FRANCHISE DISCLOSURE DOCUMENT

PowerLift Franchising, Inc.
305 4th Street
Brookings, South Dakota 57006
(855) 368-9595
https://powerliftdoors.com

We offer for sale a franchise to operate a business specializing in the manufacturing and installation of hydraulically operated doors to be used in agriculture, aviation, architectural, and commercial applications. The manufacturing and installation products and services of hydraulically operated doors includes the provision of a set of prescribed services and products as specified in PowerLift Franchising, Inc. ("PowerLift") Confidential Operations Manual (the "Manual") and includes the sale and installation of POWERLIFT HYDRAULIC DOORS® brand products.

The total investment necessary to begin operation of a PowerLift franchised business location ranges from $2,282,772.62 - $3,270,165.05. This amount includes $65,652.62 to $819,165.05, which must be paid to the Franchisor or an affiliate.

This Franchise Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Franchise Disclosure Document and all accompanying agreements carefully. You must receive this Franchise Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payments 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 disclosure in different formats, contact Jon Gustad at 305 4th Street, Brookings, South Dakota 57006, or at (507) 368-8510.

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

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

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

Date of Issuance: January 26, 2026

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits D and E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit F 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 PowerLift business in my area?	Item 12 and the "territory" provisions in the distribution 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 PowerLift franchisee?	Item 20 or Exhibits D and E 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 distribution agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The Franchise Agreement requires you to resolve disputes with the franchisor by arbitration or litigation only in South Dakota. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in South Dakota than in your own state.

2. **Minimum Purchase**. You must maintain annual minimum product purchase levels. Your inability to maintain these levels may result in termination of your franchise, and loss of your investment.

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

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Unless the context otherwise requires, all references to "PowerLift," "we," "us," or "our" refer to PowerLift Franchising, Inc. and all references to "Franchisee," "you," or "your" refer to the person who is granted the right to operate a "PowerLift" franchise, as is applicable. If you are a corporation, limited liability company, partnership or any other type of legal entity, the provisions of the Franchise Agreement (also apply to your owners by virtue of the requirement that all your owners personally guarantee, and be personally bound by, your obligations under the Franchise Agreement.

The Franchisor

PowerLift is a South Dakota corporation incorporated in December 2024. We conduct business under our corporate name and the names "PowerLift," "PowerLift Hydraulic Doors," "PowerLift Door Consultants," and "PowerLift Doors." Our principal business address 305 4th Street, Brookings, South Dakota 57006. Our agents for service of process are listed in Exhibit A.

We franchise store locations under the "PowerLift" name (collectively, "PowerLift Stores" or "PowerLift Store") and associated trademarks, service marks, trade dress, and other commercial symbols that we currently (or may in the future) authorize to identify, promote, and operate PowerLift Stores, as is applicable, and/or any services or products offered by PowerLift Stores, including the mark PowerLift Hydraulic Doors®, and our distinctive logo design and color scheme (collectively, the "Marks") and the System (defined below).

We have developed certain products, including the PowerLift Hydraulic Doors® products, component parts, items and inventory for use in the manufacturing and installation of hydraulically operated doors, windows, and walls to be used in agriculture, aviation, architectural, residential and commercial applications (the "Products") that incorporates the business methods, designs and arrangements, the Marks, layouts, equipment, methods of inventory control and certain operating and business standards and policies, all of which we may improve, further develop or otherwise modify at any time and from time to time (collectively, the "System").

Parent, Affiliate, and Predecessor Companies

We are a wholly owned subsidiary of Patrick Holding Company, a South Dakota corporation formed in December 2024. We share a principal address of 305 4th Street, Brookings, South Dakota 57006 with our parent, Patrick Holding Company. We have no predecessor. Our parent has never offered franchises for sale.

Our affiliate, Powerlift Door Consultants, Inc., a South Dakota corporation formed on October 2, 2009 also shares common shareholders and principal address with us ("PDC"). PDC never offered franchises for sale. However, PDC offered licenses for a business using the Marks similar to PowerLift Stores from October 2009 until December 2024. The licensed business program differed from the franchised System in that the license program was merely a product distribution system (the "License Program"). Those licensees are set forth on Exhibit D.

The License Program did not entail the business system, marketing plan and uniform franchised System. Upon full and proper registration and effective status, as applicable, of this

Franchise Disclosure Document, we will offer these licensees the opportunity to convert to a PowerLift franchise by entering into a Franchise Agreement and addendum with us. Former licensees who sign a Franchise Agreement may be eligible for certain incentive programs, as described in Item 5. The addendum offers preferential terms in recognition that we will not be required to, among other things, provide them with initial training and certain other services. Our form addendum is the Franchisee Incentive Addendum attached as Exhibit B-1. All current and former licensees who wish to continue to operate under the Marks may sign a Franchise Agreement and convert to the franchised System. Licensees who do not wish to join the franchise System may continue through the end of the term of their current license agreements in the License Program and will pay fees as set forth in their contracts, and PDC has agreed that the services that PDC or we are obligated to provide to them will be materially different from, and will be substantially less than, the services that we provide to franchisees under the Franchise Agreement. Neither us nor PDC offer new or additional agreements or licenses under the License Program as part of this Franchise Disclosure Document or otherwise. PDC sells brands of products and equipment, including the Products, to franchisees.

Rick's Welding, Inc. is a Minnesota corporation that is wholly owned by our Chief Executive Officer and President, Richard Peterson, and our Vice President, Patti Peterson, and was formed via reinstatement on March 26, 2010 ("Rick's Welding"). Rick's Welding also provides services or products offered by PowerLift Stores, including the manufacturing and installation of PowerLift Hydraulic Doors® to be used in agriculture, aviation, architectural, and commercial applications. Rick's Welding does not offer franchises of any kind, and it does not provide products or services to the franchisees of PowerLift.

We will begin franchising PowerLift Stores in 2026. We are engaged only in business activities that relate to PowerLift and have not offered franchises in other lines of business.

Our Business and the Franchises to be Offered

We developed and own the System for establishing and operating businesses specializing in our programs and services to manufacture, sell, and install PowerLift Hydraulic Doors in various applications including agriculture, aviation, architectural, commercial, industrial and residential projects (collectively, the "Services").

The distinguishing characteristics of the System include, among other things, the goodwill associated with PowerLift, the PowerLift System, PowerLift branded products, and PowerLift's trademarks, service marks, trade dress, commercial symbols and signs, logos, emblems, slogans, and other indicia of origin associated with PowerLift; use and display of the PowerLift Marks; the procedures and techniques for marketing, selling, and installing PowerLift Hydraulic Doors; PowerLift's uniform operating methods, procedures and techniques, including methods and techniques for store operations, inventory, installation, cost controls, record keeping and reporting, purchasing, sales promotion, marketing and advertising, all of which may be changed, improved, and further developed by us from time to time and set forth in PowerLift's Manual; and PowerLift's franchisee training program. We call this the "Franchised Business." The premises that is determined to be the location of your Franchised Business can also be referred to as the "Location."

As an integral part of the Franchised Business, we will sell you Products and components, which are the core components required to manufacture the hydraulic door. Our training specified and required equipment ("Designated Equipment"), and the System are designed around our Services menu, which includes our select Products. You are required to purchase Designated Equipment and Products only from suppliers or distributors that we designate. Those approved suppliers and distributors may include us, and you acknowledge and agree that we will receive revenue and profit, as well as other material benefits from the sale of Designated Equipment and Products to you. You agree that if you purchase or use other non-approved products in connection with the Franchised Business, you will tarnish the Marks, you will irreparably harm the goodwill associated with PowerLift, the System, and the Marks, you will cause customer confusion, you will defeat the economic purpose of this relationship, and you will be in breach of the Franchise Agreement. We may terminate the Franchise Agreement pursuant to its obligations, terms, and conditions if you purchase anything other than approved products without our prior written permission.

Market and Competition

The market for the Services and Products include both residential and commercial customers. Competition includes national and local garage door manufacturing, installation, and repair companies operated by franchised companies, national chains, local chains, independent operators and handyman companies or maintenance services businesses offering similar services and products to those offered by a Franchised Business. The hydraulic and roll-up door installation and service industry is competitive throughout the United States as the market is constantly growing, changing, and evolving. Generally, there is no seasonality to the Franchised Business.

Industry Laws and Regulations

Your Franchised Business will be subject to various federal, state, and local laws and regulations affecting the business, including federal and state environmental laws and regulations, and various health, sanitation, safety, and fire standards, including but not limited to, the Occupational Safety and Health Administrations standards, as applicable. You must comply with federal, state, and local health and environmental safety regulations concerning the proper handling and disposal of the Products and other products used in the Franchised Business. You may need the local fire marshals or other local, state, or federal agency's permission before you begin operations. In certain states, your Franchised Business activities may require you to be in compliance with various state or local contractors licensing and related requirements, which may include bonding, insurance, or other requirements, and could require you to obtain a general contractors' or other licenses.

In addition, there may be local licensing and employment regulations. You should also consider that certain aspects of the Franchised Business' operation will be subject to certain federal, state, and local laws, rules and ordinances in addition to the laws, and regulations applicable to businesses generally, such as the American with Disabilities Act, Federal Wage and Hour Laws and state law equivalents, the Affordable Care Act, data protection (such as credit card protection under the U.S. Fair and Accurate Credit Transaction Act) and data privacy laws and their state law equivalents, including the California Consumer Privacy Act and all similar or derivative laws. Additionally, the Payment Card Industry Data Security Standard ("PCIDSS") requires that all companies that process, store, or transmit credit or debit card information maintain a secure environment. PCIDSS applies to all merchants, regardless of size or number of transactions that accept, transmit, or store any cardholder data.

You should examine these and other laws before purchasing a franchise. We have no obligation to provide you with support regarding local, state, and federal requirements for operation of the Franchised Business and you should work with your own lawyer to adhere to all applicable laws, rules, and regulations.

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer and President: Richard Peterson

Richard Peterson has served as our Chief Executive Officer and President since December 2024. Prior to that time, and currently, Mr. Peterson serves as Chief Executive Officer and President of Powerlift Door Consultants, Inc. in Spearfish, South Dakota since October 2009.

Vice President: Patti Peterson

Patti Peterson has served as our Vice President since December 2024. Prior to that time, and currently, Ms. Peterson serves as Vice President of Powerlift Door Consultants, Inc. in Spearfish, South Dakota since October 2009.

Administrator: Amanda Bennett

Amanda Bennett has served as our Administrator since December 2024. Prior to that time, and currently, Ms. Bennett serves as Administrator of Powerlift Door Consultants, Inc. in Spearfish, South Dakota since May 2010.

