterate from letterheads, stationery, printed matter, advertising or other forms used by Franchisee the Marks and all words indicating that Franchisee is associated or affiliated with Franchisor;

(iii) Permanently discontinue all advertising (including appropriate notifications to website directories that list Postal Connections) stating or implying Franchisee is associated or affiliated with Franchisor or the System;

(iv) If Franchisee engages in any business thereafter, Franchisee must use trade names, service marks or trademarks which are significantly different from those under which Franchisee had done business and must use sign formats which are significantly different in color and type face; and take all necessary steps to ensure Franchisee's present and former employees, agents, officers, shareholders and partners observe the foregoing obligations; and

(v) Assign all administrative rights to all social media sites that Franchisee is used to promote the Franchised Business and all interests and rights to use all telephone numbers and all other listings applicable to the Outlet in use at the time of such termination to Franchisor and take all actions necessary to change all such telephone numbers immediately and change all such listings as soon as possible.

(c) If Franchisee fails or omits to make or cause to be made any removal or change described in section 11.1(b) above, then Franchisor will have the right within 15 days after written notice to enter Franchisee's Outlet without being deemed guilty of trespass or any other tort, and make or cause to be made such removal and changes at the expense of Franchisee, which expense Franchisee agrees to pay to Franchisor promptly upon demand; and Franchisee hereby irrevocably appoints Franchisor as its lawful attorney upon termination of this Agreement with authority to file any document in the name of and on behalf of Franchisee for the purpose of terminating any and all of Franchisee's rights in the Business Name and any of the Brand.

(d) If the Outlet is Abandoned or otherwise closed (not including reasonable vacations or illnesses lasting for less than 30 days) for a period of five consecutive business days without Franchisor's prior written consent (which will not be withheld unreasonably), Franchisee must promptly take action to remove any indication that such Franchisee is associated or affiliated with either Franchisee or Franchisor, and remove at Franchisee's expense all signs erected or used by Franchisee on, in or in connection with the Outlet and bearing either the Brand or any word or mark indicating that such Franchisee is associated or affiliated with either Franchisee or Franchisor, except as otherwise required by law.

(e) For two years after termination of this Agreement, Franchisee and its Principal Equity Owners agree not to engage, within 10 miles of the location of (i) Franchisee's Outlet or (ii) any other Postal Connections retail location, in any business selling or offering products or services that are equivalent to those offered by Postal Connections franchises. Should this section 11.1(e) violate the laws of the state whose laws govern this Agreement, the maximum restrictions as to duration and scope of post-termination non-competition covenants permitted in that state will govern this section 11.1(e).

(f) If by the next business day after requested by Franchisor, Franchisee does not provide the identity of Franchisee's bank used to pay debts owed to creditors of Franchisee, Franchisor is authorized to request this information directly from any creditor of Franchisee.

11.2 Rights of Franchisor.

(a) The expiration or termination of this Agreement will be without prejudice to any rights of Franchisor against Franchisee and such expiration or termination will not relieve Franchisee of any of its obligations to Franchisor existing at the time of expiration or termination or terminate those obligations of Franchisee which, by their nature, survive the expiration or termination of this Agreement. Franchisor has the right to immediately advertise and offer iSold It Services and other products and services to Franchisee's customers.

(b) Within 30 days after the termination, expiration or non-renewal of this Agreement, Franchisor has the option, but not the obligation, to purchase all or any portion of Franchisee's reusable inventory, apparel containing the Marks, proprietary equipment, parts, fixtures and furnishings owned and used by Franchisee in Franchisee's franchised operation. Franchisor will be permitted to deduct and withdraw from the purchase price to be paid to Franchisee all sums then due and owing to Franchisor. The purchase price for Franchisee's inventory of apparel containing the Marks will be at Franchisee's cost for said items. The purchase price for the proprietary equipment, parts, fixtures and furnishings will be the fair market value thereof as Franchisee and Franchisor mutually determine. In determining the fair market value of such items, Franchisee and Franchisor agree to exclude any factor or increment for goodwill or going concern value. The purchase price to be paid to Franchisee will be paid in cash at the closing of any purchase. The closing will occur no less than 30 days from the date Franchisor exercises its option to purchase unless Franchisee and Franchisor are unable to agree on the fair market value of the assets to be purchased. If Franchisee and Franchisor are unable to reach agreement within a reasonable time as to the fair market value of the items Franchisor has agreed to purchase, Franchisor will designate an independent appraiser, and the appraiser's determination will be binding. Franchisee and Franchisor must each pay 50% of the fee charged by the independent appraiser.

11.3 Franchisor's Right to Cure Defaults by Franchisee. In addition to all other remedies herein granted, if Franchisee defaults in the performance of any of its obligations or breach any term or condition of this Agreement or any related agreement involving third parties, Franchisor may, at its election, immediately or at any time thereafter, without waiving any claim for breach hereunder and without notice to Franchisee, cure such default for the account of and on behalf of Franchisee, and all costs or expenses including attorney's fees incurred by Franchisor on account thereof will be due and payable by Franchisee to Franchisor on demand.

11.4 Waiver and Delay. No waiver by Franchisor of any breach or series of breaches or defaults in performance by Franchisee and no failure, refusal or neglect of Franchisor either to exercise any right, power or option given to it hereunder or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement or the Confidential Manuals, will constitute a waiver of the provisions of this Agreement or the Confidential Manuals with respect to any subsequent breach thereof or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

XII. GENERAL CONDITIONS AND PROVISIONS

12.1 Relationship of Franchisee to Franchisor.

It is expressly agreed by the parties they intend by this Agreement to establish between themselves the relationship of franchisee and franchisor. It is further agreed neither Franchisee nor any Principal Equity Owner has the authority to create or assume in Franchisor's name or on Franchisor's behalf, any obligation, express or implied, or to act or purport to act as agent or representative on Franchisor's behalf for any purpose whatsoever. Neither Franchisee (nor any Principal Equity Owner) nor Franchisor is the employer, employee, agent, partner, fiduciary or co-venturer of or with the other, each being independent. Franchisee agrees it will not hold itself out as Franchisor's agent, employee, partner or co-venturer or the owner of the Brand. All employees or agents hired or engaged by or working for Franchisee will be only the employees or agents of Franchisee and will not for any purpose be deemed employees or agents of Franchisor, nor subject to Franchisor's control; and in particular, Franchisor will have no authority to exercise control over the hiring or termination of these employees, independent contractors, or others who work for Franchisee, their compensation, working hours or conditions, or their day-to-day activities, except to the extent necessary to protect the Brand. Franchisee and Franchisor agree to file their own tax, regulatory and payroll reports with respect to their respective employees or agents and operations.

12.2 Indemnity.

(a) Franchisee hereby agree to protect, defend and indemnify Franchisor, and all of Franchisor's past, present and future owners, affiliates, officers, directors, employees, attorneys and designees, and each of

them, and hold them harmless from and against any and all Losses arising out of or in connection with any "Proceeding" (as defined in section 12.2(f) below) concerning Franchisee's intentional tort or negligence, or the intentional tort or negligence of Franchisee's agents, servants or representatives, relating to Franchisee's development, maintenance or operation of the Outlet and the Franchised Business, except if caused by Franchisor's intentional misfeasance, gross negligence or material default of any terms of, or Franchisor's obligations arising under, this Agreement.

(b) Franchisor hereby agrees to protect, defend and indemnify Franchisee, its Principal Equity Owners, other owners, affiliates, officers, directors, employees and attorneys and each of them, from any Losses any of them may incur as a result of any third party Proceeding arising out of Franchisor's intentional misfeasance, gross negligence or material breach of Franchisor's obligations under this Agreement, except if caused by the intentional misfeasance of, gross negligence of, or material breach by, Franchisee (or any of its Principal Equity Owners, or other owners, affiliates, officers, directors, employees or attorneys of Franchisee) of any terms of, or Franchisee's obligations arising under, this Agreement.

(c) In order for the indemnification to be effective, each indemnified party ("Indemnified Party") will give the indemnifying party ("Indemnifying Party") reasonable notice of each claim or loss for which the Indemnified Party demands indemnity and defense, except that failure to provide such notice will not release the Indemnifying Party from any obligations hereunder except to the extent that the Indemnifying Party is materially prejudiced by such failure. The Indemnifying Party will assume, at its sole cost and expense, the defense of such Proceeding through legal counsel reasonably acceptable to the Indemnified Party, except that the Indemnified Party may at its option and expense select and be represented by separate counsel. The Indemnifying Party will have control over the Proceeding, including the right to settle; provided, however, the Indemnifying Party will not, absent the written consent of the Indemnified Party, consent to the entry of any judgment or enter into any settlement that: (i) provides for any admission of liability on the part of the Indemnified Party or relief other than the payment of monetary damages for which the Indemnifying Party will be solely liable; or (ii) adversely affects the rights of the Indemnified Party under this Agreement, or (iii) does not release the Indemnified Party from all Proceedings and "Losses" (as defined in section 12.2(d) below) in respect thereof. In no event will the Indemnified Party be liable for any Losses that are compromised or settled in violation of this section 12.2. The Indemnifying Party's duty to defend is independent of its duty to indemnify. Each indemnified party must submit its claims to its insurers in a timely manner. Any payments made by an indemnified party will be net of benefits received by any indemnified party from insurance coverage in respect of such claims.

(d) The term "Losses" means, refers to, and includes all "Expenses" (as defined in section 12.2(e) below), liabilities, obligations, losses, fines, penalties, costs, or damages including all reasonable out of pocket fees and disbursements of legal counsel in the investigation or defense of any of the same or in asserting any party's respective rights hereunder but excluding punitive damages (unless resulting from third party claims).

(e) The term "Expenses" means, refers to, and includes, all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses will also include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the person being indemnified because of the actual or deemed receipt of any payments under this Agreement, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent.

(f) The term "Proceeding" means, refers to, and includes any threatened pending or completed suit, claim, demand, action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether civil, criminal, administrative or investigative.

12.3 Survival of Covenants. The covenants contained in this Agreement that by their terms require performance by the parties after the expiration or termination of this Agreement will be enforceable notwithstanding expiration or termination of this Agreement for any reason whatsoever.

12.4 Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Franchisor and will be binding upon and inure to the benefit of the Franchisee and its or their respective heirs, executors, administrators, successors and assigns, subject to the restrictions on Assignment by Franchisee contained herein.

12.5 Joint and Several Liability. If Franchisee consists of more than one person or entity, or a combination thereof, the obligation and liabilities to Franchisor of each such person or entity are joint and several.

12.6 Counterparts. This Agreement may be executed in any number of copies, each of which will be deemed to be an original, and all of which together will be deemed to be one and the same instrument.

12.7 Notices.

(a) All notices that the parties hereto are required or may desire to give under or in connection with this Agreement must be in writing and (unless personally delivered by an agent of the sending party) must be sent by reliable overnight courier, for delivery on the next business day and addressed as follows:

(i) If to Franchisor, to:

BLUE STAMP FRANCHISE COMPANY
6136 FRISCO SQUARE BLVD STE 400
FRISCO TX 75034-3251
Phone: (619) 294-7550

(ii) If to Franchisee, to the attention of the General Manager (or other designee) at:

Phone: _____

(b) Unless previously delivered in person by an agent of the sending party, notices between Franchisee and Franchisor will be deemed given the next business day after deposit with a reliable overnight courier, properly addressed and marked for delivery on the next business day.

(c) Any change in the addresses listed in section 12.7(a) above must be sent to the other party as soon as practicable after the change occurs by reliable overnight courier.

(d) Any notices sent to Franchisee which include a statement of intent to terminate or not renew the Franchise must provide (i) the reasons why and (ii) the effective date of such termination or nonrenewal or expiration.

12.8 Compliance with U.S. Anti-Terrorism and Other U.S. Federal Laws.

(a) Franchisee certifies that neither it nor any Principal Equity Owners or employees of Franchisee, or anyone else who is associated with Franchisee is listed in the Annex to Executive Order 13224 (available at <http://treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>). Franchisee covenants not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, the Principal Equity Owners, employees or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee and each of the Principal Equity Owners will comply with and assist Franchisor as much as possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents and warrants that none of Franchisee's respective property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and the Principal Equity Owners are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws. Franchisee specifically acknowledges and agrees that its indemnification responsibilities as provided in this Agreement also pertain to its obligations under this section 16.12. Any misrepresentation by Franchisee under this section 16.12 or any violation of the Anti-Terrorism Laws by Franchisee, any of the Principal Equity Owners, or employees will constitute grounds for immediate termination of this Agreement and any other agreement Franchisee executed

with Franchisor or one of Franchisor's Affiliates. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists, and any other requirements of any United States governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

(b) Neither Franchisee nor any Principal Equity Owner conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under any applicable Anti-Terror Legislation.

(c) Neither Franchisee nor any Principal Equity Owner nor any employee of either is named as a "Specially Designated National" or "Blocked Person" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control and published at www.treas.gov/offices/enforcement/ofac/sdn/. Franchisee acknowledges that it is not directly or indirectly owned or controlled by the government of any country that is subject to neither a United States embargo, nor does Franchisee or any Principal Equity Owner act directly or indirectly on behalf of the government of any country that is subject to a United States embargo. Franchisee agrees that Franchisee will notify Franchisor in writing immediately of the occurrence of any event, which renders the foregoing representations and warranties of this section 12.8 incorrect.

[Franchisee's Initials: _____]

XIII. CONSTRUCTION OF AGREEMENT

13.1 Governing Law. The Federal Arbitration Act (9 U.S.C. §1 *et seq.*) governs the arbitration of disputes under this Agreement. Otherwise, the laws of the state of Texas govern this Agreement and all related matters, documents and agreements, without regard to conflicts of laws. If any provision of this Agreement is impermissible under a governing law, the provision will be deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision, or if the provision as amended cannot substantially maintain the original intent, then the provision will be deemed deleted.

13.2 Entire Agreement; Modification.

(a) The parties to this Agreement each acknowledge and warrant to each other that they wish to have all terms of this business relationship defined solely in and by this written Agreement and the Confidential Manuals. Recognizing the costs on all parties which attend uncertainty, the signatories to this Agreement each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings (which have been or may in the future be exchanged between them) serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein.

(b) In accordance with the foregoing section 13.2(a), the parties to this Agreement agree that this Agreement, and the Confidential Manuals, constitutes the entire agreement between the parties and contain all of the terms, conditions, rights and obligations of the parties with respect to the franchised business contemplated by this Agreement and any other aspect of the relationship between the parties. Nothing in this Agreement, the Confidential Manuals, or in any related agreement or writing, is intended to disclaim the representations made in the Blue Stamp Franchise Company Franchise Disclosure Document ("FDD") provided to Franchisee. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the Franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by Franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the Franchise.

(c) This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto.

13.3 Titles for Convenience Only. Section titles used in this Agreement are for convenience only and will not be deemed to affect the meaning or construction of any of the terms or provisions of this Agreement.

13.4 Gender. All terms used in any one number or gender will extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any section may require.

13.5 Severability. Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement or the Confidential Manuals and any present or future statute, law, ordinance, regulation or judicial decision, contrary to which the parties have no legal right under this Agreement, the latter will prevail, but in such event the provision of this Agreement or the Confidential Manuals thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, section, sentence or clause of this Agreement or the Confidential Manuals will be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be deemed deleted, and the remaining parts thereof will continue in full force and effect, unless said provision pertains to the payment of fees pursuant to Article III hereof, in which case this Agreement will terminate.

13.6 No Third-Party Beneficiaries. This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity will be entitled to any rights hereunder under so-called "third party beneficiary rights" or otherwise.

XIV. EFFECTIVENESS OF AGREEMENT

This Agreement will become effective only upon the execution thereof by Franchisee and by Franchisor and after Franchisee was provided an FDD. HOWEVER, THIS AGREEMENT IS NOT BINDING ON FRANCHISOR UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY FRANCHISOR.

XV. ACKNOWLEDGMENTS AND REPRESENTATIONS OF FRANCHISEE

15.1 Acknowledgments and Representations of Franchisee.

(a) Franchisee hereby represents and warrants that all statements in this section 15.1 are true and accurate.

(b) Franchisee does not seek to obtain the Franchise for speculative or investment purposes and has no present intention to sell or transfer or attempt to sell or transfer the Franchised Business or the Franchise within 12 months after the Opening Date.

(c) Franchisee understands and acknowledges the value to the System of uniform and ethical standards of quality, appearance and service described in and required by the Confidential Manuals and the necessity of operating the Franchised Business under the standards set forth in the Confidential Manuals. Franchisee represents that it has the capabilities, professionally, financially and otherwise, to comply with Franchisor's standards.

(d) If Franchisee is an entity, Franchisee is duly organized and qualified to do business in the state and any other applicable jurisdiction within which the Outlet is located.

(e) Franchisee's execution of this Agreement will not constitute or violate any other agreement or commitment to which Franchisee is a party.

(f) Any individual executing this Agreement on Franchisee's behalf is duly authorized to do so and the Agreement constitutes a valid and binding obligation of Franchisee and all of Franchisee's Principal Equity Owners.

(g) Franchisee and its Principal Equity Owners (i) carefully read this Agreement and all other related documents to be executed by Franchisee concurrently or in conjunction with the execution hereof, (ii) conducted an independent investigation of the business contemplated by this Agreement, (iii) obtained, or had the opportunity to obtain, the advice of counsel in connection with the execution and delivery of this Agreement, (iv) understand the nature of this Agreement, and (v) intend to comply with the terms hereof and be bound hereby.

(h) Franchisee agrees that complete and detailed uniformity among Franchisor's franchisees under varying conditions may be inadvisable, impractical or impossible, and accordingly agree that Franchisor, in its sole discretion, may modify or vary aspects of the System as to any franchisee or group of franchisees based

on, for example, local sales potential, demographics, competition, business practices or other conditions. Franchisee further agrees that Franchisor has no obligation to disclose or offer the same or similar variances to Franchisee. Franchisee is aware that other Postal Connections/iSold It franchisees may operate under different agreements and, consequently, that Franchisor's obligations and rights as to those franchisees may differ materially in certain circumstances.

(i) Franchisee received an FDD and a copy of this Agreement at least 15 calendar days before it signed this Agreement.

(j) Franchisee made no payment to Franchisor before Franchisee signed this Agreement.

(k) Franchisee acknowledges that in operating the System, Franchisor must consider the needs of the System as a whole, and the need to protect the Marks, even if Franchisor's actions are contrary to Franchisee's interests.

15.2 Additional Information Respecting Franchisee.

(a) Franchisee must fully complete the schedule attached as Exhibit 2 of this Agreement with required information about the Principal Equity Owners.

(b) The name and address (written notice of any change in this information after the Effective Date must be delivered to Franchisor pursuant to section 12.7 hereof) of Franchisee's designated General Manager is set forth in section 12.7(a)(ii).

This Agreement may be executed and delivered by facsimile, email with scanned attachment or any electronic signature complying with the U.S. federal ESIGN Act of 2000 (including DocuSign) and, upon such execution and delivery, will have the same force and effect as an original.

IN WITNESS WHEREOF, and each signatory being jointly and severally liable, the parties hereto have caused this Agreement to be executed on or as of the Effective Date.

FRANCHISEE:

FRANCHISOR:

BLUE STAMP FRANCHISE COMPANY

By: _____
[SIGNATURE]

[PRINTED NAME AND TITLE]

By: _____
[SIGNATURE]

[PRINTED NAME AND TITLE]

List of Exhibits to Franchise Agreement:

Exhibit 1 - Territory

Exhibit 2 - Names and Addresses of Principal Equity Owners

Exhibit 3 - Guarantee of Franchise Agreement

EXHIBIT 1 - TERRITORY

The Territory is the geographical area around the Outlet depicted in a map attached to this Exhibit 1.

Franchisee's initial Outlet is located at:

(If the address is unknown when this Agreement is signed, as soon as the address is determined, it will be inserted later into the space above or added by addendum attached to this Exhibit 1.)

Franchisee hereby acknowledges by initialing in the bracketed spaces below that it has reviewed the following sections of this Agreement:

Section 1.1 (Grant of Franchise) [],

Section 1.2 (Reserved Rights) [], and

Section 1.3 (Area and Scope of Operation) [].

EXHIBIT 2 - NAMES AND ADDRESSES OF PRINCIPAL EQUITY OWNERS

If Franchisee is an entity, list below the names, residential addresses and respective percentage equity ownership interests in the Franchisee entity of each Principal Equity Owner:

1. _____

_____ %

2. _____

_____ %

3. _____

_____ %

4. _____

_____ %

5. _____

_____ %

EXHIBIT 3 - GUARANTEE OF FRANCHISE AGREEMENT

In consideration of the execution by Franchisor of the Franchise Agreement (the "Franchise Agreement") dated _____, 20____ between Blue Stamp Franchise Company, doing business as Postal Connections and iSold It ("Franchisor") and _____ ("Franchisee") and for other good and valuable consideration, each of the undersigned "Principal Equity Owners" (as defined in the Franchise Agreement), and their spouses (if applicable), for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Franchise Agreement and in any other agreement(s) by and between Franchisee and Franchisor.

If more than one person has executed this Guarantee of Franchise Agreement ("Guarantee"), the term "the undersigned", as used herein, refers to each such person, and the liability of each of the undersigned hereunder will be joint and several and primary as sureties.

The undersigned, individually and jointly, hereby agree to be personally bound by every covenant, term, condition, agreement and undertaking contained and set forth in said Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor.

The undersigned further hereby agree that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder: (i) any term, covenant or condition of the Franchise Agreement may be amended, compromised, released or otherwise altered by Franchisor and Franchisee, and the undersigned do guarantee and promise to perform all the obligations of Franchisee under the Agreement as so amended, compromised, released or altered; (ii) any guarantor of or party to the Franchise Agreement may be released, substituted or added; (iii) any right or remedy under the Agreement, this Guarantee or any other instrument or agreement between Franchisor and Franchisee may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and, (iv) Franchisor or any other person may deal in any manner with Franchisee, any of the undersigned, any party to the Franchise Agreement or any other person.

Should Franchisee be in breach or default under the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, Franchisor may proceed directly against any or each of the undersigned without first proceeding against Franchisee and without proceeding against or naming in such suit any other Franchisee, signatory to the Franchise Agreement or any others of the undersigned.

Notice to or demand upon Franchisee or any of the undersigned will be deemed notice to or demand upon Franchisee and all the undersigned, and no notice or demand need be made to or upon any of the undersigned. The cessation of or release from liability of Franchisee or any of the undersigned will not relieve any other guarantors from liability hereunder, under the Franchise Agreement, or under any other agreement(s) between Franchisor and Franchisee, except to the extent that the breach or default has been remedied or moneys owed have been paid.

Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns, related to the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, will not modify or amend this Guarantee, which will be continuing, absolute, unconditional and irrevocable.

It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee inure to the benefit of the Franchisor, its successors and assigns. This Guarantee may be assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

The Lanham Act (15 U.S.C. §1051 et seq.) governs any issue involving Franchisor's proprietary trademarks. Otherwise, this Guarantee and the legal relations among the parties hereto will be governed by and construed in accordance with the laws of the State of Texas. Nothing in this Guarantee is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of Texas or any other state, which would not otherwise apply.

Any litigation arising out of or related to this Guarantee will be instituted exclusively in the 380th District Court of Collin County, Texas or the United States District Court for the Eastern District of Texas. Guarantors hereby covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of *forum non conveniens*). Guarantors further hereby covenant never to assert or claim that such courts lack personal

jurisdiction over Guarantors. In the event both such courts lack jurisdiction to enter any requested injunctive relief, an action or proceeding requesting such relief may be brought before any court having jurisdiction to grant such relief.

Should any one or more provisions of this Guarantee be determined to be illegal or unenforceable, all other provisions will nevertheless be effective.

This Guarantee may be executed and delivered by facsimile, email with scanned attachment or any electronic signature complying with the U.S. federal ESIGN Act of 2000 (including DocuSign) and, upon such execution and delivery, will have the same force and effect as an original.

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee effective as of the date of the Franchise Agreement.

PRINCIPAL EQUITY OWNERS

SPOUSES OF PRINCIPAL EQUITY OWNERS
(if applicable)

x _____

x _____

Printed Name of Principal Equity Owner

Printed Name of Spouse

x _____

x _____

Printed Name of Principal Equity Owner

Printed Name of Spouse

x _____

x _____

Printed Name of Principal Equity Owner

Printed Name of Spouse

x _____

x _____

Printed Name of Principal Equity Owner

Printed Name of Spouse

x _____

x _____

Printed Name of Principal Equity Owner

Printed Name of Spouse

POSTAL CONNECTION – iSOLD IT

CONSENT TO TRANSFER, ASSUMPTION AND RELEASE

CONSENT TO TRANSFER, ASSUMPTION AND RELEASE

This Consent to Transfer, Assumption and Release ("Consent and Assumption") is executed by Blue Stamp Franchise Company ("Franchisor"), _____ ("Existing Franchisee"), and _____ ("Assignee").

Franchisor and Existing Franchisee presently are parties to that certain Franchise Agreement, dated _____, (the "Franchise Agreement"), pursuant to which Franchisor licensed Existing Franchisee to operate as a Postal Connections retail outlet at _____. With Franchisor's consent, Existing Franchisee is transferring all its rights, duties and obligations under and pursuant to the Franchise Agreement (the "Transferred Rights and Obligations") to Assignee.

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

1. Existing Franchisee hereby transfers the Transferred Rights and Obligations to Assignee effective _____ (the "Transfer Date") subject to the provisions of sections 2 and 3 below. Assignee hereby expressly assumes and agrees to perform all obligations under the Franchise. Franchisor hereby consents to the transfer of the Transferred Rights and Obligations to Assignee as of the Transfer Date.

2. Existing Franchisee will execute all documentation deemed necessary by Franchisor, including without limitation a revised and restated Exhibit 2 to the Franchise Agreement (Names and Addresses of Principal Equity Owners) containing information relating to Assignee, to transfer the Transferred Rights and Obligations to Assignee. A transfer fee of \$5,000 for an Outlet is payable. If legally permissible, Existing Franchisee will assign its rights under any lease for a location used to operate the franchised business under the Franchise Agreement to Assignee.

3. Assignee acknowledges that it has (i) has received copies of the Franchise Agreement, other franchise-related books, records and information relating to the operation by Existing Franchisee under the Franchise Agreement, (ii) has had an opportunity to review the Postal Connections Confidential Operations Manual and (iii) has undertaken investigation of the Postal Connections system.

4. Existing Franchisee releases, indemnifies and agrees to hold harmless Franchisor from and against any liabilities that may arise because of this transfer.

5. Each of the parties hereto have obtained or had adequate opportunity to obtain the advice of legal counsel prior to signing this Consent and Assumption. Said parties execute this Consent and Assumption voluntarily, and with full knowledge of its significance.