Director of Business Development: Jon Gustad

Jon Gustad has served as our Director of Business Development since December 2024. Prior to that time, and currently, Mr. Gustad serves as Director of Business Development of Powerlift Door Consultants, Inc. in Spearfish, South Dakota since May 2022. From July 2018 to April 2022, Mr. Gustad held the position of Sales Manager, Pro Tec Buildings, for Sioux Steel Company, Sioux Falls, South Dakota.

Social Media and Website Coordinator: Erin Owen

Erin Owen has served as our Social Media and Website Coordinator since September 2024. Prior to that time, Erin Owen was the Website Coordinator at Powerlift Door Consultants, Inc. in Spearfish, South Dakota from August 2023 to September 2024. Previously, Erin Owen served as Administrative Assistant to Powerlift Door Consultants, Inc. in Spearfish, South Dakota from April 2016 to August 2023.

Regional Manager: Tracy Gordon

Tracy Gordon has served as our Regional Manager since June 2025. Prior to that time, and currently, Tracy Gorden serves as Trade Show Manager of Powerlift Door Consultants, Inc. in Spearfish, South Dakota from September 2022 to June 2025. From June 2019 to September 2022, Tracy Gordon served as Territory Manager for Sioux Steel Company, Sioux Falls, South

Dakota.

Lead Engineer: Zach Campbell

Zach Campbell has served as our, and Powerlift Door Consultants, Inc. in Spearfish, South Dakota, Lead Engineer since April 2020.

ITEM 3
LITIGATION

Pending Actions:

No pending actions are required to be disclosed in this Item.

Concluded Actions:

Inland Metalworks, Inc. vs. PowerLift Doors Consultants, Inc., Case No. 23204196-32, Superior Court of Washington, Spokane County, filed October 6, 2023. Inland Metalworks, Inc. as former, terminated, licensee of our affiliate, PDC, (the "Claimant") filed suit against PDC claiming violations of the Franchise Investment Protection Act and seeking damages. PDC filed an answer and affirmative defenses denying all of Claimant's claims. The parties entered a stipulated Order of Dismissal with Prejudice, accepted by the court on December 20, 2024.

Franchisor Initiated Litigation in the Past Fiscal Year:

None.

Other than the actions above, no litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

There is no bankruptcy information required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Franchise Agreement

Initial Franchise Fee

The standard initial franchise fee for a single PowerLift Store is $10,000.00 (the "Initial Franchise Fee"). The Initial Franchise Fee is due and payable to us in a lump sum upon the signing of the Franchise Agreement and is considered fully earned upon payment.

In addition, should you qualify (as we solely determine) for any incentive programs or other sales promotions we are then offering in connection with sales of new franchises, or accelerated openings of franchises not yet opened (as the case may be), then your initial franchise fee or other applicable amounts due under the Franchise Agreement may be reduced according to conditions of that promotional offer (including signing an addendum to the Franchise Agreement, as we may then require). We describe certain promotional offers currently in effect on the issuance date of this Franchise Disclosure Document below in this Item 5.

During our 2024 fiscal year, no franchise agreements were signed and, as such, no Initial Franchise Fees were collected.

Initial Inventory

You must purchase a minimum initial inventory of the Products before your Franchised Business opens. You will purchase this product from us. The cost of your initial inventory of Products will range from $55,652.62 - $809,165.05, as further described in Items 7 and 8. The cost of the Initial Inventory of Products is non-refundable. Please see Exhibit B-3 for the initial inventory list.

Sales Incentives and Promotions that may impact Pre-Opening Amounts Due

We currently offer the incentive programs below that may reduce the amounts of pre-opening fees we describe above. Typically, these programs are not mutually exclusive, meaning that we may allow you to take advantage of multiple benefits across more than one promotion if your acquisition of a new PowerLift Store meets our criteria to receive a fee or other payment reduction under each offer.

Legacy License New Franchisee Incentive

If you are an existing licensee that elects to convert to the new System and become a new franchisee of PowerLift (a “Legacy Licensee”) of at least one (1) PowerLift Store, or are a former licensee under the License Program for any amount of locations, and you are in good standing and full compliance with all current agreements with us or our affiliates, and you sign one or more Franchise Agreement(s) for your current and, should you choose, additional PowerLift Store locations within ninety (90) days of proper disclosure and acknowledgement of this Franchise Disclosure Document, then we offer a waiver to the amount of our standard Initial Franchise Fee. In order to receive the benefit of a waived Initial Franchise Fee, you must sign our required form of Franchisee Incentive Addendum to the Franchise Agreement (attached as Exhibit B-1 to this Franchise Disclosure Document).

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ITEM 6
OTHER FEES

FRANCHISE AGREEMENT

COLUMN 1 TYPE OF FEE	COLUMN 2 AMOUNT	COLUMN 3 DUE DATE	COLUMN 4 REMARKS (See Note 1)
Royalty (Note 2)	Not applicable	Not applicable	No royalty charge under the Franchise Agreement.
Advertising Fund	$250.00 per pump purchased from us.	As incurred	
Products	Varies, depending upon the amount and type of Products purchased	As incurred	You will purchase these Products from us or our Affiliate as specified in the Manual.
Transfer Fee	$1,500	At the time of transfer	We may reduce this fee if the transfer is made under limited circumstances specified in the Franchise Agreement.
Renewal Fee	$2,500	At the time of renewal	Payable to us.
Training Fee	Covered with cost of Initial Franchise Fee	At the time of Franchise Agreement execution	Prior to opening the Location, you (or your Operating Partner) and all such managers, as applicable, must attend and successfully complete an initial training program on the operation of a PowerLift Store at such time(s) and place(s) we designate. We may require you (or your Operating Partner) and your district, general and assistant managers to attend and successfully complete periodic or additional training programs. We will not charge any fees for two (2) attendees attending the initial training program. You will be responsible for all compensation and

			expenses (including travel, meals and lodging) incurred by you and your personnel in attending any training programs.
Technology Fee	$1,200 for each iPad in addition to the one (1) we supply, and $60 per year for each email address in addition to the five (5) we supply.	As incurred if requested by you in addition to what we provide.	We supply one (1) iPad, up to five (5) email addresses, and one (1) license to Flywheel CRM platform for your use at the Location. Additional iPads will be supplied at a fee of up to $1,200 each, and email addresses are $60/email per year if you request more than five (5). No additional access to Flywheel will be offered.
Interest on Late Payments	The greater of the highest applicable legal rate for open account business credit, or 18% per annum	After due date	Applies to all amounts due to us, including purchases and marketing contributions.
Audit	Cost of audit	Upon receipt of our bill.	Payable only if you fail to furnish required information or if we find an understatement of Gross Revenues greater than 2%.
Insurance	Varies	As incurred	If you fail to obtain the required insurance coverage for your franchised PowerLift Store, we may obtain such coverage at your expense.
Attorneys' Fees and other costs	Varies	As incurred	Payable if you fail to comply with the Franchise Agreement or if we are joined in a lawsuit that is based on your operation of a PowerLift Store.

Indemnification	Varies	As incurred	You must reimburse us for our losses and expenses as a result of third party claims arising from your failures or breaches under the Franchise Agreement, your operation of the PowerLift Store, and any unauthorized acts.
Early Termination Damages	Varies	As incurred	Within 30 days following termination for breach, and as more specifically discussed in the Franchise Agreement, you shall pay us an amount equal to the average monthly Product purchase and advertising contributions that you owed to us for the past 24 months multiplied by the lesser of 24 or the number of months remaining in the term of your Franchise Agreement. If you have not operated Location for 24 months prior to such termination, the fee will be calculated by using the average monthly Product purchases and advertising contributions you owed for the number of months that the Location operated multiplied by 24.
Costs to De-Identify the Premises upon Termination or Expiration	Varies	As incurred	You must reimburse us for our losses and expenses if you fail to de-identify and remove signage from the PowerLift Store following the termination or expiration of the Franchise Agreement, and our personnel is required to do so.

NOTE 1: All fees are uniformly imposed by and are payable to us, unless otherwise noted. No other fees or payments are to be paid to us, nor do we impose or collect any other fees or payments for any third party. Any fees paid to us are non-refundable

unless otherwise noted. Fees payable to third parties are refundable based on your individual arrangements.

NOTE 2: We do not charge a royalty on the revenue that you generate from selling the Products. We generate income from the sale of the Products to you. You and we have agreed on your commitment to purchase the Products only from us or our affiliate. Payment for your initial order of Products is due prior to shipment of Products. Payment for all Products you purchase from us after the initial order will be due within 20 days of your receipt of an invoice from us. Invoicing is done upon shipment of Products. Your use of the Products and System may attract customers with requests on items for which the Products are not appropriate to use. In these instances, if you contact us in advance, we may, but are not obligated to, approve your use of alternative products. As detailed in the Franchise Agreement, you and we have a shared interest in your Location performing at or above the PowerLift standards set forth in the Manual and meeting or exceeding certain minimum levels of Product purchases ("Minimum Purchase Standards"). The Minimum Purchase Standard contained in the Manual and the Franchise Agreement is defined as follows during each year of the Franchise Agreement term:

a) In year of signing this Agreement – at least four (4) Units
b) In the first full calendar year of the Term – at least eight (8) Units
c) In the second full calendar year of the Term – at least fifteen (15) Units
d) In the third full calendar year of the Term – at least thirty (30) Units
e) In the fourth full calendar year of the Term – at least fifty (50) Units
f) In the fifth full calendar year of the Term – at least fifty (50) Units plus one quarter (1/4) of Population Target Units
g) In the sixth full calendar year of the Term – at least fifty (50) Units plus one half (1/2) of Population Target Units
h) In the seventh full calendar year of the Term and any renewal term thereafter, if applicable – at least fifty (50) Units plus the total Population Target Units

For purposes of this NOTE 2, the term “Units” is categorized as follows:

w) 1, 3, and 5 hp pumps = 1 Unit
x) 10 hp pumps = 2 Units
y) 15 hp pumps = 4 Units
z) 20 hp pumps = 6 Units

Also for purposes of this NOTE 2, the term “Population Target Units” is calculated at six (6) Units per million of population in the Protected Area as determined by the U.S. Census Bureau.

NOTE 3: If we terminate the Franchise Agreement as a result of your breach, then within 30 days following such termination, you must pay us an amount equal to the average monthly Product purchase and advertising contributions that you owed to us for the past 24 months multiplied by the lesser of 24 or the number of months remaining in the Term ("Early Termination Damages"). If you have not operated the Location for 24 months prior to the termination of this Agreement, the Early Termination Damages will be calculated by using the average monthly Product purchases and advertising contributions you owed for the number of months that the Locations operated multiplied by 24.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

The following chart estimates the initial investment for PowerLift Stores.