6. Each of the parties will bear their respective costs and attorneys' fees incurred in connection with this Consent and Assumption, and events preceding its negotiation and execution.

7. This Consent and Assumption may be executed in counterparts, each of which will be deemed an original and all of which will constitute a single document.

This Consent and Assumption may be executed and delivered by facsimile, email with scanned attachment or any electronic signature complying with the U.S. federal ESIGN Act of 2000 (including DocuSign) and, upon such execution and delivery, will have the same force and effect as an original.

CAUTION. THIS CONSENT AND ASSUMPTION CONTAINS A RELEASE AND OTHER IMPORTANT TERMS. READ BEFORE SIGNING.

IN WITNESS WHEREOF, the parties hereto have duly executed this Consent and Assumption on the dates set forth below.

DATED: _____

“FRANCHISOR”
BLUE STAMP FRANCHISE COMPANY

By _____

DATED: _____

“EXISTING FRANCHISEE”

DATED: _____

“ASSIGNEE”

POSTAL CONNECTION – iSOLD IT

OPTIONAL CO-BRANDING AGREEMENT

OPTIONAL CO-BRANDING AGREEMENT

This Optional Co-Branding Agreement ("Co-Branding Agreement") is executed as of _____, 20__ (the "Effective Date"), by Blue Stamp Franchise Company, doing business as "Postal Connections" and "iSold It" ("Franchisor"), _____, operator of a Postal Connections retail store ("Franchisee"), and PBC, LLC, doing business as "PackageHub Business Centers" ("PBC").

Franchisor is the franchisor of the Postal Connections and iSold It franchise system. On _____, 20__, Franchisor and Franchisee executed a Franchise Agreement (the "Franchise Agreement"), pursuant to which Franchisor licensed Franchisee to operate a Postal Connections/iSold It retail store at _____ (the "PC/ISI Store").

PBC is the franchisor of the PackageHub Business Centers, offering franchises that provide an integrated bundle of programs and services for collective purchasing and advertising (the "PBC Program"), including eligibility become a UPS Authorized Shipping Outlet ("ASO") to independently owned retail shipping business centers that execute the PBC Membership Agreement.

The PC/ISI Store to be operated by Franchisee qualifies as a retail shipping business center eligible to participate in the PackageHub system.

Franchisor and PBC have agreed to allow Postal Connections franchisees who elect to do so to operate their PC/ISI Stores jointly under the Franchise Agreement and a PBC Membership Agreement. Postal Connections franchisees are not obligated to execute a PBC Membership Agreement, and they may operate their PC/ISI Store under the terms of the Franchise Agreement without executing a PBC Membership Agreement.

To be eligible to become a PackageHub Business Center, to use the PBC Program and receive other PackageHub Business Centers benefits and services, Franchisee must execute this Co-Branding Agreement, and thereafter (i) apply to PBC to become a PackageHub Business Center franchisee, (ii) receive from PBC and review a PackageHub Business Centers franchise disclosure document ("PBC FDD"), which includes the form of PBC Membership Agreement, and (iii) execute the PBC Membership Agreement.

The PBC Membership Agreement is for a term of one year, renewable for consecutive one-year terms. No initial fee is payable to PBC under the PBC Membership Agreement but monthly fees of \$75 are payable to PBC, and these monthly fees may be increased by PBC upon 60 days' notice.

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

1. By executing this Co-Branding Agreement, Franchisee agrees to consider operating its franchise location as a PC/ISI Store (under the terms of the Franchise Agreement) and a PackageHub Business Center (under the terms of the PBC Membership Agreement). Franchisor and PBC agree to allow Franchisee to operate the PC/ISI store under the terms of the Franchise Agreement and the PBC Membership Agreement if Franchisee elects to do so.

2. If the terms of the PBC Membership Agreement are acceptable to Franchisee, not earlier than 15 days after receipt of the PBC FDD, Franchisee and PBC would execute the PBC Membership Agreement. If the terms of the PBC Membership Agreement are not acceptable to Franchisee, Franchisee may elect to cancel this Co-Branding Agreement upon written notice to Franchisor and PBC, and Franchisee would then operate the PC/ISI Store solely under the terms of the Franchise Agreement.

3. After its PBC Membership Agreement has been in effect for three months, Franchisee may elect to terminate the PBC Membership Agreement any time thereafter by sending written notice to PBC (with a copy to Franchisor) not less than 30 days before the intended termination date of Franchisee's decision to terminate and the intended termination date. Franchisor and PBC acknowledge and confirm this unilateral right of termination by Franchisee.

4. After the first PBC Membership Agreement executed by a Postal Connections franchisee has been in effect for three months, in its sole discretion and upon 30 days written notice to PBC and applicable Postal Connections franchisees, Franchisor may terminate any or all PBC Membership Agreements executed by Postal Connections franchisees. Franchisee and PBC acknowledge and confirm this unilateral right of termination by Franchisor.

This Co-Branding Agreement may be executed and delivered by facsimile, email with scanned attachment or any electronic signature complying with the U.S. federal ESIGN Act of 2000 (including DocuSign) and, upon such execution and delivery, will have the same force and effect as an original.

IN WITNESS WHEREOF, the parties executed this Co-Branding Agreement as of the Effective Date.

"FRANCHISEE"

By _____

"FRANCHISOR"

BLUE STAMP FRANCHISE COMPANY

By _____

Fred Morache, Chief Operating Officer

"PBC"

PBC, LLC

By _____

Brandon Gale, President

POSTAL CONNECTIONS - iSOLD IT

FINANCIAL STATEMENTS

BLUE STAMP FRANCHISE COMPANY

(dba)



Independent Auditor's Report and
Financial Statements

December 31, 2023 and 2022



BLUE STAMP FRANCHISE COMPANY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Blue Stamp Franchise Company

Opinion

We have audited the accompanying financial statements of Blue Stamp Franchise Company (a Texas Limited Liability Company) (the Company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

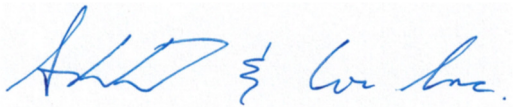
Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Fountain Valley, California
April 12, 2024

BLUE STAMP FRANCHISE COMPANY

Balance Sheets

December 31, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash	\$ 99,564	\$ 172,624
Accounts receivable	65,203	66,973
Prepaid expenses	-	900
Due from affiliate	3,240	-
Total current assets	<u>168,007</u>	<u>240,497</u>
Property and equipment:		
Furniture and fixtures	2,500	2,500
Office equipment	8,957	8,957
Less: Accumulated depreciation	<u>(11,457)</u>	<u>(11,457)</u>
Total property and equipment	<u>-</u>	<u>-</u>
Other assets		
Goodwill	373,551	373,551
Deferred commission fees, net of amortization	<u>59,459</u>	<u>48,317</u>
Total other assets	<u>433,010</u>	<u>421,868</u>
TOTAL ASSETS	<u>\$ 601,017</u>	<u>\$ 662,365</u>

BLUE STAMP FRANCHISE COMPANY

Balance Sheets

December 31, 2023 and 2022

	2023	2022
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 19,496	\$ 13,433
Credit cards payable	7,484	3,466
Ad fund payable	5,049	-
Deferred revenue, current	32,863	27,733
Store buildout reserve	23,891	18,150
Franchise ad funds	44,295	5,414
Total current liabilities	133,078	68,196
Long-term liabilities:		
Deferred revenue, non-current	186,550	150,425
Total long-term liabilities	186,550	150,425
TOTAL LIABILITIES	319,628	218,621
Stockholders' Equity		
Common stock, no par value		
Authorized - 1,500 shares		
Issued and outstanding - 200 shares	2,000	2,000
Additional paid-in capital	226,206	226,206
Retained earnings	53,183	215,538
Total stockholders' equity	281,389	443,744
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 601,017	\$ 662,365

BLUE STAMP FRANCHISE COMPANY

Statements of Income

For the Years Ended December 31, 2023 and 2022

	2023	2022
REVENUES		
Franchise fees	\$ 26,545	\$ 75,308
Royalties	420,286	432,550
Transfer fees	-	1,650
Other revenues	14,442	77,096
Total revenues	461,273	586,604
Operating expenses:		
Management expenses	133,684	146,230
Consulting expenses	112,160	39,824
Legal and professional fees	79,226	45,251
Advertising/marketing expenses	69,168	95,458
Travel, meals and entertainment	57,072	32,307
Office expenses	36,546	20,220
Automobile expenses	17,489	19,331
Taxes and licenses	6,181	3,475
Commissions	5,808	5,869
Telephone expenses	4,348	4,535
Postage and delivery	3,135	2,974
Online service/development	1,452	2,089
Training expenses	775	8,528
Dues and subscriptions	610	915
Bank service charges	374	666
Total operating expenses	528,028	427,672
Income (loss) before taxes	(66,755)	158,932
Other income (expenses)		
Interest expense	-	(475)
Total other income (expenses)	-	(475)
Total income (loss) before income taxes	(66,755)	158,457
Provision for State income taxes	-	-
NET INCOME (LOSS)	\$ (66,755)	\$ 158,457

BLUE STAMP FRANCHISE COMPANY

Statements of Changes in Stockholders' Equity For the Years Ended December 31, 2023 and 2022

	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Stockholders' Equity
Balance at December 31, 2021	\$ 2,000	\$ 226,206	\$ 132,681	\$ 360,887
Shareholder Distributions	-	-	(75,600)	(75,600)
Net income	-	-	158,457	158,457
Balance at December 31, 2022	2,000	226,206	215,538	443,744
Shareholder Distributions	-	-	(95,600)	(95,600)
Net loss	-	-	(66,755)	(66,755)
Balance at December 31, 2023	\$ 2,000	\$ 226,206	\$ 53,183	\$ 281,389

BLUE STAMP FRANCHISE COMPANY

Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (66,755)	\$ 158,457
Adjustments to reconcile net income (loss) to net cash provided by (used for) operations:		
Depreciation and amortization	-	-
<u>(Increase) decrease in:</u>		
Accounts receivable	1,770	(753)
Deferred commission fees	(11,142)	5,870
Store buildout receivable	-	47,533
Franchise ad funds receivable	-	8,923
Prepaid expenses	900	(900)
Due from affiliate	(3,240)	4,316
<u>Increase (decrease) in:</u>		
Accounts payable	6,063	(55,170)
Credit card payable	4,018	1,919
Deferred revenue	41,255	(26,558)
Due to stockholders	5,049	(12,407)
Store buildout reserve	5,741	18,150
Franchise ad funds	38,881	5,414
Net cash provided (used) by operating activities	22,540	154,794
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) of line of credit	-	-
Shareholders' distributions	(95,600)	(75,600)
Net cash provided (used) by financing activities	(95,600)	(75,600)
NET INCREASE (DECREASE) IN CASH	(73,060)	79,194
CASH - beginning of year	172,624	93,430
CASH - end of year	\$ 99,564	\$ 172,624
SUPPLEMENTAL INFORMATION		
Cash paid for interest	\$ -	\$ 475
Cash paid for taxes	\$ -	\$ -

BLUE STAMP FRANCHISE COMPANY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Blue Stamp Franchise Company (the Company) is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

History and organization – Blue Stamp Franchise Company ("BSFC") was incorporated in Texas on October 26, 2012. The Company was organized for the purpose of franchising retail postal service stores that provide mailing, shipping and other related products and services under the proprietary marks "Postal Connections" (PC), "iSold It" (ISI) and "PC/ISI" (collectively, the "Brand") at approved locations, "PCA Stores".

Blue Stamp Franchise Company is engaged in the administration, development, operation, and licensing of businesses that operate postal outlets.

As of December 31, 2023, Blue Stamp had franchised, licensed and operated 39 Blue Stamp Franchise outlets in 14 states around Arizona, California, Delaware, Florida, Michigan, Nevada, New York, North Carolina, Oklahoma, Oregon, Pennsylvania, Virginia, Washington and Wisconsin.

Franchise operations are regulated by the Federal Trade Commission (FTC) and various state laws regulating the offer and sale of franchises. The FTC's franchise rule and various state laws require that the Company furnish a franchise disclosure document ("FDD") containing certain information to prospective franchisees. The Company must also complete franchise registration, pursuant to state law, in those states where franchises are planned to be sold.

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

Cash and cash equivalents – For purposes of reporting cash flows, cash includes amounts on hand and amounts on deposit at financial institutions. The Company defines cash equivalents as short-term, liquid investments with initial maturity of three months or less. Renewals are generally renewed at the same term. The Company had no cash equivalents as of December 31, 2023 and 2022.

Accounts receivable – Accounts receivable represent amounts due from franchisees. The Company considers accounts receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to bad debts when that determination is made.

At December 31, 2023 and 2022, accounts receivables totaled \$65,203 and \$66,973 respectively.

BLUE STAMP FRANCHISE COMPANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates – Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Intangibles – The Company accounts for intangible assets in accordance with generally accepted accounting principles. Under generally accepted accounting principles, intangible assets with estimated useful lives are amortized over their respective estimated useful life and periodically tested for impairment.

Goodwill – The Company accounts for goodwill in accordance with generally accepted accounting principles. Under generally accepted accounting principles, goodwill is not subject to amortization but is tested for impairment annually. For tax purposes, goodwill is amortized over a period of 15 years.

The Company evaluates the recoverability of identifiable intangible assets whenever events or changes in circumstances indicate that an intangible asset's carrying amount may not be recoverable. Such circumstances could include, but are not limited to, a significant decrease in market value of an asset, a significant adverse change to the extent or manner in which an asset is used, or an accumulation of costs significantly in excess of the amount originally expected for the acquisition of an asset. The Company measures the carrying amount of the asset against the estimated non-discounted future cash flows associated with it. Should the sum of the expected future cash flows be less than the carrying value of the assets evaluated, an impairment loss would be recognized. The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds its fair value. The fair value is measured on quoted market prices, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including the discounted value of estimated future cash flows. The evaluation of asset impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. There have been no impairment losses recorded as of December 31, 2023 and 2022.

Property and equipment – Property and equipment is stated at cost, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which is five years. Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewal are charged to expenses as incurred.

Advertising costs – The Company has the policy of expensing advertising costs as incurred. Advertising costs charged to expenses were \$69,168 and \$95,458 in 2023 and 2022, respectively.

BLUE STAMP FRANCHISE COMPANY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes – The Company has elected to be taxed as an S corporation under the provisions of federal and state tax codes. Under federal and most state laws, taxes based on income of S corporation are payable by the shareholders of the S corporation to the extent the shareholders are subject to income tax. Accordingly, no provision for current federal income taxes have been provided in the accompanying financial statements for the years ended December 31, 2023 and 2022. Some states may impose certain franchise taxes.

The Company's income tax filings are subject to examination by the appropriate tax jurisdictions. As of December 31, 2023, the Company's federal and state tax returns generally remain open for the last three years.

In accordance with generally accepted accounting principles, the Company accounts for uncertainty in income taxes by recognizing tax positions in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities.

As of December 31, 2023, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the years ended December 31, 2023 and 2022, no interest or penalties were incurred.

Revenue recognition

The Company adopted Topic 606 "Revenue from Contracts with Customers" for revenue recognition related to contracts with customers. Under the new guidance, revenue is recognized in accordance with a five step revenue model, as follows: (i) identifying the contract with the customer; (ii) identifying the performance obligations in the contract; (iii) determining the transaction price; (iv) allocating the transaction price to the performance obligations; and (v) recognizing revenue when (or as) the entity satisfies a performance obligation. In applying this five-step model, the Company made significant judgements in identifying the promised goods or services in their contracts with franchisees that are distinct, and which represent separate performance obligations, which is satisfied by providing a right to use our intellectual property over the estimated life of the franchise. The Company recognizes initial and renewal franchise fees as revenue on a straight-line basis over the life of the related franchise agreements and any exercised renewal periods.

BLUE STAMP FRANCHISE COMPANY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue – Revenue consists of sales of franchise, franchise royalties and fees, and other revenue and recognized as follows:

- **Franchise fees** – The Company collects initial franchise fees when franchise agreements are signed. The Company has determined that the initial franchise services are not distinct from the continuing franchise rights/license or services offered during the term of the franchise agreement and should be treated as a single performance obligation; therefore, initial franchise fees received from franchisees are recognized as revenue over the term of each respective franchise agreement, which is typically 10 years. Amounts recognized for franchise fees were \$26,545 and \$75,308 at December 31, 2023 and 2022, respectively.

The Company had deferred franchise fee revenue of \$219,413 and \$178,158 at December 31, 2023 and 2022, respectively. These amounts have been classified in the financial statements as current and non-current respectively.

- **Royalties** – The Company collects royalties from each retail franchise based upon a percentage of retail stores gross sales. The Company recognizes royalties as revenue when earned. The Company recognized \$420,286 and \$432,550 at December 31, 2023 and 2022, respectively.
- **Deferred commission fees** – The Company capitalizes incremental commission fees paid as a result of obtaining franchise agreement contracts. Capitalized commission fees are amortized over the term of the franchise agreement. Deferred commission fees at December 31, 2023 and 2022 were \$59,459 and \$48,317, respectively.
- **Franchise Marketing Ad Fund fee** – The Company bills and collects marketing fund fee from each retail franchise based upon a percentage of retail stores gross sales. A liability is recorded for the 1% of marketing fund fee billed to franchisees. The liability is offset when marketing fund expenditures are incurred. At December 31, 2023 and 2022, marketing ad fund fee liability totaled \$44,295 and \$5,414, respectively.
- **Other revenues** – The Company may receive compensation for assistance in development and construction of the store build-out. This compensation is distinct from franchise agreements, so upfront fees paid by franchisees for store build-out are recognized as revenue when earned. At December 31, 2023 and 2022, other revenues totaled \$14,442 and \$77,096, respectively.

BLUE STAMP FRANCHISE COMPANY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Contract Liabilities/Deferred Revenue – Contract liabilities consist primarily of deferred revenue resulting from initial and renewal franchise fees and area development agreement (“ADA”) fees paid by franchisees, which are generally recognized on a straight-line basis over the term of the underlying franchise agreement, and billed in advance of satisfaction of the Company’s performance obligation. The Company classifies these contract liabilities as deferred revenue in the balance sheets.

The following table reflects the change in contract liabilities between December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	\$ 178,158	\$ 204,716
Revenue recognized during the year	(26,545)	(76,958)
New deferred revenue during the year	67,800	50,400
Balance at end of year	<u>\$ 219,413</u>	<u>\$ 178,158</u>

The following table illustrates estimated deferred revenues expected to be recognized as future revenue which is being amortized over the term of the franchise agreement.

Future revenue to be recognized in:	<u>Amount</u>
2024	\$ 32,863
2025	32,863
2026	32,863
2027	32,863
2028	33,980
Thereafter	53,981
Total	<u>\$ 219,413</u>

NOTE 2 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Substantially all of the Company’s current assets and liabilities are considered financial instruments. These assets and liabilities are reflected at fair value, or at carrying value that approximate fair value because of the short term nature of the instrument. The recorded value of these financial instruments approximated fair value at December 31, 2023 and 2022.

BLUE STAMP FRANCHISE COMPANY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 3 – ACCOUNTS PAYABLE

The Company has payment terms with its various vendors and accordingly, records trade payables as those liabilities are incurred. At December 31, 2023 and 2022, the Company had recorded accounts payable totaling \$19,496 and \$13,433, respectively.

NOTE 4 – CREDIT CARDS PAYABLE

The Company has credit cards with a total limit of \$56,800 and an outstanding balance of \$7,484 and \$3,466 at December 31, 2023 and 2022, respectively. Based on the card usage and outstanding balance, a finance charge is charged to the Company. The finance charge is expensed when incurred.

NOTE 5 – STORE BUILDOUT RESERVE

Store build-out reserve consist of funds received from franchisees and set aside for store construction, equipment installation, and other items needed to open and operate franchised stores. The Company provides assistance in the development and construction of store build-outs and as such may receive compensation in exchange for these services. The store construction, equipment installation, store build-out and inventory costs will be deposited into an account arranged by Franchisee and Franchisor. The store construction, equipment installation, store build-out and inventory costs will be paid from this account according to usual and customary practices in the area where the PC Store is located. At December 31, 2023 and 2022, store build-out reserve totaled \$23,891 and \$18,150, respectively.

NOTE 6 – RELATED PARTY TRANSACTIONS

During the year, the Company had transactions with related parties. These transactions include the following:

- **Due from affiliate** - From time to time and in the normal course of business, the Company advanced funds to a related company. These advances are unsecured, non-interest bearing and due on demand. At December 31, 2023 and 2022, due from affiliate totaled \$3,240 and \$-0, respectively.
- **Management fees** – The Company paid for a management fee to direct and oversee the Company's operations and provide personnel services. At December 31, 2023 and 2022 management fees totaled \$133,684 and \$146,230, respectively, and were paid to a related party owned by two of the stockholders.

NOTE 7 – COMMON STOCK

At December 31, 2023 and 2022, the Company has authorized, issued, and outstanding 200 shares of common stock no par value.

BLUE STAMP FRANCHISE COMPANY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 8 – FRANCHISING

In general, the Company updates and/or revises franchise agreements on an annual basis and, as a result, the agreements with individual franchisees may vary. Currently, the franchise agreement provides that franchisees must pay the initial franchise fee, which may be up to \$33,900 for a single franchised outlet or PC store. If a franchise has entered into a multi-outlet agreement, the franchise fee is \$13,900 for the second store and \$10,900 for the third or subsequent store.

Under the current standard franchise agreement, each franchisee is required to pay a royalty of 4% of their gross volume. Each outlet also contributes 2% of gross volume up to a maximum of \$175 to fund national, regional or local, system-wide advertising campaigns. These funds are managed by the Company and are primarily used to create advertising content and purchase digital and television advertising on a national level. The franchise agreement also requires franchisees to spend at least 5% of its monthly gross volume on local advertising and promotions.

Franchisees are generally granted the right to operate a PC store in a particular location, typically providing for a 10-year initial term, with an opportunity to enter into one or more renewal franchise agreements subject to certain conditions; such as a renewal fee of \$5,000. The Company recognizes renewal fees in income on a straight-line basis over the life of the franchise agreement when a renewal agreement becomes effective.

NOTE 9 – SUBSEQUENT EVENTS

Date of management review – The Company has evaluated subsequent events through April 12, 2024, the date of which the financial statements were available to be issued. Through that date, management has determined that the Company did not have any material recognizable or non-recognizable subsequent events.



CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To Whom It May Concern:

We consent to the inclusion in the Franchise Disclosure Document issued by Blue Stamp Franchise Company ("Franchisor") on April 12, 2024 as it may be amended, of our report dated April 12, 2024, relating to the financial statements of Franchisor for the years ended December 31, 2023 and 2022.

Fountain Valley, California
April 12, 2024

BLUE STAMP FRANCHISE COMPANY



Independent Auditor's Report and
Financial Statements

December 31, 2022 and 2021



BLUE STAMP FRANCHISE COMPANY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Blue Stamp Franchise Company

Opinion

We have audited the accompanying financial statements of Blue Stamp Franchise Company (a Texas Limited Liability Company) (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Blue Stamp Franchise Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

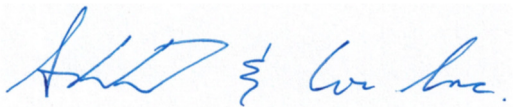
Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

A handwritten signature in blue ink, appearing to read "A. D. & Co. Inc.", is written over a light blue horizontal line.

Fountain Valley, California
June 5, 2023

BLUE STAMP FRANCHISE COMPANY

Balance Sheets

December 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash	\$ 172,624	\$ 93,430
Accounts receivable	66,973	66,220
Store buildout receivable	-	47,533
Franchise ad funds receivable	-	8,923
Prepaid expenses	900	-
Due from affiliate	-	4,316
Total current assets	240,497	220,422
Property and equipment:		
Furniture and fixtures	2,500	2,500
Office equipment	8,957	8,957
Less: Accumulated depreciation	(11,457)	(11,457)
Total property and equipment	-	-
Other assets		
Goodwill	373,551	373,551
Deferred commission fees, net of amortization	48,317	54,187
Total other assets	421,868	427,738
TOTAL ASSETS	\$ 662,365	\$ 648,160

BLUE STAMP FRANCHISE COMPANY

Balance Sheets

December 31, 2022 and 2021

	2022	2021
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 13,433	\$ 68,603
Credit cards payable	3,466	1,547
Due to stockholders	-	12,407
Deferred revenue, current	27,733	22,903
Store buildout reserve	18,150	-
Franchise ad funds	5,414	-
Total current liabilities	68,196	105,460
Long-term liabilities:		
Deferred revenue, non-current	150,425	181,813
Total long-term liabilities	150,425	181,813
TOTAL LIABILITIES	218,621	287,273
Stockholders' Equity		
Common stock, no par value		
Authorized - 1,500 shares		
Issued and outstanding - 200 shares	2,000	2,000
Additional paid-in capital	226,206	226,206
Retained earnings	215,538	132,681
Total stockholders' equity	443,744	360,887
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 662,365	\$ 648,160

BLUE STAMP FRANCHISE COMPANY

Statements of Income

For the Years Ended December 31, 2022 and 2021

	2022	2021
REVENUES		
Franchise fees	\$ 75,308	\$ 46,675
Royalties	432,550	467,457
Transfer fees	1,650	-
Other revenues	77,096	123,171
Total revenues	586,604	637,303
Operating expenses:		
Management expenses	146,230	147,888
Advertising/marketing expenses	95,458	103,665
Legal and professional fees	45,251	31,890
Consulting expenses	39,824	48,263
Travel, meals and entertainment	32,307	25,485
Office expenses	20,220	13,228
Automobile expenses	19,331	20,714
Training expenses	8,528	-
Commissions	5,869	625
Telephone expenses	4,535	6,619
Taxes and licenses	3,475	2,750
Postage and delivery	2,974	4,975
Online service/development	2,089	-
Dues and subscriptions	915	13,019
Bank service charges	666	869
Depreciation and amortization	-	10,957
Total operating expenses	427,672	430,947
Income before taxes	158,932	206,356
Other income (expenses)		
Interest expense	(475)	(1,547)
Total other income (expenses)	(475)	(1,547)
Total income before income taxes	158,457	204,809
Provision for State income taxes	-	-
NET INCOME	\$ 158,457	\$ 204,809

BLUE STAMP FRANCHISE COMPANY

Statements of Changes in Stockholders' Equity

For the Years Ended December 31, 2022 and 2021

	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Stockholders' Equity
Balance at December 31, 2020	\$ 2,000	\$ 226,206	\$ (16,528)	\$ 211,678
Shareholder Distributions	-	-	(55,600)	(55,600)
Net income	-	-	204,809	204,809
Balance at December 31, 2021	2,000	226,206	132,681	360,887
Shareholder Distributions	-	-	(75,600)	(75,600)
Net income	-	-	158,457	158,457
Balance at December 31, 2022	\$ 2,000	\$ 226,206	\$ 215,538	\$ 443,744

BLUE STAMP FRANCHISE COMPANY

Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 158,457	\$ 204,809
Adjustments to reconcile net income to net cash provided by (used for) operations:		
Depreciation and amortization	-	511
(Increase) decrease in:		
Accounts receivable	(753)	14,173
Deferred commission fees	5,870	(8,199)
Store buildout receivable	47,533	(47,533)
Franchise ad funds receivable	8,923	(8,923)
Prepaid expenses	(900)	-
Due from affiliate	4,316	(4,316)
Increase (decrease) in:		
Accounts payable	(55,170)	36,172
Credit card payable	1,919	(6,389)
Deferred revenue	(26,558)	(5,277)
Due to stockholders	(12,407)	(628)
Store buildout reserve	18,150	(49,318)
Franchise ad funds	5,414	(17,426)
Net cash provided (used) by operating activities	154,794	107,656
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) of line of credit	-	(33,404)
Shareholders' distributions	(75,600)	(55,600)
Net cash provided (used) by financing activities	(75,600)	(89,004)
NET INCREASE (DECREASE) IN CASH	79,194	18,652
CASH - beginning of year	93,430	74,778
CASH - end of year	\$ 172,624	\$ 93,430
SUPPLEMENTAL INFORMATION		
Cash paid for interest	\$ 475	\$ 1,547
Cash paid for taxes	\$ -	\$ -

BLUE STAMP FRANCHISE COMPANY

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Blue Stamp Franchise Company (the Company) is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

History and organization – Blue Stamp Franchise Company ("BSFC") was incorporated in Texas on October 26, 2012. The Company was organized for the purpose of franchising retail postal service stores that provide mailing, shipping and other related products and services under the proprietary marks "Postal Connections" (PC), "iSold It" (ISI) and "PC/ISI" (collectively, the "Brand") at approved locations, "PCA Stores".