Column 1 Type of expenditure	Column 2 Amount (Note 1)	Column 3 Method of payment	Column 4 When Due	Column 5 To whom payment is to be made
Initial Franchise Fee (Note 2)	$10,000	Lump Sum	At the time of signing the Franchise Agreement	Us
Travel and living expenses for training (Note 3)	$7,000	As Incurred	As Incurred	Transportation providers and Lodging providers
Real estate (Note 4)	$150,000	As Incurred	As Incurred	Land Owner and Lending Institutions
Building and Improvements (Note 5)	$1,664,000	As Incurred	As Incurred	Contractors, Suppliers, Utility Companies, Lending Institutions
Equipment (Note 6)	$219,500.00	As Incurred	On Ordering	Suppliers
Signs (Note 7)	$1,500 - $20,000	As Incurred	As Incurred	Contractors, Vendors
Opening Inventory of Products (Note 8)	$55,652.62 - $809,165.05	As Incurred	On Ordering	Us or our Affiliate
Permits and Licenses (Note 9)	$120 - $500	As Incurred	As Incurred	Local, State, or Federal Government Agencies
Vehicle (Note 10)	$50,000 - $190,000	As Incurred	As Incurred	Retail Vendor

Insurance (Note 11)	$95,000 - $150,000	As Incurred	As Incurred	Insurance Companies
Additional Funds - 3 Months (See Note 12)	$30,000 - $50,000	As Incurred	As Incurred	Various
TOTAL ESTIMATED INITIAL INVESTMENT	**$2,282,772.62 - $3,270,165.05**			

Notes to Table:

NOTE 1: All amounts are non-refundable unless otherwise noted.

NOTE 2: The Initial Franchise Fee for a single Location is $10,000. Please see Item 5 for more details on the Initial Franchise Fee.

NOTE 3: The initial training program for you and one other person is included in the Initial Franchise Fee. However, you are solely responsible for all costs incurred by you in attending the initial training program and any other voluntary or mandatory training programs, seminars, or meetings (e.g., transportation, meals, lodging, and other expenses). The amount you spend while training will depend on several factors, including the number of persons attending, the distance you must travel, and the type of accommodations you choose, if any are needed.

NOTE 4: The initial investment for purchasing land for your Location is an estimate based on typical market conditions and may vary depending on location, size of the property, and local real estate market trends. The estimate assumes one (1) acre of land. You are encouraged to conduct thorough due diligence and consult with real estate professionals to determine actual costs specific to your chosen location.

NOTE 5: The estimate for real estate improvements and build-out is based on a 100 foot by 80 foot concrete slab and a 100 foot by 80 foot building package. The building package may include essential components such as structural framing, exterior walls, roofing, windows, doors, HVAC systems, plumbing, electrical wiring, and interior finishes. Actual costs for the build-out may vary depending on factors such as local construction costs, site conditions, and specific customization requirements for the Location.

NOTE 6: This is the expense that will be incurred when purchasing Location's operating equipment and related supplies. The equipment will include a truck with a bucket arm, a trailer, a welder, a plasma cutter, hand tools, air compressor, paint equipment, a generator, and other in field tools as specified in the Manual. The estimated number represents needed basic supplies, equipment, and hardware.

NOTE 7: Size will be variable depending on where the sign is located as well as local jurisdictional rules. Sign must be easily visible from the intended viewing distance (roadway, sidewalk, etc), should not have any viewing obstructions, should be easily maintainable, be at the appropriate elevation for the view distance, may be building mounted or structural mounted, and illuminated for viewing at night. Specifications may be provided to you in writing or as listed in the Manual. You may choose to manufacture the sign yourself, with only the graphic elements being purchased from an outside vendor or contractor, or completely purchased from and outside vendor or contractor. All designs must be approved by us before completion. Estimated price range for signage as described is $1,500 - $20,000. You must ensure that all permit processes are followed for your area or jurisdiction. As further detail, please note that we also provide the alternative option for a flagpole with a designated “PowerLift” flag. The estimate for the flagpole with custom flag option ranges from $12,000 - $18,000.

NOTE 8: The inventory of Products ranges include three (3) separate initial required Products options, which will depend on your Location and the inventory needed for your operation pursuant to the Franchise Agreement. Option one (1) is $55,652.62 and encompasses various amounts of 21 separate product items purchased from us or our Affiliate. Option two (2) is $200,910.43 and encompasses various amounts of 26 separate product items purchased from us or our Affiliate. Option three (3) is $809,165.05 and encompasses various amounts of 34 separate items purchased from us or our Affiliate.

NOTE 9: Our estimate includes the cost of obtaining local business licenses which typically remain in effect for one year. The cost of these permits and licenses will vary substantially depending on the location of your Location. You should consult the appropriate governmental authority concerning the availability of required licenses and the associated expenses for your Location before you sign a Franchise Agreement.

NOTE 10: Franchisees must have a heavy-duty truck that is equipped to tow, as detailed and specified in the Manual, with a minimum requirement of 3500 with a service body designation, typically classified as a one-ton truck, with enhanced features for heavy work on the low end of the estimate, which typically ranges from $50,000 - $80,000. The service body replaces the standard truck bed with a set of lockable compartments to store tools, equipment, and parts. On the high end of the estimate is a 5500 with service body and boom lift, considered a super-duty vehicle, which typically ranges from $150,000-$190,000. You may exceed any requirements for the vehicle listed in the Manual, should you choose to do so. These estimates represent the straight purchase of a pickup truck.

NOTE 11: You must have the insurance that we specify for your Location at all times during the term of your Franchise Agreement. Currently, as a franchisee, you are required to maintain in force at a minimum the following insurance policies: (a) Comprehensive General Liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of at least $1,000,000 per occurrence, $2,000,000 for general aggregate and products and completed operations aggregate; (b) Statutory Workers’ Compensation insurance and employers’ liability insurance as required by the law of the state in which the franchised business is located; (c) Commercial Vehicle Liability insurance with limits of not less than $1,000,000 per accident for all owned, hired, and non-owned vehicles you, your employees, or any other person performing work on your behalf operates; (d) Commercial Umbrella Liability insurance with total liability limit of at least $5,000,000; (e) Cyber Liability insurance in the amount of $250,000 per occurrence to cover losses arising from data breaches, cyberattacks, and other technology-related risks.; and (f) any other insurance policies as we may determine from time to time.

NOTE 12: This estimate includes working capital and other incidental expenses for the first three (3) months of operation of the Location to, among other examples, enable you to purchase additional components and steel.

We relied on our and Affiliate's experience for establishing and operating businesses specializing in our programs and services to manufacture, sell, and install PowerLift Hydraulic Doors in various applications including agriculture, aviation, architectural, commercial, industrial and residential projects (since October 2009) when preparing these estimates. This estimates your initial startup expenses for an initial three-month period, not including payroll costs, and does not include any revenue that your Location may earn in the first three months of operation. These figures are estimates only and we cannot guarantee that you will not have additional expenses starting your business. Your expenses will depend on factors such as how well you follow our methods and procedures, your management skill, the quality of the staff you hire and must manage, experience and business acumen, local economic conditions (such as the local market for our products or services), the prevailing wage rate, competition and the sales level reached during the initial period. These are only estimates and your costs may vary based on actual land and construction prices in your area, and other site-specific requirements or regulations. The costs outlined in this Item 7 are not intended to be a forecast of every cost that you could incur or costs to any particular franchisee. We relied on our Affiliate's experience in operating a business since October 2009 to formulate the estimate for the additional funds.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

To ensure that high and uniform standards of quality and service are maintained, you are required to operate your Location in strict conformity with our methods, standards and specifications and you are required to purchase goods, services, supplies, fixtures, equipment and inventory only from suppliers we have approved. You are required to purchase Products from us or our affiliate, PDC, and we will derive revenue and profit as a result of your purchase of the Products. Your purchase of the Products represents approximately 2% to 36% of your initial investment and approximately 25% of your ongoing expenses.

In operating your Location, you will utilize certain products, equipment and other merchandise and products bearing the Marks defined in this Franchise Disclosure Document as the "Products". In order to protect our System and trade secrets, limit their use to PowerLift and its affiliates, and to monitor the manufacture, packaging, processing, and sale of Products, we will (i) sell Products to franchisees; and/or (ii) disclose the designs or specifications of Products to a limited number of affiliates and/or suppliers who will sell the Products to franchisees and a limited and select number of affiliates and third parties to sell in other streams of commerce. Currently, you must purchase these products from us or our affiliate, PDC. We will derive revenue from your purchases of Products.

There are no franchisee purchasing or distribution cooperatives. Our Chief Executive Officer and President, and Vice President, are also the individual owners of PDC, the supplier of the Products required for the operation of your Location.

Items We Supply or Derive Revenue From

We and our affiliates may receive revenues from required purchases and leases of products and services by franchisees. The revenues are collected by approved suppliers or distribution centers on behalf of the system and are paid to us. We did not derive any revenues for the fiscal year which ended December 31, 2025 from required purchases and leases of products and services by franchisees. However, we may in the future earn a profit from franchisees' required purchases and leases of products and services.

Our affiliate, PDC earned $12,125,018.30 in gross revenue during the fiscal year ended December 31, 2024, of which $11,717,215.75 or 96% were revenues from required purchases of Products by licensees in the License Program. PDC did not receive any other revenue or other material benefits from required purchases or leases by licensees or franchisees. However, PDC may earn a profit from franchisees' required purchases and leases of products and services.

Suppliers may pay us rebates or allowances based on purchases by PowerLift franchisees. The payments may vary from supplier to supplier, and in some cases, the basis for the payment varies over time with respect to the same supplier.

Site Selection

You must select a site for your Location that conforms to our standard site selection criteria for the manufacture, storage, and sale of the Products as outlined in the Manual and that we accept or reject pursuant to our standard franchise site package (see Item 11). The Location must be a manufacturing facility with welding and installation capabilities. Purchase and Lease of Premises

We have the right to approve the terms of any lease, sublease or purchase contract for the Premises of your Location. Any lease or sublease for the Premises must contain certain provisions detailed in our required form of franchise addendum to lease agreement (the "Lease Addendum"), the current form of which we include as an exhibit attached to the Franchise Agreement.