Blue Stamp Franchise Company is engaged in the administration, development, operation, and licensing of businesses that operate postal outlets.

As of December 31, 2022, Blue Stamp had franchised, licensed and operated 40 Blue Stamp Franchise outlets in 14 states around Arizona, California, Delaware, Florida, Michigan, Nevada, New York, North Carolina, Oklahoma, Oregon, Pennsylvania, Virginia, Washington and Wisconsin.

Franchise operations are regulated by the Federal Trade Commission (FTC) and various state laws regulating the offer and sale of franchises. The FTC's franchise rule and various state laws require that the Company furnish a franchise disclosure document ("FDD") containing certain information to prospective franchisees. The Company must also complete franchise registration, pursuant to state law, in those states where franchises are planned to be sold.

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

Cash and cash equivalents – For purposes of reporting cash flows, cash includes amounts on hand and amounts on deposit at financial institutions. The Company defines cash equivalents as short-term, liquid investments with initial maturity of three months or less. Renewals are generally renewed at the same term. The Company had no cash equivalents as of December 31, 2022 and 2021.

Accounts receivable – Accounts receivable represent amounts due from franchisees. The Company considers accounts receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to bad debts when that determination is made.

At December 31, 2022 and 2021, accounts receivables totaled \$66,973 and \$66,220 respectively.

BLUE STAMP FRANCHISE COMPANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates – Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Intangibles – The Company accounts for intangible assets in accordance with generally accepted accounting principles. Under generally accepted accounting principles, intangible assets with estimated useful lives are amortized over their respective estimated useful life and periodically tested for impairment.

Goodwill – The Company accounts for goodwill in accordance with generally accepted accounting principles. Under generally accepted accounting principles, goodwill is not subject to amortization but is tested for impairment annually. For tax purposes, goodwill is amortized over a period of 15 years.

The Company evaluates the recoverability of identifiable intangible assets whenever events or changes in circumstances indicate that an intangible asset's carrying amount may not be recoverable. Such circumstances could include, but are not limited to, a significant decrease in market value of an asset, a significant adverse change to the extent or manner in which an asset is used, or an accumulation of costs significantly in excess of the amount originally expected for the acquisition of an asset. The Company measures the carrying amount of the asset against the estimated non-discounted future cash flows associated with it. Should the sum of the expected future cash flows be less than the carrying value of the assets evaluated, an impairment loss would be recognized. The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds its fair value. The fair value is measured on quoted market prices, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including the discounted value of estimated future cash flows. The evaluation of asset impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. There have been no impairment losses recorded as of December 31, 2022 and 2021.

Property and equipment – Property and equipment is stated at cost, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which is five years. Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewal are charged to expenses as incurred.

Advertising costs – The Company has the policy of expensing advertising costs as incurred. Advertising costs charged to expenses were \$95,458 and \$103,665 in 2022 and 2021, respectively.

BLUE STAMP FRANCHISE COMPANY

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes – The Company has elected to be taxed as an S corporation under the provisions of federal and state tax codes. Under federal and most state laws, taxes based on income of S corporation are payable by the shareholders of the S corporation to the extent the shareholders are subject to income tax. Accordingly, no provision for current federal income taxes have been provided in the accompanying financial statements for the years ended December 31, 2022 and 2021. Some states may impose certain franchise taxes.

The Company's income tax filings are subject to examination by the appropriate tax jurisdictions. As of December 31, 2022, the Company's federal and state tax returns generally remain open for the last three years.

In accordance with generally accepted accounting principles, the Company accounts for uncertainty in income taxes by recognizing tax positions in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities.

As of December 31, 2022, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the years ended December 31, 2022 and 2021, no interest or penalties were incurred.

Revenue recognition

The Company adopted Topic 606 "Revenue from Contracts with Customers" for revenue recognition related to contracts with customers. Under the new guidance, revenue is recognized in accordance with a five step revenue model, as follows: (i) identifying the contract with the customer; (ii) identifying the performance obligations in the contract; (iii) determining the transaction price; (iv) allocating the transaction price to the performance obligations; and (v) recognizing revenue when (or as) the entity satisfies a performance obligation. In applying this five-step model, the Company made significant judgements in identifying the promised goods or services in their contracts with franchisees that are distinct, and which represent separate performance obligations, which is satisfied by providing a right to use our intellectual property over the estimated life of the franchise. The Company recognizes initial and renewal franchise fees as revenue on a straight-line basis over the life of the related franchise agreements and any exercised renewal periods.

BLUE STAMP FRANCHISE COMPANY

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue – Revenue consists of sales of franchise, franchise royalties and fees, and other revenue and recognized as follows:

- **Franchise fees** – The Company collects initial franchise fees when franchise agreements are signed. The Company has determined that the initial franchise services are not distinct from the continuing franchise rights/license or services offered during the term of the franchise agreement and should be treated as a single performance obligation; therefore, initial franchise fees received from franchisees are recognized as revenue over the term of each respective franchise agreement, which is typically 10 years. Amounts recognized for franchise fees were \$75,308 and \$46,675 at December 31, 2022 and 2021, respectively.

The Company had deferred franchise fee revenue of \$178,158 and \$204,716 at December 31, 2022 and 2021, respectively. These amounts have been classified in the financial statements as current and non-current respectively.

- **Royalties** – The Company collects royalties from each retail franchise based upon a percentage of retail stores gross sales. The Company recognizes royalties as revenue when earned. The Company recognized \$432,550 and \$467,457 at December 31, 2022 and 2021, respectively.
- **Deferred commission fees** – The Company capitalizes incremental commission fees paid as a result of obtaining franchise agreement contracts. Capitalized commission fees are amortized over the term of the franchise agreement. Deferred commission fees at December 31, 2022 and 2021 were \$48,317 and \$54,187, respectively.
- **Marketing Ad Fund fee** – The Company bills and collects marketing fund fee from each retail franchise based upon a percentage of retail stores gross sales. A liability is recorded for the 1% of marketing fund fee billed to franchisees. The liability is offset when marketing fund expenditures are incurred. At December 31, 2022 and 2021, marketing ad fund fee liability totaled \$5,414 and \$-0, respectively.
- **Franchise Ad Fund receivable** – The Company bills and collects marketing fund fee from each retail franchise based upon a percentage of retail stores gross sales. At December 31, 2022 and 2021, franchise ad fund receivable totaled \$-0 and \$8,923, respectively.
- **Other revenues** – The Company may receive compensation for assistance in development and construction of the store build-out. This compensation is distinct from franchise agreements, so upfront fees paid by franchisees for store build-out are recognized as revenue when earned. At December 31, 2022 and 2021, other revenues totaled \$77,096 and \$123,171, respectively.

BLUE STAMP FRANCHISE COMPANY

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Contract Liabilities/Deferred Revenue – Contract liabilities consist primarily of deferred revenue resulting from initial and renewal franchise fees and area development agreement (“ADA”) fees paid by franchisees, which are generally recognized on a straight-line basis over the term of the underlying franchise agreement, and billed in advance of satisfaction of the Company’s performance obligation. The Company classifies these contract liabilities as deferred revenue in the balance sheets.

The following table reflects the change in contract liabilities between December 31, 2022 and 2021:

	2022	2021
Balance at beginning of year	\$ 204,716	\$ 209,994
Revenue recognized during the year	(76,958)	(46,676)
New deferred revenue during the year	50,400	41,398
Balance at end of year	<u>\$ 178,158</u>	<u>\$ 204,716</u>

The following table illustrates estimated deferred revenues expected to be recognized as future revenue which is being amortized over the term of the franchise agreement.

Future revenue to be recognized in:	Amount
2023	\$ 26,083
2024	26,083
2025	26,083
2026	26,083
2027	26,083
Thereafter	47,743
Total	<u>\$ 178,158</u>

NOTE 2 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Substantially all of the Company’s current assets and liabilities are considered financial instruments. These assets and liabilities are reflected at fair value, or at carrying value that approximate fair value because of the short term nature of the instrument. The recorded value of these financial instruments approximated fair value at December 31, 2022 and 2021.

NOTE 3 – ACCOUNTS PAYABLE

The Company has payment terms with its various vendors and accordingly, records trade payables as those liabilities are incurred. At December 31, 2022 and 2021, the Company had recorded accounts payable totaling \$13,433 and \$68,603, respectively.

BLUE STAMP FRANCHISE COMPANY

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 4 – CREDIT CARDS PAYABLE

The Company has credit cards with a total limit of \$56,800 and an outstanding balance of \$3,466 and \$1,547 at December 31, 2022 and 2021, respectively. Based on the card usage and outstanding balance, a finance charge is charged to the Company. The finance charge is expensed when incurred.

NOTE 5 – STORE BUILDOUT RESERVE

Store build-out reserve consist of funds received from franchisees and set aside for store construction, equipment installation, and other items needed to open and operate franchised stores. The Company provides assistance in the development and construction of store build-outs and as such may receive compensation in exchange for these services. The store construction, equipment installation, store build-out and inventory costs will be deposited into an account arranged by Franchisee and Franchisor. The store construction, equipment installation, store build-out and inventory costs will be paid from this account according to usual and customary practices in the area where the PC Store is located. At December 31, 2022 and 2021, store build-out reserve totaled \$18,150 and \$-0, respectively.

NOTE 6 – RELATED PARTY TRANSACTIONS

During the year, the Company had transactions with related parties. These transactions include the following:

- **Due to stockholders** - The Company's stockholders advanced funds to the Company from time to time to help pay operating costs. The due to stockholders balance was \$-0 and \$12,407 at December 31, 2022 and 2021, respectively. The advances are unsecured, non-interest bearing and are due on demand.
- **Management fees** - The Company paid for a management fee to direct and oversee the Company's operations and provide personnel services. At December 31, 2022 and 2021 management fees totaled \$146,230 and \$147,888, respectively, and were paid to a related party owned by two of the stockholders.

NOTE 7 – COMMON STOCK

At December 31, 2022 and 2021, the Company has authorized, issued, and outstanding 200 shares of common stock no par value.

BLUE STAMP FRANCHISE COMPANY

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 8 – FRANCHISING

In general, the Company updates and/or revises franchise agreements on an annual basis and, as a result, the agreements with individual franchisees may vary. Currently, the franchise agreement provides that franchisees must pay the initial franchise fee, which may be up to \$31,900 for a single franchised outlet or PC store. If a franchise has entered into a multi-outlet agreement, the franchisee fee is \$12,900 for the second store and \$10,900 for the third or subsequent store.

Under the current standard franchise agreement, each franchisee is required to pay a royalty of 4% of their gross volume. Each outlet also contributes 2% of gross volume up to a maximum of \$175 to fund national, regional or local, system-wide advertising campaigns. These funds are managed by the Company and are primarily used to create advertising content and purchase digital and television advertising on a national level. The franchise agreement also requires franchisees to spend at least 5% of its monthly gross volume on local advertising and promotions.

Franchisees are generally granted the right to operate a PC store in a particular location, typically providing for a 10-year initial term, with an opportunity to enter into one or more renewal franchise agreements subject to certain conditions; such as a renewal fee of \$5,000. The Company recognizes renewal fees in income on a straight-line basis over the life of the franchise agreement when a renewal agreement becomes effective.

NOTE 9 – SUBSEQUENT EVENTS

Date of management review – The Company has evaluated subsequent events through June 5, 2023, the date of which the financial statements were available to be issued. Through that date, management has determined that the Company did not have any material recognizable or non-recognizable subsequent events.



CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To Whom It May Concern:

We consent to the inclusion in the Franchise Disclosure Document issued by Blue Stamp Franchise Company ("Franchisor") on June 5, 2023 as it may be amended, of our report dated June 5, 2023, relating to the financial statements of Franchisor for the years ended December 31, 2022 and 2021.