Development of the Premises

You are responsible for developing your Location, for all expenses associated with it and for compliance with the requirements of any applicable federal, state or local law, code or regulation, including those concerning the Americans with Disabilities Act ("ADA") or similar rules governing public accommodations for persons with disabilities. You must exercise every reasonable effort to obtain all necessary governmental approvals for the development of the Location in accordance with applicable laws. At your request, we will provide you with prototype plans, or other design materials, concerning build out for a PowerLift Store. The plans are supplied as a draft only for your use in developing a final set of plans for construction of the Location. You may modify those prototype plans only as required to ensure that the plans and all specifications comply with all applicable federal, state and local codes and regulations, ordinances, building codes and permit requirements and any lease requirements and restrictions. You may not make modifications to the dimensions or the exterior design of the building without our specific authorization. You must submit all modified plans and specifications to us for our approval before seeking municipal approval to develop the Premises. Our review and approval of your plans are not designed to assess compliance with federal, state or local laws and regulations, including the ADA, as compliance with such laws is your sole responsibility. At our request, you must submit all revised or "as built" plans and specifications. All development must be in accordance with the plans and specifications we have approved, and must comply with all applicable laws, ordinances and local rules and regulations. The architect and/or general contractor you use to design and construct the Location must be approved by us in writing. Any architect, general contractor or other builders you use must be licensed and maintain architect's, builder's and/or contractors insurance (as applicable). Our approval of any architect, general contractor or other builders that you use to design or construct the Location is not a representation or warranty of any kind, express or implied, of the architect's, general contractor's or other builder's qualifications or competence in designing or constructing the Location. Our approval indicates only that we believe that the architect, general contractor or other builder meets our then acceptable criteria. All prototype plans and other plans and specifications for the Location will be our sole and exclusive property, and you may claim no interest in them.

Purchase or Lease of Equipment, Furniture, Fixtures and Signs

You must purchase or lease only those types, brands and models of fixtures, furniture, equipment, signs and supplies that we approve for PowerLift Stores as meeting our specifications and standards. You must purchase or lease approved types, brands, or models of fixtures, furniture, equipment, signs and supplies only from suppliers we approve. All fixtures, furniture, equipment, signs and supplies you purchase must be in "new" condition unless we permit otherwise in writing.

If you want to purchase or lease any fixtures, furniture, equipment, signs, supplies or services of a type, brand or model, or from a supplier or service provider (including general contractors and architects) that we have not approved, you must notify us and submit to us information as we request. We may impose reasonable inspection and supervision fees on approved suppliers or service providers to cover our costs. We will notify you of our decision within a reasonable period of time not to exceed 60 days.

Suppliers, Products, Services, Supplies and Materials

You will use in the development and operation of the Location and/or offer for sale at the Location only products, equipment, and other supplies and other products and services that conform to our specifications and quality standards and/or are purchased from suppliers, distributors and service providers (collectively, "supplier" or "suppliers") we approve (which may include us and/or any of our affiliates). We may modify the list of approved brands and/or suppliers. After notice of such modification, you may not reorder any brand or from any supplier that is no longer approved.

If you propose to use any brand or supplier that is not then approved by us, you must first notify us and submit sufficient information, specifications and samples concerning such brand and/or supplier so that we can decide whether such brand complies with our specifications and standards and/or such supplier meets our approved supplier criteria. We have the right to charge reasonable fees to cover our costs. We will notify you of our decision within a reasonable period of time not to exceed 60 days. We may prescribe procedures for the submission of requests for approval and impose obligations on suppliers, which we may require to be incorporated in a written agreement. We may impose limits on the number of suppliers and/or brands for any of the foregoing items. We will make available our then current supplier criteria to you, as necessary, upon request if we are asked to evaluate and approve a new supplier, item, or service for use with the System. We may revoke our approval of any supplier by notifying the supplier and you in writing.

Specifications, Standards and Procedures

Each aspect of the interior and exterior appearance, layout, decor, services, equipment and operation of your Location is subject to our specifications and standards. You must comply with all mandatory specifications, standards and operating procedures (whether contained in the Manual or any other written communication) relating to the appearance, function, and operation (including days and hours of operation) of the Location.

Advertising

You must submit to us for our prior approval, samples of all advertising and promotional materials not prepared or previously approved by us and that vary from our standard advertising and promotional materials. You may not use any advertising or promotional materials that we have disapproved.

You may not promote, offer or sell any products or services relating to your Location, nor use any of the Marks (defined in Item 13 below), through the Internet without our consent, which consent may be withheld for any reason or no reason. In connection with any such consent, we may establish such requirements as we deem appropriate, including (a) obtaining our prior written approval of any Internet domain name and home page addresses; (b) submission for our approval of all Web site pages, materials and content; (c) use of all hyperlinks and other links; (d) restrictions on use of any materials (including text, video clips, photographs, images and sound bites) in which any third party has any ownership interest; and (e) obtaining our prior written approval of any modifications.

Insurance

During the term of the Franchise Agreement, you must maintain the following categories of insurance coverage in force at your sole expense, all containing at least the following minimum amounts of liability coverage: (a) Comprehensive General Liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of at least $1,000,000 per occurrence, $2,000,000 for general aggregate and products and completed operations aggregate; (b) Statutory Workers' Compensation insurance and employers' liability insurance as required by the law of the state in which the franchised business is located; (c) Commercial Vehicle Liability insurance with limits of not less than $1,000,000 per accident for all owned, hired, and non-owned vehicles you, your employees, or any other person performing work on your behalf operates; (d) Commercial Umbrella Liability insurance with total liability limit of at least $5,000,000; (e) Cyber Liability insurance in the amount of $250,000 per occurrence to cover losses arising from data breaches, cyberattacks, and other technology-related risks.; and (i) any other insurance policies as we may determine from time to time.

All insurance policies must: (1) be issued by carriers we approve with an A.M. Best Rating of not less than A VII; (2) contain such types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe from time to time; (3) name us and our affiliates as additional insured; (4) provide for 30 days' prior written notice to us of any material modification, cancellation or expiration of such policy; (5) provide a waiver of subrogation in favor of us and our affiliates; and (6) include such other provisions as we may require. The minimum amount of liability coverage we prescribe in no way limits your liability to those minimum amounts. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. These insurance policies must be primary to and without right of contribution from any other insurance policy purchased by us, our affiliates and our respective directors, officers, employees, shareholders, members, agents, successors and assigns (collectively, "indemnitees"); must not limit or reduce coverage for you if there is a claim by us or any one or more of the other indemnitees; and must extend to and provide indemnity for all of your indemnification obligations to us and the other indemnitees.

<u>**Accounting and Records**</u>

You may be required to use computer-based cash registers which are fully compatible with our computer system and which include an information interface capability to communicate electronically with our computer system. We may require you to obtain equipment, software and/or services to facilitate communications between your computer-based cash registers and our computer system. We have the right to independently access and use the data in your computer system, iPads, and other hardware or software, for any purpose, except that we shall not provide financial data to third parties, outside of our system or network, in such a form that readily identifies the Location, unless we are required to do so by law, regulation, or order. If we require you to use proprietary software, you agree to execute and comply with such software license agreements as we deem necessary to protect our interests, and you agree to pay such license, training, and maintenance fee as we deem reasonably appropriate.

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 Franchise Disclosure Document.

OBLIGATION	**SECTION IN AGREEMENT**	**DISCLOSURE DOCUMENT ITEM**
a. Site selection and acquisition/lease	Article 3	Items 7, 8 and 11
b. Pre-opening purchases/leases	Article 3	Items 6, 7, 8 and 11

c.	Site development and other pre-opening requirements	Article 3	Items 6, 7, 8 and 11
d.	Initial and ongoing training	Article 4	Item 11
e.	Opening	Articles 3 and 4	Item 11
f.	Fees	Article 6	Items 5, 6 and 7
g.	Compliance with Standards and Policies/Operations manuals	Article 9	Items 8 and 11
h.	Trademarks and proprietary information	Article 5	Items 13 and 14
i.	Restrictions on products/services offered	Article 9	Item 16
j.	Warranty and customer service requirements	Article 9	Item 11
k.	Territorial Development and Sales Quotas	Article 9	Item 11
l.	Ongoing product/service purchases	Article 9	Item 8
m.	Maintenance, appearance and remodeling requirements	N/A	N/A
n.	Insurance	Article 9	Item 8
o.	Advertising	Article 10	Items 6, 7, 8 and 11
p.	Indemnification	Article 17	Item 6

q. Owners' participation/ management/staffing	Articles 8 and 9	Item 15
r. Records/reports	Article 11	Item 8
s. Inspections/audits	Article 12	Section 6
t. Transfer	Article 13	Items 6 and 17
u. Renewal	Article 15	Items 6 and 17
v. Post-termination obligations	Articles 7 and 16	Item 17
w. Non-competition covenants	Article 7	Item 17
x. Dispute resolution	Article 18	Item 17
y. Owner's/Shareholders Guaranty	Exhibit C	Item 15

ITEM 10
FINANCING

We do not offer direct or indirect financing to franchisees. We do not guarantee your notes, leases or other obligations.

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

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

Pre-Opening Obligations

We will provide the following pre-opening assistance:

1. We will provide guidance to you in locating and developing the Location as we deem appropriate. (Franchise Agreement, Sections 3.02-3.04);

If you have suggested a location for your Location that we approve before or concurrently with the execution of the Franchise Agreement, the location will be identified in the Franchise Agreement. If we and you have not agreed upon an approved location for your Location before signing the Franchise Agreement, then you must select a site for the Location within the geographic area we designate ("Designated Area"). You must, within 180 days after the date of the Franchise Agreement, locate and submit for our approval a site acceptable to us within the Designated Area for the Location. We will approve or disapprove each site that you propose according to our general criteria for selection of a PowerLift Store site. The site must meet our criteria for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; size; appearance; use capabilities, and other physical and commercial characteristics. We will use reasonable efforts to help analyze your market area, to help determine site feasibility, and to assist in designating the location, although we will not conduct site selection activities for you. We will provide you with our standard site selection criteria and on-site evaluations of sites, as we deem appropriate.

Before you acquire, by lease or purchase, any site for your Location, you must submit a franchise site package to us in the form, content and substance as we then require. We will review each site package and determine whether to accept or reject the site after considering factors we deem appropriate, including the general location and neighborhood, demographic information, traffic patterns, access, visibility, location of other establishments, size, configuration, appearance and other physical characteristics of the site. We will use reasonable efforts to approve or disapprove the proposed site within 30 days after receiving your written proposal. Upon our approval of a site, we will insert the address into Exhibit B of the Franchise Agreement, and it will be the Premises. Within 60 days after our approval of a site for the Premises, you agree to deliver a copy of the fully signed lease, sublease or purchase contract and the franchise addendum to lease agreement.