A handwritten signature in blue ink, appearing to read 'A. Schild & Co. Inc.', is written over a light blue rectangular background.

Fountain Valley, California
June 5, 2023

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.

Blue Stamp Franchise Company

Balance Sheet

As of March 31, 2024

	Mar 31, 24
ASSETS	
Current Assets	
Checking/Savings	
1045 · Texaxs Republic Bank 3714-OP	41,834.35
1055 · Texas Republic Bank 3722-AD	37,179.51
1065 · Texas Republic Bank-6558	27,728.56
Total Checking/Savings	106,742.42
Accounts Receivable	
1100 · Royalty Accounts Receivable-BS	28,184.66
1130 · Ad Fund Receivable	7,069.06
Total Accounts Receivable	35,253.72
Other Current Assets	
1405 · Due From Ad Account	236.62
1410 · Due From Franconxtions	2,508.58
Total Other Current Assets	2,745.20
Total Current Assets	144,741.34
Fixed Assets	
1500 · Furniture & Fixtures	2,500.00
1501 · A/D Furniture & Fixtures	-2,500.00
1520 · Office Equipment	8,957.21
1521 · A/D Office Equipment	-8,957.21
Total Fixed Assets	0.00
Other Assets	
1800 · Goodwill	373,550.69
1826 · Deferred Commission	56,445.47
Total Other Assets	429,996.16
TOTAL ASSETS	574,737.50
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable - Operating	16,785.12
2010 · Accounts Payable - Ad Fund	12,636.00
Total Accounts Payable	29,421.12
Credit Cards	
2055 · Amex 71004	304.51
2058 · Wells Fargo 9918	301.44
Total Credit Cards	605.95
Other Current Liabilities	
2030 · Franchsee Ad Funds - Blue Stamp	49,643.80
2035 · Ad Fund Due From Operating	5,049.02
2100 · Store Buildout Reserve	
2100-51 · Store 251 Expensee Payable	14,328.74
Total 2100 · Store Buildout Reserve	14,328.74

12:38 PM

05/08/24

Accrual Basis

Blue Stamp Franchise Company

Balance Sheet

As of March 31, 2024

	Mar 31, 24
2150 · Digital Monitor Reimbursement	-347.80
2300 · Deferred Franchise Fees	166,153.20
2301 · Deferred Transfer Fees	33,295.82
Total Other Current Liabilities	268,122.78
Total Current Liabilities	298,149.85
Total Liabilities	298,149.85
Equity	
3010 · Common Stock	2,000.00
3020 · Additional Paid in Capital	226,206.25
3030 · Shareholder Distributions	
3031 · Distributions - Morache	-7,950.00
3032 · Distributions - Thompson	-7,950.00
Total 3030 · Shareholder Distributions	-15,900.00
3100 · Retained Earnings	41,880.59
Net Income	22,400.81
Total Equity	276,587.65
TOTAL LIABILITIES & EQUITY	574,737.50

Blue Stamp Franchise Company

Statement of Income and Expenses

January through March 2024

	Jan - Mar 24
Ordinary Income/Expense	
Income	
4000 · Franchise Fees	33,900.00
4200 · Royalties Blue Stamp	95,191.69
4300 · Buildout Revenue	23,891.44
Total Income	152,983.13
Gross Profit	152,983.13
Expense	
6000 · Accounting Expense	12,800.00
6020 · Advertising Expense	11,804.09
6021 · Advertising Store Monitor Expen	-1,290.59
6030 · Auto Expense	3,900.00
6050 · Bank Service Charges	182.70
6070 · Conference Expenses	38.44
6080 · Consulting Expense	
6081 · Software Development	35,253.01
Total 6080 · Consulting Expense	35,253.01
6100 · Dues & Subscriptions	16.20
6160 · Internet Fees	734.95
6200 · Legal Fees	2,540.00
6210 · Management Expenses	45,000.00
6220 · Meals	1,611.64
6240 · Miscellaneous Expense	203.27
6260 · Office Expense	7,609.04
6280 · Office Supplies	332.18
6290 · Online Service/Development	231.00
6320 · Postage & Shipping	300.89
6400 · Telephone Expense	1,184.65
6420 · Travel Expenses	4,941.22
7000 · Interest Expense	236.52
Total Expense	127,629.21
Net Ordinary Income	25,353.92
Other Income/Expense	
Other Income	
8000 · Interest Income	65.64
Total Other Income	65.64
Other Expense	
Ask Client	3,018.75
Total Other Expense	3,018.75
Net Other Income	-2,953.11
Net Income	22,400.81

POSTAL CONNECTIONS - iSOLD IT

LIST OF FRANCHISE OUTLETS

LIST OF FRANCHISE OUTLETS

The following are the franchised PC/ISI Stores and @Home Location that were open and operating on December 31, 2023:

STATE	CONTACT NAME	ADDRESS	PHONE NO.
ARIZONA	Starlene Hadsall	4825 Highway 95, Ste. 5, Fort Mohave, AZ 86426	928-763-5501
	Kevin & Kathy Dorer	2473 S. Higley Rd., Ste. 104, Gilbert, AZ 85297	480-840-3511
	Chuck & Sherry Hudson	16700 N. 51st Ave., Ste. 1, Glendale, AZ 85306	602-324-5500
CALIFORNIA	Curtis Hamill	1120 Commerce Ave., Atwater, CA 95301	209-356-0557
	Kris Chinnock	731 E. Yosemite Ave., Ste. B, Merced, CA 95340	209-388-9386
	Justin Lai	1700 McHenry Ave., Ste. 65B, Modesto, CA 95350	209-577-0914
	Justin Lai	3430 Tully Rd., Ste. 20, Modesto, CA 95350	209-529-3581
	Hal Sonifin	1106 E. Colorado Ave., Pasadena, CA 91106	626-584-0844
	Sean Correa, Deborah Hass	4231 Balboa Ave., San Diego, CA 92117	858-483-1909
	Don Kim	14938 Camden Ave., San Jose, CA 95124	408-879-9080
DELAWARE	Jonnie Scobell	7209 Lancaster Pike, Ste. 4, Hockessin, DE 19707	302-239-1129
	Josh Heisler	192 Bear Christiana Rd., Bear, DE 19701	302-266-1581
FLORIDA	James Garcia	1275 US Highway 1, Ste. 2, Vero Beach, FL 32960	772-778-4241
	Bhavin & Shraddha Patel	8530 N. Wickham Rd., Ste. 112, Melbourne, FL 32940	321-733-5601
IDAHO	Ron and Peggy Bishop	10673 W. Hazel Lake Rd., Boise ID 83709	208-562-1566
ILLINOIS ¹	Amy Vandermolen	579 S. Fairview Ave., Elmhurst, IL 60162	708-562-7653
INDIANA	Bryant Scott	7226 E. 87th St., Ste. F, Indianapolis, IN 46256	317-578-0800
MICHIGAN	Mark & Cherie Smith	800 S. US 27, Ste. 8, Saint Johns, MI 48879	989-224-0000
	Nicole Kempton	5757 Red Arrow Hwy., Stevensville, MI 49127	269-556-0186
NEVADA	Joseph Hughes	3053 W. Craig Rd., Ste. E, North Las Vegas, NV 89032	702-791-5566
NEW YORK	Eugene & Kathy LaColla	1365 N. Railway Ave., Staten Island, NY 10306	718-980-2000
NORTH CAROLINA	Dwaine Solwes	1183 University Dr., Ste. 105, Burlington, NC 27215	336-584-4405
OKLAHOMA	Robert & Connie Perry	9524 E. 81st St., Ste. B, Tulsa, OK 74133	918-254-0240
OREGON	Pete Pierce	2532 Santiam Hwy. S.E., Albany, OR 97322	541-791-2288
	Pete Pierce	2660 N.E. Highway 20, Ste. 610, Bend, OR 97701	541-382-1800
	Andrew & Allison Cogen	61149 S. Highway 97, Bend, OR 97702	541-389-5600
	Tom & Joyce Jones	915 S.W. Rimrock Way, Ste. 201, Redmond, OR 97756	541-504-2340
	Kurt Christensen	345 Westfield St., Silverton, OR 97381	503-873-7678
	Don & Sue Harteloo	1740 Shaff Rd., Stayton, OR 97383	503-767-7447
	Richard & Megan Parker	56880 Venture Ln., Ste. 104N, Sunriver, OR 97707	458-836-7404
PENNSYLVANIA	Jim & Elizabeth Bowe	848 E. Main St., Ste. 800, Ephrata, PA 17522	717-466-2323
	Jim & Elizabeth Bowe	1653 Lititz Pike, Lancaster, PA 17601	717-399-9076

STATE	CONTACT NAME	ADDRESS	PHONE NO.
PENNSYLVANIA	Forrest Brackbill	5231 Simpson Ferry Rd., Mechanicsburg, PA 17050	717-766-0335
	Jim & Elizabeth Bowe	3151 Cape Horn Rd., Red Lion, PA 17356	717-246-3570
	Michael & Wes Anderson	211 Pauline Dr., York, PA 17402	717-891-0058
VIRGINIA	Vanita & Neil Kumar	19309 Winmeade Dr., Lansdowne, VA 20176	571-333-5140
WASHINGTON	Tom & Cherie McNabb	512 N.E. 81st St., Ste. F, Vancouver, WA 98665	360-546-2310
WISCONSIN	Brent Kyzer-McHenry	200 E. Verona Ave., Verona, WI 53593	608-845-1430

1. This is an @Home Location.

As of December 31, 2023, no franchisee had signed a Franchise Agreement for a PC/ISI Store or an @Home Location but had not yet opened and begun operating.

POSTAL CONNECTIONS - iSOLD IT

LIST OF TERMINATED FRANCHISES

LIST OF TERMINATED FRANCHISES

In 2023, the following franchises were terminated, canceled or not renewed, or otherwise voluntarily or involuntarily ceased to do business under their franchise agreements:

STATE	CONTACT NAME	CITY	LAST KNOWN TELEPHONE NUMBER	<u>REASON FOR LEAVING</u>
CALIFORNIA	Marvin Sulaiman	San Diego	619-952-9900	Terminated by mutual agreement
OREGON	Ken & Lee Kennedy	Bend	541-797-0017	Terminated by mutual agreement

No PC/ISI Store or @Home Location franchisee has failed to communicate with the franchisor within the 10 weeks ending on the date of this franchise disclosure document.

POSTAL CONNECTIONS - iSOLD IT

**STATE FRANCHISE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

EXHIBIT E

STATE FRANCHISE ADMINISTRATORS

We intend to register this disclosure document as a franchise in some of or all the following states, in accordance with applicable state law. The following are the state administrators responsible for the review, registration and oversight of franchises in these states:

California:

Commissioner of Financial Protection and Innovation,
Dept. of Financial Protection and Innovation
2101 Arena Blvd.
Sacramento, CA 95834
(866) 275-2677

Hawaii:

Business Registration Division
Dept. of Commerce and Consumer Affairs
335 Merchant St., Rm. 203
Honolulu, HI 96813
(808) 586-2722

Illinois:

Office of the Attorney General
500 S. 2nd St.
Springfield, IL 62701
(217) 782-4465

Indiana:

Franchise Section
Securities Division
302 W. Washington St., Rm. E111
Indianapolis, IN 46204
(317) 232-6681

Maryland:

Office of the Attorney General
Securities Division
200 Saint Paul Pl.
Baltimore, MD 21202
(410) 576-6360

Michigan:

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Bldg., 1st Flr.
525 W. Ottawa St.
Lansing, MI 48933
(517) 373-7117

Minnesota:

Department of Commerce
85 7th Pl. E., Ste. 280
Saint Paul, MN 55101
(651) 539-1600

New York:

NYS Department of Law
Investor Protection Bureau
28 Liberty St., 21st Fl.
New York, NY 10005
(212) 416-8222

North Dakota:

Franchise Examiner
North Dakota Securities Department
600 E. Boulevard Ave.
State Capitol - 5th. Flr., Dept. 414
Bismarck, ND 58505
(701) 328-4712

Rhode Island:

Securities Division
Dept. of Business Regulation
1511 Pontiac Ave., Bldg. 69-1
Cranston, RI 02920
(401) 462-9527

South Dakota:

Division of Insurance
Securities Regulation
124 S. Euclid Ave., Ste. 104
Pierre, SD 57501
(605) 773-3563

Virginia:

State Corporation Commission
Div. of Securities & Retail Franchising
1300 E. Main St., 9th Flr.
Richmond, VA 23219
(804) 371-9051

Washington:

Administrator
Dept. of Financial Institutions
Securities Division
150 Israel Rd. SW
Tumwater, WA 98501
(360) 902-8760

Wisconsin:

Franchise Administrator
Division of Securities
345 W. Washington Ave.
Madison, WI 53703
(608) 266-8557

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a franchise in some of or all the following states, in accordance with applicable state law. If we register the franchise (or otherwise comply with the franchise investment laws) in any of these states, we will designate the following state offices or officials as our agents for service of process in those states:

California:

Commissioner of Financial Protection and
Innovation,
Dept. of Financial Protection and Innovation
2101 Arena Blvd.
Sacramento, CA 95834
(866) 275-2677

Hawaii:

Hawaii Commissioner of Securities,
Dept. of Commerce and Consumer
Affairs, Business Registration Div.
335 Merchant St., Rm. 205
Honolulu, HI 96813
(808) 586-2744

Illinois:

Illinois Attorney General
500 S. 2nd St.
Springfield, IL 62701
(217) 782-4465

Indiana:

Indiana Secretary of State
200 W. Washington St., Rm. 201
Indianapolis, IN 46204
(317) 232-6681

Maryland:

Maryland Securities Commissioner
200 Saint Paul Pl.
Baltimore, MD 21202
(410) 576-6360

Michigan:

Michigan Corporation & Securities Bureau
Department of Commerce
6546 Mercantile Way
Lansing, MI 48911
(517) 373-7117

Minnesota:

Minnesota Commissioner of Commerce
85 7th Pl. E., Ste. 500
Saint Paul, MN 55101
(651) 539-1600

New York:

Secretary of State
99 Washington Ave.
Albany, NY 12231
(518) 473-2492

North Dakota:

North Dakota Securities Commissioner
600 E. Boulevard Ave., 5th. Flr.
Bismarck, ND 58505
(701) 328-4712

Rhode Island:

Director
Rhode Island Dept. of Business Regulations
1511 Pontiac Ave., Bldg. 69-1
Cranston, RI 02920
(401) 462-9527

South Dakota:

Division of Insurance
Securities Regulation
124 S. Euclid Ave., Ste. 104
Pierre, SD 57501
(605) 773-3563

Virginia:

Clerk
Virginia State Corporation Commission
1300 E. Main St., 1st Flr.
Richmond, VA 23219
(804) 371-9733

Washington:

Dept. of Financial Institutions
Securities Division – 3rd Flr.
150 Israel Rd. SW
Tumwater, WA 98501
(360) 902-8760

Wisconsin:

Administrator
Wisconsin Division of Securities
345 W. Washington Ave.
Madison, WI 53703
(608) 261-9555

POSTAL CONNECTIONS - iSOLD IT

STATE SPECIFIC ADDENDA

CALIFORNIA

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT FOR CALIFORNIA FRANCHISEES

1. California Business and Professions Code sections 20000 through 20043 (the "Act") provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the Act, the Act 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. §101 *et seq.*)

3. The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

4. The agreements contain a liquidated damage clause, under Civil Code, Section 1671, certain liquidated damage clauses are enforceable.