If we suggest, approve, or give you information regarding a site for the Premises, our action is not a representation or warranty of any kind, express or implied, of the site's suitability for a PowerLift Store or any other purpose. We do not represent that we, or any of our affiliates, owners, employees or agents, have special expertise in selecting sites. Our action indicates only that we believe that the site meets our then acceptable criteria and not that the Location will be profitable or successful at the Premises. Applying criteria that have appeared effective with other sites and premises might not accurately reflect the potential for all sites and premises, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site and premises. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a site and premises we suggest or approve for the Location fails to meet your expectations. Accordingly, you acknowledge and agree that your acceptance of the franchise for a Location under the Franchise Agreement is based on your own independent investigation of the site's suitability for the Premises.

You must apply for all requisite government approvals and permits to develop the Premises within 60 days after you sign the proposed lease, sublease or purchase agreement. You must complete construction or installation of the Location within 180 days from receipt of all government approvals and permits. You must open the Location within 30 days after the date construction or installation is completed.

If, after expending good faith best efforts (as we determine in our sole judgment), you are unable to comply with the time periods required to either locate or secure a site for your Location, or you are unable to obtain all required approvals and permits or timely complete construction of the Location, then we may grant you a one-time extension in our sole discretion. If we grant you such an extension, you must pay us a nonrefundable extension fee of One Thousand Dollars ($1,000) as a condition to our granting such extension.

2. We will provide initial training to you (or your Operating Partner) and your manager. This training is described in detail later in this Item. (Franchise Agreement, Section 4.01);

3. We will provide you with access to the Manual (Franchise Agreement, Section 4.03); and

4. We will provide you mandatory and suggested specifications and layouts for the Location, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings, and color scheme. (Franchise Agreement, Sections 3.04 and 3.05)

5. As discussed in Item 8, we will identify certain products and services, equipment and supplies that you must use to develop and operate your Location, the minimum standards and specifications that you must satisfy, and the designated and approved suppliers from whom you must or may buy or lease these items (which may be limited to and/or include us, our affiliates, and/or other specified exclusive sources). (Franchise Agreement, Article 9)

Typical Length of Time before You Open Your Franchised Location

We estimate the time from the date you sign the Franchise Agreement to the date you open your Location to be between six (6) and twelve (12) months. However, this time estimate may vary depending on numerous factors including location, local ordinances and regulations, construction schedules and financing. Your Location must be open and operating within 180 days from receipt of all government approvals and permits. If you develop multiple PowerLift Stores, we may require that the first Location be open and in material compliance with its franchise agreement for at least 6 months prior to the opening of the second Location.

Continuing Obligations

We will provide the following assistance during the operation of your Location:

1. We will provide periodic guidance to you with regard to the System, including

improvements and changes (Franchise Agreement, Section 4.02);

2. We will periodically modify the Manual to reflect changes in standards, specifications and operating procedures (Franchise Agreement, Section 4.03);

3. We will periodically issue specifications, standards, methods and operating procedures for PowerLift Stores (Franchise Agreement, Section 4.03); and

4. We may administer an advertising fund (the "Ad Fund") for the development of advertising and related programs and materials (Franchise Agreement, Article 10).

Advertising

Ad Fund

We currently charge you two hundred and fifty and 00/100 dollars ($250.00) per purchase of a hydraulic door for advertising of the System. We may, in our sole discretion, establish and administer the Ad Fund for the creation and production of marketing materials and preparation of advertising campaigns. The Ad Fund may be incorporated or operated through a separate entity as we deem appropriate in our sole discretion.

We (or our designee), which may include the marketing department, executives, or a franchise advisory board in the event that one is created, will maintain and administer the Ad Fund. We will direct all marketing programs, with sole discretion over the creative concepts, materials, and media used in the programs, and the placement and allocation. We have no obligation in administering the Ad Fund to ensure that any particular franchisee or territory benefits directly or on a pro rata basis from the placement of advertising. The Ad Fund may be used for (among other things) product development, signage, creation, production and distribution of marketing, advertising, public relations, and other materials in any medium, including the Internet, URL, 800 or similar number. We anticipate that the media coverage will be national, regional, and/or local and any combination of those levels in a digital or traditional advertising medium. Marketing may be provided by us or by an independent outside person/company. (Franchise Agreement, Section 10).

No material marketing expenditures from the Ad Fund will be devoted to the sale of new franchises. The monies may be used to meet any and all costs of maintaining, administering, directing, producing, and preparing digital, online, and social media tools and campaigns, websites, Customer Relationship Management (CRM) tools and programs, re-targeting and re-marketing campaigns, mass media marketing (including the cost of conducting public relations activities, conducting advertising and producing promotional brochures and other marketing materials to franchisees in the system). All sums you pay to the Ad Fund will be maintained in a separate account and will not be used to defray any of our general operating expenses, except for reasonable administrative costs, salaries, expenses and overhead, if any, as we may incur in activities reasonably concerning the administration or direction of the Ad Fund and marketing programs including conducting market research, preparing marketing and advertising materials, and collecting and accounting for assessments for the Ad Fund.

We do not anticipate that all contributions to the Ad Fund will be expended for marketing and promotional purposes during the fiscal year within which contributions are made. Any excess amounts remaining in the Ad Fund at the end of the fiscal year will be spent as follows: first out of any current interest or other earnings of the Ad Fund, next out of any accumulated earnings and finally from principal. The Ad Fund will rollover from year to year. We maintain the right to terminate the Ad Fund. The Ad Fund will not be terminated, however, until all monies in the Ad Fund have been expended for marketing purposes or distributed back to franchisees. An unaudited accounting of the operation of the Ad Fund will be prepared annually and will be made available to you upon request. We will have the right to require that the annual accounting include an audit of the operation of the Ad Fund, be prepared by an independent certified public accountant selected by us, and prepared at the expense of the Ad Fund. We have no obligation to ensure that expenditures by the Ad Fund are or will be proportionate or equivalent to contributions to the Ad Fund by you or the PowerLift Stores operating in any geographic area or that any PowerLift Store will benefit directly, indirectly, or in proportion to its contribution to the Ad Fund. (Franchise Agreement, Article 10.)

As of the date of issuance of this Franchise Disclosure Document, there have been no contributions made to the Ad Fund and no expenditures to disclosure.

Advertising Cooperatives

We may decide to form one or more associations and/or sub-associations of PowerLift Stores to conduct various marketing-related activities on a cooperative basis (a "Co-Op"). If one or more Co-Ops (local, regional and/or national) are formed covering your area, then you must join and actively participate. Each PowerLift Store will be entitled to one (1) vote, but in order to vote, franchised stores must be in Good Standing. You may be required to contribute such amounts as are determined from time to time by such Co-Ops. (Franchise Agreement, Section 10.02). If a Co-Op is established in the future, amounts contributed to the Co-Op will not impact your obligation to pay contributions to the Ad Fund.

Computer Hardware and Software

We require you to purchase and use the blueprint and engineering computer program (the "Blueprint Program") that is designated in the confidential operations manual (the "Manual") and may be updated by us at our discretion from time to time. There is currently no additional cost to you for use of the Blueprint Program You must have a computer with specific hardware and software requirements that: (1) meets the minimum requirements to operate a business of this nature as detailed in the Manual for computer capability and hardware requirements; (2) has Internet access and e-mail capability in the minimum broadband upload and download amounts as listed in the Manual; and (3) includes accounting software. The iPad issued to franchisees meets this requirement, and one (1) iPad with up to five (5) email addresses will be provided to you for your Location at no additional cost to you, giving you access to the platforms and programs necessary for operation of the Location. Should you request additional iPads or email addresses beyond what is provided to you, they will be at a cost of $1,200 per iPad and $60 per year per email. The amounts listed may increase during the term of your Franchise Agreement. We may require you to upgrade or update your computer system from time to time. There are no limitations as to frequency or cost of such upgrades or updates.

We will have independent access to the data generated by your computer-based registers and systems. We have the right to use the data we collect for any purpose, except that we shall not provide financial data to third parties, outside of our system or network, in such a form that readily identifies the Location, unless we are required to do so by law, regulation, or order.

Operations Manual

The table of contents of our Manual is attached to this Franchise Disclosure Document as Exhibit C. Access to the Manual is currently provided online and contains approximately 204 pages as of this Franchise Disclosure Document's issuance date. We retain the right to modify the Manual as we deem appropriate in our sole discretion, and you must comply with any such modifications.

Training

Before opening your Location, you (or the Operating Partner described in Item 15) and any general managers of the Location that have not managed a PowerLift Store within the preceding 18 months must successfully complete to our satisfaction an initial training program.

The initial training program consists of hands-on training covering all phases of store operations, including fabrication, quoting and sales, ordering, installation, equipment operation and maintenance, cost control, inventory control and basic techniques of management. The initial training program is substantially similar for all PowerLift Stores. The initial training program is conducted after the signing of the Franchise Agreement and the signing of the lease for your Location, and it must be completed before the opening of the Location.

The initial training program will occur at a facility that we designate and is described below (currently located in Lake Benton, Minnesota, but that may change):

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TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Pre-Onsite Training Computer-Based Training Modules	24	0	305 4th Street Brookings, South Dakota 57006 (virtually)
History / Mission / Philosophy of PowerLift Doors & Industry Analysis	1	0	305 4th Street Brookings, South Dakota 57006 (local venue or virtually)
Pre-Opening Procedures	1.5	0	305 4th Street Brookings, South Dakota 57006 (local venue or virtually)
People Development	1.5	0	305 4th Street Brookings, South Dakota 57006 (local venue or virtually)
Marketing & Advertising	2.5	0	305 4th Street Brookings, South Dakota 57006 (local venue or virtually)
Sales Procedures	2.5	4	305 4th Street Brookings, South Dakota 57006 (local venue or virtually)
Daily Operating Procedures	3	6	305 4th Street Brookings, South Dakota 57006 (local venue or virtually)
Fabrication, Installation & Service Procedures	2	6	305 4th Street Brookings, South Dakota 57006 (local venue or virtually)
TOTAL	**38**	**16**	

We reserve the right to vary the length and content of the initial training program based upon the experience and skill level of the individual(s) attending the initial training program.

Instructional materials for the initial training program include the Manual, standard forms and training manuals. Training is conducted by our staff, consisting of:

Amanda Bennett

Amanda Bennett has served as our Administrator since December 2024. Prior to that time, and currently, Ms. Bennett serves as Administrator of Powerlift Door Consultants, Inc. in Spearfish, South Dakota since May 2010.

Jon Gustad

Jon Gustad has served as our Director of Business Development since December 2024. Prior to that time, and currently, Mr. Gustad serves as Director of Business Development of Powerlift Door Consultants, Inc. in Spearfish, South Dakota since May 2022. From July 2018 to April 2022, Mr. Gustad held the position of Sales Manager, Pro Tec Buildings, for Sioux Steel Company, Sioux Falls, South Dakota.

Erin Owen

Erin Owen has served as our Social Media and Website Coordinator since September 2024. Prior to that time, Erin Owen was the Website Coordinator at Powerlift Door Consultants, Inc. in Spearfish, South Dakota from August 2023 to September 2024. Previously, Erin Owen served as Administrative Assistant to Powerlift Door Consultants, Inc. in Spearfish, South Dakota from April 2016 to August 2023.

Zach Campbell

Zach Campbell has served as our, and Powerlift Door Consultants, Inc. in Spearfish, South Dakota, Lead Engineer since April 2020.

You must replace any manager who fails to successfully complete a training program or who is otherwise not qualified to manage a PowerLift Store. We will not charge any fees for 2 attendees attending the initial training program. We may charge fees for additional attendees and for you and your personnel attending any additional training programs, whether optional or mandatory. You will be responsible for all compensation and expenses (including travel, meals and lodging) incurred in connection with any training programs. Neither you nor your employees will receive any compensation from us for services performed during training.

In addition to the initial training program, we may require you and your general or assistant managers to attend and successfully complete periodic or additional training programs. Additional training programs will generally be offered on an as-needed or as- requested basis, based on franchisee demand at then-current prices, which may change from time to time without prior notice.

ITEM 12
TERRITORY

You will receive an exclusive territory for your Location within a Designated Area (the "Protected Area") as defined in the Franchise Agreement for as long as you are in material compliance with your obligations under the Franchise Agreement. So long as you are not in default of any provision of the Franchise Agreement, we will not grant another PowerLift Store franchise to another franchisee within the Protected Area, nor will we open a PowerLift Store that we own within the Protected Area. You will operate the Location from a site we accept (the "Premises"). Your Protected Area will be defined by a map and/or a related set of identifiers such as zip codes, coordinates, street addresses, or area codes. The Protected Area will be independently determined by using our sole discretion and may be based on (but not necessarily limited to) the following considerations: Number of households or businesses within the specified boundaries; number of potential customers residing or with principal business address within the specified boundaries, given current market demographics; population density; drive times from the defined location; natural and manmade boundaries; and/or other reasonable criteria that we may apply. We and our Affiliates retain all rights and discretion with respect to the Marks, the System, the sale of Products or Services, and products and services similar or dissimilar to those offered by PowerLift Stores, and the operation or franchising of PowerLift Stores anywhere located or to be located, and may engage in any business activities whatsoever, within or outside the Protected Area, whenever and wherever we desire. Specifically, by way of example and without limitation, we reserve the following rights: (a) to establish and operate, and grant to others the right to operate, PowerLift Stores at locations outside the Protected Area, on such terms and conditions as we deem appropriate (you acknowledge that such other franchised or corporate-owned PowerLift Stores may be in direct competition with your PowerLift Store, without regard to any adverse effects of such activities on your location and without any obligation or liability to you); (b) to sell any products or services, including the Products and Services, under the Marks or under any other trademarks, service marks or trade dress, through alternative channels of distribution, wherever located or operating (including, without limitation, the internet or similar electronic media); (c) to establish and operate, and grant to others the right to operate, locations selling the same or similar products identified by trademarks, service marks or trade dress, other than the Marks, pursuant to such terms and conditions as we deem appropriate and wherever such locations are located; (d) to acquire the assets or ownership interests of one or more businesses providing products and services similar or dissimilar to those provided at PowerLift Stores, and to franchise, license or create similar arrangements with respect to these businesses once acquired, and which businesses we may (at our sole discretion, and without obligation) convert, or allow to be converted, to operations as franchised PowerLift Stores using any of the Marks and/or the System, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Protected Area, if applicable); and (e) to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at PowerLift Stores, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses in the Protected Area.

You must not operate a PowerLift Store, use the Marks, System and/or distribute the Products or Services from any location other than the Premises, or for any purpose other than as approved by us in writing. Except for pre-existing, non-competitive businesses, you must not conduct any activities from the Premises other than the operation of your PowerLift Store business unless given our prior written approval. You will not engage in any other business or activity that may conflict with your obligations under the Franchise Agreement, unless given our prior written approval. Your use of the Internet, World Wide Web, social networking sites, any URLs and other electronic or other means of marketing and distribution of goods and/or services can be restricted by us in our sole discretion (as defined in Article 9 of the Franchise Agreement). You will not market or sell through venue(s) or any channel of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing to make sales outside your Protected Area, other than your Location without our written permission, which we can grant, condition, or deny in our sole discretion. Any website or webpage and any URLs must be linked to the PowerLift website.

Except as expressly provided in the Franchise Agreement, you have no right to exclude, control, or impose conditions on the location or operation of present PowerLift (or any other brand) units or distribution channels of any type, licensed, franchised or company-owned, regardless of their location or proximity to the Premises and whether or not they provide goods or services to customers within your Protected Area. You do not have any rights with respect to other and/or related businesses, products and/or services, in which we may be involved, now or in the future.

ITEM 13
TRADEMARKS

Status of Principal Marks

We grant you the right to operate a Location under the Mark "POWERLIFT HYDRAULIC DOORS" (the "Principal Mark") and other Marks we may authorize you to use. The following Marks are owned and registered by us on the Principal Register of the United States Patent and Trademark Office. We may authorize you to use some or all of the following Marks:

Mark	Registration Number	Registration Date	Registration Renewal
POWERLIFT HYDRAULIC DOORS	3994263	July 12, 2011	Due July 14, 2031
POWERLIFT Hydraulic Doors	5612680	November 20, 2018	Due November 20, 2028
HYDAWAY	US Application Serial Number 97877611	Pending	N/A
HYDAWAY HYDRAULICS	US Application Serial Number 97303095	Pending	N/A

All required affidavits of use and renewals have been filed.

Status of Principal Marks

There are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving these Marks. There are no agreements currently in effect that significantly limit our right to use or license the use of these Marks in a manner material to the franchise.

From time to time, we become aware of other users of names, marks and/or designs that may be confusingly similar to our Marks or our distinctive building design. Where appropriate, we will take legal action. Otherwise, there are no infringing uses actually known to us that could materially affect your use of these Marks.

Franchise Agreement

The Franchise Agreement grants you the right to use the Marks. If we believe, in our sole discretion, that it is advisable for us or you to modify or discontinue use of any Mark or use one or more additional or substitute trademarks, service marks or trade dress, you must comply with our directions. We will have no liability or obligation for your modification or discontinuance of any Mark or promotion of a substitute trademark, service mark or trade dress.

You must immediately notify us of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights to any Mark and you must not communicate with any person other than us and our counsel in connection with any infringement, challenge or claim. We will have sole discretion to take any action we deem appropriate and will have the right to control exclusively any litigation or Patent and Trademark Office or other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any Mark. You must execute any and all instruments and documents, provide assistance and do such acts and things as, in the opinion of our counsel, may be necessary or advisable to protect our interests in any litigation or Patent and Trademark Office or other administrative proceeding or otherwise to protect our interests in the Marks.

We will indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding arising out of your authorized use of any Mark under the Franchise Agreement and, except as provided in the Franchise Agreement, for all costs you reasonably incur in defending any claim brought against you or any proceeding in which you are named as a party, if you have timely notified us of such claim or proceeding and you and your owners are in compliance with the Franchise Agreement and all other agreements entered into with us and our affiliates. At our sole discretion, we will be entitled to prosecute, defend or settle any proceeding arising out of your use of any Mark, and, if we decide to prosecute, defend or settle any such matter, we will have no obligation to indemnify or reimburse you for any fees or disbursements of counsel retained by you.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or pending patent applications that are material to the franchise. We claim copyright protection for our Manual and printed advertising and promotional materials. We have not registered the materials to which we claim copyright protection.

We consider certain information relating to the development and operations of PowerLift Stores to be our trade secrets and proprietary information. This information includes:

(i) site selection criteria for PowerLift Stores and plans and specifications for the development of PowerLift Stores;

(ii) sales, marketing and advertising programs and techniques for PowerLift Stores;

(iii) identity of suppliers and knowledge of specifications and pricing for authorized products, materials, supplies and equipment;

(iv) knowledge of operating results and financial performance of PowerLift Stores, other than your Location;

(v) methods of inventory control, storage, manufacturing, installation, product handling and management of PowerLift Stores;

(vi) computer systems and software programs; and

(vii) any and all other information we provide you that is designated orally or in writing as proprietary or confidential or by its nature would reasonably be understood to be proprietary or confidential, regardless whether such information is specifically designated as proprietary or confidential.

All processes, ideas, concepts, advertising and promotional materials, website pages and content, methods, techniques or materials used or useful to a hydraulic door, wall, or window system manufacturing and installation business, whether or not constituting protectable intellectual property (collectively, the "Materials"), that you create, or that are created on your behalf, in connection with the development or operation of your Location must be promptly disclosed to us. If we adopt any of such Materials as part of the System, or deem them to be sufficiently related to us and our business to be considered proprietary, they will be deemed to be our sole and exclusive property and deemed to be Works-made-for-Hire (as such term is defined under Section 101 of the U.S. Federal Copyright Act) for us, and to the extent the Materials may for any reason not be considered a Work-made-for-Hire, you irrevocably convey, grant, transfer and assign to us all right, title and interest which you may have now or in the future in and to the Materials. You must sign whatever assignment or other documents we request, during and after the term of the Franchise Agreement, to evidence our ownership or to assist us in securing intellectual property rights in the Materials, and you warrant that you will obtain all rights from any third party acting on your behalf to comply with this requirement.

You may not use our confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. Nor are there any agreements currently in effect that significantly limit our right to use or authorize you to use the copyrighted materials. Further, there are no infringing uses actually known to us that could materially affect your use of the copyrighted materials in any state. Except as noted above, we are not required by any agreement to protect or defend copyrights or confidential information, although we will do so when this action is in the best interest of our franchise system.

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

If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity, you must designate as the "Operating Partner" an individual approved by us who must: (a) own and control, or have the right to own and control (subject to conditions reasonably acceptable to us), not less than 10% of your equity and voting rights; (b) have the authority to bind you regarding all operational decisions with respect to your Location; and (c) have completed our training program to our satisfaction. You may not change the Operating Partner without our prior written consent.