5. The Franchise Agreement requires binding arbitration. The arbitration will occur in San Diego County, California with the costs being borne equally by both parties. 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 provision of a franchise agreement that restricts venue to a forum outside of California.

6. 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.

7. Section 31125 of the California Corporations Code requires the franchisor to give you a disclosure document, in a form and containing information that the Commissioner of Financial Protection and Innovation may by rule or order require, before solicitation of a proposed material modification of an existing franchise.

8. The Franchise Agreement requires you to execute a general release of claims upon transfer of the Franchise Agreement. California Corporations Code section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (Corporations Code §§31000-31516). Business and Professions Code section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000-20043).

9. Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

10. Neither the franchisor, nor any person or franchise broker listed 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. §78A *et seq.*), suspending or expelling these persons from membership in such association or exchange.

11. The financial performance representations do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees (or former franchisees) listed in the disclosure document may be one source of this information.

12. The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

13. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

14. Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

15. Under California law, an agreement between a seller and a buyer regarding the price at which

the buyer can resell a product (known as vertical price-fixing or resale price maintenance) is illegal. Therefore, requirements on franchisees to sell goods or services at specific prices set by the franchisor may be unenforceable.

CALIFORNIA

ADDENDUM TO PC/ISI STORE FRANCHISE AGREEMENT FOR CALIFORNIA FRANCHISEES

The Franchise Agreement is amended or clarified as follows:

1. Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

2. In section 9.1, "30 days" is amended to "60 days".

3. In section 9.3(a), "30 days" is amended to "60 days", "14 days" is amended to "60 days", "14 or 30 days" is amended to "60 days, and "15 days is amended to "30 days".

4. Section 11.2 is restated in full as follows:

"(a) The expiration or termination of this Agreement will be without prejudice to any rights of Franchisor against Franchisee and such expiration or termination will not relieve Franchisee of any of its obligations to Franchisor existing at the time of expiration or termination or terminate those obligations of Franchisee which, by their nature, survive the expiration or termination of this Agreement. Franchisor has the right to immediately advertise and offer Postal Connections Services and Products and other products and services to Franchisee's customers.

"(b) Upon a lawful termination or nonrenewal of this Agreement, Franchisor will purchase from Franchisee, at the value of price paid, minus depreciation, all inventory, supplies, equipment, fixtures, and furnishings purchased or paid for under the terms of this Agreement or any ancillary or collateral agreement by Franchisee to Franchisor or Franchisor's approved suppliers and sources, that are, at the time of the notice of termination or nonrenewal, in Franchisee's possession or used by Franchisee in the Franchised Business. Franchisor is not required to purchase any personalized items, inventory, supplies, equipment, fixtures, or furnishings not reasonably required to conduct the operation of the Franchised Business in accordance with this Agreement or any ancillary or collateral agreement or to which Franchisee, at the cessation of operation of the Franchised Business by Franchisee, cannot lawfully, or does not, grant Franchisor clear title and possession upon Franchisor's payment to Franchisee for the inventory, supplies, equipment, fixtures, or furnishings (Franchisor has the right to receive clear title to and possession of all items purchased from Franchisee under this section 11.2(b)). Franchisor may offset against the amounts owed to Franchisee under any such purchase under this section 11.2(b) any amounts Franchisee owes to Franchisor. Notwithstanding the foregoing however, Franchisor's requirement to purchase from Franchisee under this section 11.2(b) will not apply:

"(i) if Franchisee declines a *bona fide* offer of renewal from Franchisor;

"(ii) if Franchisor does not prevent Franchisee from retaining control of the Outlet or other principal place of the Franchised Business;

"(iii) to any termination or nonrenewal of the Franchise due to a publicly announced and nondiscriminatory decision by Franchisor to completely withdraw from all Franchise activity within the relevant geographic market area in which the Franchise is located;

"(iv) if Franchisor and Franchisee mutually agree in writing to terminate and not renew the Franchise; or

"(v) to any inventory, supplies, equipment, fixtures, or furnishings that are sold by Franchisee between the date of the notice of termination or nonrenewal, and the cessation of operation of the Franchised Business by Franchisee, pursuant to the termination or nonrenewal."

5. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

6. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

7. For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

8. The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

This Addendum to Franchise Agreement may be executed and delivered by facsimile, email with scanned attachment or any electronic signature complying with the U.S. federal ESIGN Act of 2000 (including DocuSign) and, upon such execution and delivery, will have the same force and effect as an original.

Date: _____

Date: _____

FRANCHISEE:

FRANCHISOR:

BLUE STAMP FRANCHISE COMPANY.

BY: _____

BY: _____

ITS: _____

CALIFORNIA

ADDENDUM TO @HOME LOCATION FRANCHISE AGREEMENT FOR CALIFORNIA FRANCHISEES

The Franchise Agreement is amended or clarified as follows:

1. Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

2. In section 9.1, "30 days" is amended to "60 days".

3. In section 9.3(a), "30 days" is amended to "60 days", "14 days" is amended to "60 days", "14 or 30 days" is amended to "60 days", and "15 days" is amended to "30 days".

4. Section 11.2 is restated in full as follows:

"(a) The expiration or termination of this Agreement will be without prejudice to any rights of Franchisor against Franchisee and such expiration or termination will not relieve Franchisee of any of its obligations to Franchisor existing at the time of expiration or termination or terminate those obligations of Franchisee which, by their nature, survive the expiration or termination of this Agreement. Franchisor has the right to immediately advertise and offer iSold It Services and other products and services to Franchisee's customers.

"(b) Upon a lawful termination or nonrenewal of this Agreement, Franchisor will purchase from Franchisee, at the value of price paid, minus depreciation, all inventory, supplies, equipment, fixtures, and furnishings purchased or paid for under the terms of this Agreement or any ancillary or collateral agreement by Franchisee to Franchisor or Franchisor's approved suppliers and sources, that are, at the time of the notice of termination or nonrenewal, in Franchisee's possession or used by Franchisee in the Franchised Business. Franchisor is not required to purchase any personalized items, inventory, supplies, equipment, fixtures, or furnishings not reasonably required to conduct the operation of the Franchised Business in accordance with this Agreement or any ancillary or collateral agreement or to which Franchisee, at the cessation of operation of the Franchised Business by Franchisee, cannot lawfully, or does not, grant Franchisor clear title and possession upon Franchisor's payment to Franchisee for the inventory, supplies, equipment, fixtures, or furnishings (Franchisor has the right to receive clear title to and possession of all items purchased from Franchisee under this section 11.2(b)). Franchisor may offset against the amounts owed to Franchisee under any such purchase under this section 11.2(b) any amounts Franchisee owes to Franchisor. Notwithstanding the foregoing however, Franchisor's requirement to purchase from Franchisee under this section 11.2(b) will not apply:

"(i) if Franchisee declines a *bona fide* offer of renewal from Franchisor;

"(ii) if Franchisor does not prevent Franchisee from retaining control of the Outlet or other principal place of the Franchised Business;

"(iii) to any termination or nonrenewal of the Franchise due to a publicly announced and nondiscriminatory decision by Franchisor to completely withdraw from all Franchise activity within the relevant geographic market area in which the Franchise is located;

"(iv) if Franchisor and Franchisee mutually agree in writing to terminate and not renew the Franchise; or

"(v) to any inventory, supplies, equipment, fixtures, or furnishings that are sold by Franchisee between the date of the notice of termination or nonrenewal, and the cessation of operation of the Franchised Business by Franchisee, pursuant to the termination or nonrenewal."

5. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the

franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

6. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

7. For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

8. The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

This Addendum to Franchise Agreement may be executed and delivered by facsimile, email with scanned attachment or any electronic signature complying with the U.S. federal ESIGN Act of 2000 (including DocuSign) and, upon such execution and delivery, will have the same force and effect as an original.

FRANCHISEE:

BY: _____

ITS: _____

FRANCHISOR:

BLUE STAMP FRANCHISE COMPANY.

BY: _____

HAWAII

REGISTRATION OF FRANCHISES IN OTHER STATES

1. This proposed registration is effective in all states not requiring franchise registration and in the following states requiring franchise registration or notification:

Michigan
South Dakota
Wisconsin

2. This proposed registration (or one substantially similar) is or will be shortly on file in:

California
Hawaii
Illinois
Indiana
Maryland
Minnesota
New York
North Dakota
Rhode Island
Virginia
Washington

3. No states have refused, by order or otherwise, to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.

HAWAII

ADDITIONAL RISK FACTORS REQUIRED TO BE DISCLOSED IN HAWAII

Please consider the following RISK FACTORS before you buy this franchise:

- 1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND ARBITRATION ONLY IN CALIFORNIA. OUT-OF-STATE MEDIATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE OR ARBITRATE WITH US IN CALIFORNIA THAN IN HAWAII.**
- 2. THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**
- 3. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS 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, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**
- 4. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**
- 5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

Registered agent in the state authorized to receive service of process: Commissioner of Securities, the Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

ILLINOIS

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT FOR ILLINOIS FRANCHISEES

The addendum makes the following specific disclosures and amendments to the Franchise Agreement and the Franchise Disclosure Document:

1. Notwithstanding anything in the Franchise Disclosure Document and Franchise Agreement, please note that the conditions under which the Franchise can be terminated and your rights upon non-renewal may be affected by Illinois law, specifically 815 ILCS 705/19,20.

2. Pursuant to section 4 of the Illinois Franchise Disclosure Act any provision in a Franchise Agreement that designates jurisdiction or venue in a forum outside the State of Illinois is void.

3. The Franchise Agreement is governed by and construed under the laws of the State of Illinois.

4. Any condition, stipulation or provision claiming to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other Illinois law is void.

5. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

6. The Illinois Attorney General's Office has required a financial assurance. Therefore, all initial fees and payment owed by franchisees in Illinois will be deferred until the Franchisor completes its pre-opening obligations under the franchise agreement and the franchisee has commenced doing business. Item 5 of the Franchise Disclosure Document and section 3.1 of the Franchise Agreement are amended accordingly. The Illinois Attorney General's Office imposed this deferral requirement due to the Franchisor's financial condition.

DATED: _____

FRANCHISOR: _____
(Signature)

DATED: _____

FRANCHISEE: _____
(Signature)

INDIANA

ADDENDUM FOR INDIANA FRANCHISES

The Indiana Securities Division requires the following specific disclosures to be made to prospective Indiana franchisees:

1. Notwithstanding anything different in the Disclosure Document or Franchise Agreement, please note that you do not have to sign any general release to renew or assign your franchise.

2. Notwithstanding anything different in the Disclosure Document or Franchise Agreement, any arbitration or litigation arising under the Franchise Agreement shall take place in Indiana or other place mutually agreed by you and Blue Stamp Franchise Company. Under Indiana law, no litigation brought for breach of the Franchise Agreement may be limited in any manner whatsoever.

3. If there are any differences between Texas law and Indiana law regarding the franchise relationship, termination or renewal, franchise registration or franchise disclosure, the law of Indiana shall apply.

4. The rights of parties to punitive or exemplary damages in court proceedings in Indiana are not waived.

5. Notwithstanding anything different in the Disclosure Document or Franchise Agreement, no action may be brought for a violation of the Indiana Deceptive Franchise Practices Act (Indiana Code 23-2-2.7) more than 2 years after the violation and no action may be brought to enforce any liability created under the Indiana Franchise Law (Indiana Code 23-2-2.5) more than 3 years after discovery by the plaintiff of the facts constituting the violation.

6. Notwithstanding anything different in the Disclosure Document or Franchise Agreement, Franchisor may not require a franchisee to covenant not to compete with Franchisor in an area greater than the exclusive area granted by the Franchise Agreement, or in the absence of such provision, an area of reasonable size, upon termination or failure to renew the franchise.