You (or your Operating Partner): (a) shall exert your full-time and best efforts to the development and operation of your Location and all other franchised PowerLift Stores you own; and (b) may not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with your obligations under the Franchise Agreement. Your Location at all times must be managed by you (or your Operating Partner) or by a manager who has completed our training program to our satisfaction.

The Location at all times must be under the direct, on-premises supervision of you (or your Operating Partner), or otherwise a manager-level employee other than you (or your Operating Partner) that you appoint and authorize to conduct day-to-day business activities at the Location, either of whom must (a) have sufficient experience (in our sole opinion) in the operation of the business; and (b) have successfully completed our initial training program to our satisfaction. Your Operating Partner will be required to sign our Nondisclosure and Non-Competition Agreement, but we do not require manager-level employees to sign our Nondisclosure and Non-Competition Agreement.

You (or your Operating Partner) and the manager-level employee we approve are responsible for conducting day-to-day business activities at the Location. You must at all times faithfully, honestly, and diligently perform your contractual obligations and use best efforts to promote and enhance the Location.

If you are a partnership, corporation, limited liability company or other legal entity, each owner must undertake to be personally bound, jointly and severally, by your obligations under the Franchise Agreement. Copies of these guarantees are attached to the forms of Franchise Agreement, which is attached as Exhibit B to this Franchise Disclosure Document.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Franchise Agreement

We require you to sell all products and services that we determine from time to time to be appropriate for your Location. Failure to do so can (and probably will) result in termination of the Franchise Agreement. From time to time, we may designate products or services as being required or optional and also may introduce test items on a required or optional basis. You are not restricted as to the customers whom you may serve at the Location.

Your Location may not offer any products or services (including promotional items) not authorized by us for PowerLift Stores without our prior written approval. We have the right to change the types of authorized goods and services, and there are no limits on our right to make changes. You may not use your Location for any purpose other than the operation of a PowerLift Store in compliance with the Franchise Agreement.

You must at all times maintain an inventory of approved products, materials, supplies, equipment and other products sufficient in quantity, quality and variety to operate the Location in accordance with our prescribed standards and specifications for PowerLift Stores.

You must refrain from any merchandising, marketing, or promotional practice which is unethical or may be injurious to our business and/or other franchised businesses or to the goodwill associated with the Marks.

In circumstances designated by us in the Manual, or where otherwise reasonably required by us, you will give those customers who have made complaints appropriate refunds or otherwise deal with such complaints as we reasonably direct. You and we agree that such responses to customer complaints are a vital element in maintaining and enhancing the goodwill associated with the Marks. If we receive multiple customer complaints, we may require that you take remedial action (including refunds, repairs and/or additional training), or take such other action as may be warranted, including termination of the Franchise Agreement.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE

FRANCHISE RELATIONSHIP

Franchise Agreement

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	Section 2.01	The term of the Franchise Agreement is seven (7) years.
b. Renewal or extension of the term	Article 15	You will have the right, subject to the conditions contained in the entirety of Article 15, to acquire a successor franchise for the Location on the terms and conditions of a then current form of franchise agreement for PowerLift Stores, as further described in Section 15.03, provided that upon expiration of the Term: (a) you and your Owners and Affiliates are in compliance with the Franchise Agreement and any other agreements with us or any of our Affiliates, and you and your Owners have been in substantial compliance with the Franchise Agreement throughout the Term; and (b) you maintain the right to possession of the Premises for the term of the successor franchise agreement.

c.	Requirements for franchisee to renew or extend	Article 15	Same as above, and provide notice as listed in Section 15.02, execution of a then-current Franchise Agreement, and payment of successor franchise fee of Two Thousand Five Hundred and 00/100 Dollars ($2,500).
d.	Termination by franchisee	N/A	N/A
e.	Termination by franchisor without cause	N/A	N/A
f.	Termination by franchisor with cause	Article 14	The Article details the material breach of the Franchise Agreement, and information regarding immediate termination and termination upon notice and cure period expiration.
g.	"Cause" defined: defaults which can be cured	Section 14.02	We have the right to terminate the Franchise Agreement, effective upon delivery of notice of termination to you, if you or any of your Owners or Affiliates: (1) fail or refuse to comply with any mandatory specification, standard or operating procedure prescribed by us in the Franchise Agreement or in the Manual relating to the health and safety of the Location or violate any health or safety law, ordinance or regulation and do not correct such failure or refusal within twenty-four (24) hours after written notice thereof is delivered to you; (2) fail to make payment of any amounts due us or any of our Affiliates, and do not correct such failure within ten (10) days after written notice of such failure is delivered to you; (3) fail to make a timely payment of any amount due to a supplier unaffiliated with us (other than payments which are subject to bona fide dispute), and do not correct such failure within thirty (30) days after we deliver to you notice of such failure to comply; (4) fail to comply with any other provision of the Franchise Agreement or any mandatory specification, standard or operating procedure prescribed by us in the Franchise Agreement or in the Manual and do not correct such failure within thirty (30) days after notice of such

		failure to comply is delivered to you.
h. “Cause” defined - non-curable defaults	Section 14.01	You will be in material breach of the Franchise Agreement, and the Franchise Agreement will automatically terminate without notice, at our discretion, if you become insolvent by reason of your inability to pay your debts as they mature; if you are adjudicated bankrupt or insolvent; if you file a petition in bankruptcy, reorganization or similar proceedings under the bankruptcy laws of the United States or have such a petition filed against you which is not discharged within thirty (30) days; if a receiver or other custodian, permanent or temporary, is appointed for your business, assets, property; if you request the appointment of a receiver or make a general assignment for the benefit of creditors; if final judgment against you in the amount of Twenty-Five Thousand Dollars ($25,000) or more remains unsatisfied of record for thirty (30) days or longer; if your bank accounts, property or accounts receivable are attached; if execution is levied against your business or property; if suit is filed to foreclose any lien or mortgage against any of your assets and such suit is not dismissed within thirty (30) days; if you voluntarily dissolve or liquidate or have a petition filed for corporate or partnership dissolution and such petition is not dismissed within thirty (30) days; or if your assets, property or interests are “blocked” under any law or regulation relating to terrorist activities or if you are otherwise in violation of any such law or regulation.
i. Franchisee’s obligations on termination/ nonrenewal	Article 16	Upon termination or expiration (without renewal) of the Franchise Agreement, you must make all payment owned to us, discontinue use of all trademarks and confidential information, and adhere to any continuing obligations detailed in this Article of the Franchise Agreement, as applicable.

j.	Assignment of contract by franchisor	Section 18.09	The Franchise Agreement is fully transferable by us, whether by operation of law or otherwise, and shall inure to the benefit of any transferee or other legal successor to our interests herein.
k.	"Transfer" by franchisee defined	Article 13	As stated in the Franchise Agreement: "The rights and duties created by this Agreement are personal to you or, if you are a business corporation, partnership, limited liability company or other legal entity, your Owners. Accordingly, neither you nor any of your Owners may transfer the Franchise without our approval and without complying with all of the provisions of Section 13. You agree not to assign, transfer, or hypothecate, whether voluntary, involuntary, conditional, direct, indirect, by sale, gift, or otherwise (collectively, a "transfer"), any right, title, or interest in this Agreement or the rights and obligations conferred hereby without our written approval. Any transfer without such approval or compliance constitutes a breach of this Agreement and is void and of no force or effect."
l.	Franchisor's approval of transfer by franchisee	Section 13.01 and 13.03	Our approval of a transfer of the Franchise does not constitute: (a) a representation as to the fairness of the terms of any agreement or arrangement between you or your Owners and the transferee or as to the prospects of success of the Location by the transferee; or (b) a release of you and your Owners, a waiver of any claims against you or your Owners or a waiver of our right to demand the transferee's exact compliance with this Agreement. Any approval shall apply only to the specific transfer of the Franchised Business being proposed and shall not constitute an approval of, or have

		any bearing on, any other transfer of the Franchised Business.
m. Conditions for franchisor's approval of transfer	Section 13.02	As stated in the Franchise Agreement: "If we have not exercised our right of first refusal under Section 13.06, we will not unreasonably withhold our approval of a transfer of the Franchise that meets all of the reasonable restrictions, requirements and conditions we impose on the transfer, the transferor(s) and/or the transferee(s), including the following: (a) you have completed development of the Location and are operating the Location in accordance with this Agreement; (b) you and your Owners and Affiliates are in compliance with the provisions of this Agreement, the Manual, all leases/subleases with any party, and all other agreements with us or any of our Affiliates; (c) you must be current on all amounts owed to us or our Affiliates. Any and all promissory notes owed by you to us, or our Affiliates, shall be accelerated and paid in full; (d) all obligations to third parties in connection with your Location must be satisfied or assumed by the transferee; (e) the proposed transferee, or its Owners (if the proposed transferee is a legal entity), must provide us on a timely basis all information we request, must be individuals acting in their individual capacities who are of good character and reputation, who must have sufficient business experience, aptitude and financial resources to

		operate the Location, and who must otherwise meet our approval based on our then-current requirements for new franchisees; (f) the transferee (or its operating partner) and its managers must have completed our initial training program to our satisfaction; (g) the transferee (and its owners) must agree to be bound by all of the provisions of this Agreement for the remainder of its term or, at our option, execute our then current standard form of franchise agreement and related documents used in the state in which the Location is located (which may provide for different fees, advertising contributions and expenditures, duration and other rights and obligations than those provided in this Agreement and which we may require to be guaranteed by you and your Owners); (h) you must ensure that we receive, before we will approve any proposed transferee to begin conducting business activities at the Location as its authorized operator, a transfer fee equal to Seven Thousand Five Hundred and 00/100 Dollars ($7,500); (i) you and your Owners and Affiliates must, except to the extent limited or prohibited by applicable law, execute a general release, in form and substance satisfactory to us, of any and all claims against us and our Affiliates, stockholders, officers, directors, employees, agents, successors and assigns; (j) the transfer will occur through the use of an escrow or a closing attorney, as applicable, and the escrow or closing instructions

		will provide for (x) payments of all fees owed to us, including transfer fees, training fees and any other amounts; and (y) a reasonable "hold back" or retention for a period not to exceed 12 months, to provide for correction of defects in workmanship committed by you, or for payment to the transferee of warrantied work performed by you; (k) you must provide customer and warranty information to the transferee, and the transferee must agree to honor all warranties on work performed by you; (l) you will agree with the transferee not to compete after the transfer in accordance with restrictions acceptable to us and substantially similar to those described in Section 7.03 above."
n. Franchisor's right of first refusal	Section 13.06	We have the option, exercisable by notice delivered to you or your Owners within thirty (30) days from the date of delivery of a complete and accurate copy of such offer to us, to purchase such interest for the price and on the terms and conditions contained in such offer.
o. Franchisor's option to purchase franchisee's franchise	Section 16.03	Upon termination or expiration (without renewal) of the Franchise Agreement, we have the right, exercisable by giving notice thereof ("Appraisal Notice") within ten (10) days after the date of such termination or expiration, to require that a determination be made of the "Agreed Value" (as defined in the Franchise Agreement) of all the personal property used in the Location which you own, including inventory, materials, supplies, furniture, equipment, signs, but excluding any cash and short-term investments and any items not meeting our specifications for PowerLift Stores (the "Purchased