DATED: _____
FRANCHISOR:
BLUE STAMP FRANCHISE COMPANY

DATED: _____
FRANCHISEE:

(Signature)

(Signature)

MARYLAND

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT FOR MARYLAND FRANCHISEES

The Maryland Division of Securities requires the following specific disclosures to be made to prospective Maryland franchisees:

1. Any general release required as a condition of renewal, sale, assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law and Item 17 of the disclosure document is amended accordingly.
2. Termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C Section 101 et seq.)
3. Any limitation on the period of time arbitration and/or litigation claims must be brought will not act to reduce the 3 year statute of limitations afforded you to bring a claim arising under the Maryland Franchise Registration and Disclosure Law, and Item 17 of the disclosure document is amended accordingly.
4. A franchisee may bring lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, and Item 17 of the disclosure document is amended accordingly.
5. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payment owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement, and Item 5 of the disclosure document is amended accordingly.
6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MARYLAND

ADDENDUM TO FRANCHISE AGREEMENT FOR MARYLAND FRANCHISEES

The Franchise Agreement is amended as follows:

1. Section 10.2(b) of the Franchise Agreement is amended to provide that a franchisee may sue in Maryland for claims arising under the Maryland Franchise Regulation and Disclosure Law. Any claim arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
2. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
3. Any general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
4. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payment owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Date: _____

Date: _____

FRANCHISEE:

FRANCHISOR:

BLUE STAMP FRANCHISE COMPANY

BY: _____

BY: _____

ITS: _____

ITS: _____

MICHIGAN

APPENDIX FOR MICHIGAN FRANCHISEES

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel that deprives a franchisee of rights and protection provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need to 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 that have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than five years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision that permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualification 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) of this Appendix, above.

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

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

Any questions regarding this notice should be directed to:

Michigan Department of Attorney General
Consumer Protection Division
670 Law Building
Lansing, Michigan 48913
(517) 373-7117

MINNESOTA

ADDENDUM FOR MINNESOTA FRANCHISEES

The Minnesota Department of Commerce requires the following specific disclosures to be made to prospective Minnesota franchisees:

1. With respect to Item 17(b) of the Disclosure Document and Section 4.2 of the Franchise Agreement, please note that if you do not elect to extend your Franchise for an additional term, you will be given an opportunity to operate your Franchise over a sufficient period of time to enable you to recover the fair market value of the Franchise as a going concern, as determined and measured from the date of the failure to renew. BSF will not refuse to renew a Franchise for the purpose of converting your business premises to an operation that will be owned by BSF for our own account.

2. Notwithstanding Item 17(d) of the Disclosure Document, Minnesota Statutes Section 80C.14, Subdivision 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 non-renewal of the franchise agreement. To the extent the notice provisions of this Agreement are inconsistent with the foregoing, the aforesaid Minnesota statute will govern.

Notwithstanding the immediately preceding paragraph, notice of termination or cancellation of the Franchise shall be effective immediately upon receipt where the alleged grounds for termination or cancellation are:

(i) voluntary abandonment of the Franchise relationship by you;

(ii) your conviction of an offense directly related to the business conducted pursuant to the Franchise; or

(iii) failure to cure a default under the Franchise Agreement which materially impairs a goodwill associated with BSF's trade name, trademark, service mark, logo type or other commercial symbol after you have received written notice to cure at least 24 hours in advance.

3. Notwithstanding Items 17c, 17d, and 17m of the Disclosure Document and Section 9.5(c) of the Franchise Agreement, Minnesota Rule 2860.4400D prohibits BSF from requiring you to assent to a general release.

4. Notwithstanding the provisions of Item 17u of the Disclosure Document and Section 10.1-10.3 of the Franchise Agreement, Minnesota Rule 2860.4400J prohibits waiver of a jury trial.

5. Notwithstanding Section 11 of the Franchise Agreement, under Minnesota Rule 2860.4400J, (i) the franchisor cannot require you to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this rule does not bar an exclusive arbitration clause and (ii) only a court may determine if a bond is required. Also, the franchisee cannot be required to consent in advance to the franchisor obtaining injunctive relief. However, the franchisor may seek injunctive relief.

6. Throughout the Disclosure Document, wherever consent is required, it shall not be unreasonably withheld within the meaning of Minnesota Statutes section 80C.14, part 2860.4400J.

7. Minnesota Statutes section 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

8. Notwithstanding Item 13 of the Disclosure Document and Section 5 of the Franchise Agreement, BSF will defend you at our cost and expense against liability or claims in connection with your authorized use of our Name or Marks. You will not be responsible for the costs of any litigation to protect or defend the Name or Marks unless your unauthorized use of the Name or Marks caused it. Minnesota considers it unfair to not protect your right to use BSF's trademarks pursuant to Minn. Stat. Sec. 80C.12, Subd. 1(g).

9. Minnesota Statutes Section 80C.17, Subdivision 5 limits claims against BSF to 3 years.

10. Notwithstanding Items 5 and 7 of the Disclosure Document and Section 3.1(b) of the Franchise Agreement, in lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering disclosure document, and (b) is open for business.

11. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

To the extent necessary our signatures below amend the Franchise Agreement between BSF and you in accordance with the above sections 1 through 10.

Date: _____

Date: _____

Franchisor:
BLUE STAMP FRANCHISE COMPANY

Franchisee:

By: _____

By: _____

NEW YORK

NEW YORK STATE ADDENDUM

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 E OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. 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 to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend”, and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

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

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

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

NORTH DAKOTA

APPENDIX FOR NORTH DAKOTA FRANCHISEES

The North Dakota Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota Franchisees:

1. Restrictive Covenants: A franchise disclosure document that discloses the existence of covenants restricting competition contrary to North Dakota Century Code ("NDCC") Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: A franchise agreement providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: A franchise agreement that specifies it is to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
8. General Release: A franchise agreement that requires the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: A franchise agreement that requires the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: A franchise agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
11. Financial Assurance: Based upon the franchisor's financial condition, the North Dakota Securities Commissioner has required a financial assurance. Therefore, all initial fees and payment owed by the franchisee under the franchise agreement or other documents will be deferred until the franchisor completes all initial obligations owed to the franchisee and the franchisee commences doing business pursuant to the franchise agreement.

RHODE ISLAND

ADDENDUM FOR RHODE ISLAND FRANCHISEES

The following provisions constitute an amendment to the Franchise Agreement. This amendment is hereby incorporated into and made a part of the Franchise Agreement to the extent the following paragraphs amend the respective sections of the Franchise Agreement as set forth below:

1. Notwithstanding Section 10 of the Franchise Agreement, and Item 17 of the Disclosure Document, any litigation or arbitration arising under the Franchise Agreement shall take place in Rhode Island or other place mutually agreed to by Franchisee or Franchisor.

2. Notwithstanding Section 12 of the Franchise Agreement, and Item 17 of the Disclosure Document, and to the extent required by Section 19-28.1-14 of the Rhode Island Franchise Investment Act, the laws of the State of Rhode Island shall govern the Franchise Agreement. Section 19-28.1-14 of the Rhode Island General Laws 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."

3. The Securities Division of the Rhode Island Department of Business Regulation has required a financial assurance. Therefore, all initial fees and payment owed by franchisees in Rhode Island will be deferred until the Franchisor completes its pre-opening obligations under the franchise agreement and the franchisee has commenced doing business. Item 5 of the Franchise Disclosure Document and section 3.1 of the Franchise Agreement are amended accordingly. The Securities Division of the Rhode Island Department of Business Regulation imposed this deferral requirement due to the Franchisor's financial condition.

DATED: _____

FRANCHISOR: _____
(Signature)

DATED: _____

FRANCHISEE: _____
(Signature)

SOUTH DAKOTA

APPENDIX FOR SOUTH DAKOTA FRANCHISEES

The South Dakota Securities Commissioner has held the following to be unfair, unjust or inequitable to South Dakota Franchisees:

1. Restrictive Covenants: A franchise disclosure document that discloses the existence of covenants restricting competition contrary to South Dakota Codified Laws, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: A franchise agreement providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring South Dakota franchisees to consent to the jurisdiction of courts outside of South Dakota.
4. Liquidated Damages and Termination Penalties: Requiring South Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: A franchise agreement that specifies it is to be governed by the laws of a state other than South Dakota.
6. Waiver of Trial by Jury: Requiring South Dakota franchisees to consent to the waiver of a trial by jury.
7. Waiver of Exemplary and Punitive Damages: Requiring South Dakota franchisees to consent to a waiver of exemplary and punitive damages.
8. General Release: A franchise agreement that requires the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: A franchise agreement that requires the franchisee to consent to a limitation of claims. The statute of limitations under South Dakota law applies.
10. Enforcement of Agreement: A franchise agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

VIRGINIA

ADDENDUM FOR VIRGINIA FRANCHISEES

The Division of Securities and Retail Franchising of Virginia requires the following specific disclosures to be made to prospective Virginia franchisees.

In recognition of the restriction contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Blue Stamp Franchise Company for use in the Commonwealth of Virginia shall be amended as follows:

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 ground for default or termination stated in the franchise agreement does not constitute "reasonable cause", as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

DATED: _____

FRANCHISOR: _____
(Signature)

DATED: _____

FRANCHISEE: _____
(Signature)

WASHINGTON

WASHINGTON STATE ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

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, rights or remedies under the Act such as a right to a jury trial may not be enforceable. The Guarantee of Franchise Agreement does not waive any liability the Franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

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.

In lieu of an impound of franchise fees, the franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

Use of Franchise Brokers. The franchisor [uses/may use] the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by

contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

This Appendix for Washington Franchisees acts as an addendum to the Franchise Agreement.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

FRANCHISOR:
BLUE STAMP FRANCHISE COMPANY

FRANCHISEE:

By _____
(Authorized Signature)

By _____
(Authorized Signature)

WISCONSIN

APPENDIX FOR WISCONSIN FRANCHISEES

The Wisconsin Franchise Investment Division requires the following specific disclosures to be made to prospective Wisconsin franchisees:

1. Notwithstanding Item 17c and Item 17f of this Disclosure Document, the Wisconsin Fair Dealership Law prohibits the termination, cancellation, nonrenewal or substantial change of the competitive circumstances of the franchise without good cause. Blue Stamp Franchise Company must give you 90 days written notice of termination, cancellation, nonrenewal or substantial change of the competitive circumstances of the franchise. You have 60 days in which to cure the deficiency. The Wisconsin Fair Dealership Law supersedes any provisions contained in the franchise agreement that are not consistent with this law.

2. Notwithstanding Item 17v and Item 17w of this Disclosure Document, Wisconsin Statutes, specifically the Wisconsin Fair Dealership Law, Chapter 135, supersedes any provisions of the Franchise Agreement, if such provisions are in conflict with that law.

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	Pending
Hawaii	July 15, 2024
Illinois	June 14, 2024
Indiana	July 13, 2024
Maryland	Pending
Michigan	November 14, 2023
Minnesota	June 10, 2024
New York	July 24, 2024
North Dakota	June 21, 2024
Rhode Island	May 27, 2024
South Dakota	
Virginia	August 3, 2024
Washington	Pending
Wisconsin	May 2, 2024

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.

POSTAL CONNECTIONS - iSOLD IT

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 Blue Stamp Franchise Company offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide a Franchise Disclosure document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Blue Stamp Franchise Company does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed in Exhibit E.

We use Peak Business Brokers, LLC, 40 Village Green, Suite 23, Bedford, New York 10506, telephone number (914) 391-2332 as our authorized franchise broker. The name, address and telephone number of the franchise seller for this offering is either Fred Morache or Robert Shaw, 6136 Frisco Square Boulevard, Suite 400, Frisco, Texas 75034, telephone (619) 294-7550; or the following franchise salesperson employed by our franchise broker: _____; telephone _____.

Date of Issuance: April 12, 2024.

Blue Stamp Franchise Company authorizes the person identified in Item 1 to receive service of process for it in your state. I received a disclosure document dated April 12, 2024, that included the following Exhibits:

- "A-1" Franchise Agreement (PC/ISI Store)
Exhibits to Franchise Agreement:
 - Exhibit 1: Territory
 - Exhibit 2: Names and Addresses of Principal Equity Owners
 - Exhibit 3: Guarantee of Franchise Agreement
 - Exhibit 4: PC Store Construction, Build-Out and Opening Addendum
- "A-2" Franchise Agreement (@Home Location)
Exhibits to Franchise Agreement:
 - Exhibit 1: Territory
 - Exhibit 2: Names and Addresses of Principal Equity Owners
 - Exhibit 3: Guarantee of Franchise Agreement
- "A-3" Consent to Transfer, Assumption and Release
- "A-4" Optional Co-Branding Agreement
- "B" Financial Statements
- "C" List of Franchise Outlets
- "D" List of Terminated Franchises
- "E" State Franchise Administrators and Agents for Service of Process
- "F" State Specific Addenda
- "G" State Effective Dates
- "H" Receipts

DATED: _____
(Do not leave blank)

If a business entity:

(Name of Business Entity)

(Signature of Primary Contact Owner)

(Print Name and Title)

If an individual:

(Signature of Prospective Franchisee)

(Print Name)

Please date and sign this page, and then keep it for your records

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(Print Name and Title)

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(Print Name)

Please date and sign this page, and return it to Blue Stamp Franchise Company, either by mail to 6136 Frisco Square Boulevard, Suite 400, Frisco, Texas 75034 or by fax to 619-294-4550 or email to fred@postalconnections.com.