		Assets"). We may thereafter exercise the right to purchase as detailed in Article 16.
p. Death or disability of franchisee	Section 13.05	As stated in the Franchise Agreement: "Upon your death or permanent disability, or the death or permanent disability of the Operating Partner or an Owner of a controlling interest in Franchisee, the executor, administrator or other personal representative of such person shall transfer his interest in this Agreement or his interest in Franchisee to a third party approved by us in accordance with all of the applicable provisions of Section 13 within a reasonable period of time, not to exceed nine (9) months from the date of death or permanent disability."
q. Non-competition covenants during the term of the franchise	Section 7.02	During the Term, you will not: (a) have any direct or indirect controlling or non-controlling ownership interest as an owner – whether of record, beneficially, or otherwise – in a Competitive Business, wherever located or operating (except that equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph); (b) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating; (c) divert or attempt to divert any actual or potential business or customer of any PowerLift Store to a Competitive Business; or (d) engage in any other activity

			which, in our sole opinion, might be injurious or prejudicial to the goodwill associated with the Marks or the System.
r.	Non-competition covenants after the franchise is terminated or expires	Section 7.03	As stated in the Franchise Agreement: "For a period of two (2) years, starting on the effective date of termination or expiration (without renewal or extension of the franchise term) of this Agreement, you are prohibited from directly or indirectly (such as through an Immediate Family member) owning a legal or beneficial interest in, or render services or give advice to any Competitive Business operating at the Premises or within the Protected Area."
s.	Modification of the agreement	Section 18.11	The Franchise Agreement shall not be modified except by written agreement signed by both parties.
t.	Integration/merger clause	Section 18.11	The introduction, personal guarantees, exhibits and riders (if any) to the Franchise Agreement are a part of the Franchise Agreement, which constitutes the entire agreement of the parties.
u.	Dispute resolution by negotiation, mediation & arbitration	Sections 18.04 and 18.05	Discussion of applicability of injunctive relief and requirement for arbitration pursuant to the American Arbitration Association.
v.	Choice of forum	Section 18.07	As stated in the Franchise Agreement: "SUBJECT TO SECTION 18.05 ABOVE AND THE PROVISIONS BELOW, YOU AND YOUR OWNERS IRREVOCABLY AGREE THAT: (A) ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR MUST BE COMMENCED IN THE STATE OR FEDERAL COURT OF GENERAL JURISDICTION

		LOCATED CLOSEST TO OUR THEN CURRENT CORPORATE HEADQUARTERS (CURRENTLY BROOKINGS, SOUTH DAKOTA); AND (B) ANY SUCH MATTER SHALL BE TRIED BY AND TO THE COURT SITTING WITHOUT A JURY, AND YOU WAIVE ANY RIGHT TO A JURY TRIAL. YOU IRREVOCABLY WAIVE, TO THE FULLEST EXTENT YOU MAY LAWFULLY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH SUIT, ACTION OR PROCEEDING, AND AGREE THAT SERVICE OF PROCESS FOR PURPOSES OF ANY SUCH SUIT, ACTION OR PROCEEDING NEED NOT BE PERSONALLY SERVED OR SERVED WITHIN THE STATE OF SOUTH DAKOTA, BUT MAY BE SERVED WITH THE SAME EFFECT AS IF YOU WERE SERVED WITHIN THE STATE OF SOUTH DAKOTA, BY CERTIFIED MAIL OR ANY OTHER MEANS PERMITTED BY LAW ADDRESSED TO YOU AT THE ADDRESS SET FORTH HEREIN. NONETHELESS, FRANCHISEE AND FRANCHISEE'S OWNERS AGREE THAT FRANCHISOR MAY ENFORCE THIS AGREEMENT AND ANY ARBITRATION ORDERS AND AWARDS IN THE COURTS OF THE STATE OR STATES IN WHICH FRANCHISEE IS DOMICILED OR THE FRANCHISED BUSINESS IS LOCATED."
w. Choice of law	Section 18.08	South Dakota

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote the sale of our 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 the information is included in the Franchise 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 performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of the outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Jon Gustad at PowerLift Franchising, Inc., at 305 4th Street, Brookings, South Dakota 57006, or at (507) 368-8510, the Federal Trade Commission, and any appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

All year-end numbers appearing in the tables below are as of the end of each fiscal year, which are as follows: December 31, 2025, December 31, 2024, and December 31, 2023.

Table No. 1

System-wide Outlet Summary For years 2023 to 2025**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2023	48	46	-2
	2024	46	39	-7
	2025	39	39	0
Company-Owned*	2023	1	1	0
	2024	1	1	0
	2025	1	1	0

Total Outlets	2023	49	47	-2
	2024	47	40	-7
	2025	40	40	0

NOTE 1: As stated in Item 1, PDC offered licenses for a business using the Marks similar to PowerLift Stores from October 2009 until December 2024. The licensed business program differed from the franchised System in that the license program was merely a product distribution system (the "License Program"). The License Program did not entail the business system, marketing plan and uniform formal of the franchised System. As such, **zero (0) current franchisees of PowerLift Stores exist. However, the numbers represented in the section of Table No. 1 above titled "Franchised" is listing the licensed locations in the United States pursuant to the License Program in compliance with 16 CFR § 436.5(t)(1) requiring disclosure of all outlets of a type substantially similar to that offered to the prospective franchisee due to the product offering and trademark associated with the License Program.

*NOTE 2: As stated in Item 1, the company-owned location represented in Table No.1 above is operated by our affiliate, Rick's Welding.

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For years 2023 to 2025**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All States	2023	0
	2024	0
	2025	0
Total	2023	0
	2024	0
	2025	0

**There are no current franchisees and there have been no transfers of franchise outlets to new owners

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Table No. 3
Status of Franchised Outlets For
years 2023 to 2025**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations Other Reasons	Col. 9 Outlets at End of the Year
Alabama	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Alaska	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Arizona	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Arkansas	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
California	2023	3	0	1	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Colorado	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Delaware	2023	2	0	0	0	0	0	2
	2024	2	0	1	0	0	0	1
	2025	1	0	0	0	0	0	1
Florida	2023	3	0	1	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2

Hawaii	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Illinois	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Indiana	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Iowa	2023	3	0	0	0	0	0	3
	2024	3	0	1	0	0	0	2
	2025	2	0	0	0	0	0	2
Kansas	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Michigan	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Minnesota	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Mississippi	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Montana	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
North Dakota	2023	2	0	0	0	0	0	2
	2024	2	0	1	0	0	0	1
	2025	1	0	0	0	0	0	1
Nevada	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
	2023	1	0	0	0	0	0	1

New Hampshire	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
New Jersey	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
New York	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Ohio	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Oklahoma	2023	1	0	0	0	0	0	1
	2024	1	0	1	0	0	0	0
	2025	0	0	0	0	0	0	0
Oregon	2023	2	0	0	0	0	0	2
	2024	2	0	1	0	0	0	1
	2025	1	0	0	0	0	0	1
Pennsylvania	2023	1	0	0	0	0	0	1
	2024	1	0	1	0	0	0	0
	2025	0	0	0	0	0	0	0
South Carolina	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
South Dakota	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Tennessee	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Texas	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Utah	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1

	2025	1	0	0	0	0	0	1
Washington	2023	3	0	0	0	0	0	3
	2024	3	0	1	0	0	0	2
	2025	2	0	0	0	0	0	2
Totals	2023	48	0	2	0	0	0	46
	2024	46	0	7	0	0	0	39
	2025	39	0	0	0	0	0	39

NOTE 3: As stated in Item 1, PDC offered licenses for a business using the Marks similar to PowerLift Stores from October 2009 until December 2024. The licensed business program differed from the franchised System in that the license program was merely a product distribution system. The License Program did not entail the business system, marketing plan and uniform formal of the franchised System. As such, **zero (0) current franchisees of PowerLift Stores exist. However, the numbers represented in the section of Table No. 3 above titled "Franchised Outlets" is listing the licensed locations in the United States pursuant to the License Program in compliance with 16 CFR § 436.5(t)(1) requiring disclosure of all outlets of a type substantially similar to that offered to the prospective franchisee due to the product offering and trademark associated with the License Program.

Table No. 4
Status of Company-Owned Outlets For
years 2022 to 2024**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Minnesota	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Totals	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1

**NOTE 4: As stated in Item 1, the company-owned location represented in Table No.1 above is operated by our affiliate, Rick's Welding.

Table No. 5

Projected Openings As Of December 31, 2025

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlets In the Next Fiscal Year
All States	0	0	0
Total	0	0	0

The names, addresses and telephone numbers of our current License Program participants, and in the future, new franchisees, and their Locations are listed in Exhibit D.

No franchised locations exist pursuant to any Franchise Agreement, and as such, there are no former or closed franchised locations to disclose. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

If we offer to sell any previously-owned franchised PowerLift Store that we now own, specific information about that location will be provided to you in a separate supplement to this Franchise Disclosure Document.

In the last three fiscal years, we have had no franchisees and, as such, no franchisees have entered into confidentiality agreements that restrict their ability to speak openly about their experience with our franchise system.

ITEM 21
FINANCIAL STATEMENTS

We do not have annual audited financial statements for the past three (3) years since we are a new Franchisor and have not yet sold franchises for that length of time and do not have audited statements for any period of time. We will begin selling franchises in compliance with all relevant rules and regulations in the fiscal year 2026. Attached to this Disclosure Document as Exhibit F is our unaudited opening balance sheet. Franchisor’s fiscal year ends on December 31st.

ITEM 22
CONTRACTS

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

1. Franchise Agreement (Exhibit B)

2. Franchisee Incentive Addendum (Exhibit B-1)

3. Agreement Riders for Registration States (Exhibit H)

The form of general release that we currently intend to use with transfers and renewals is at Exhibit I.

ITEM 23
RECEIPTS

The last 2 pages of this Franchise Disclosure Document are identical pages acknowledging receipt of this entire document (including the exhibits). Please sign and return to us one copy and please keep the other copy along with this Franchise Disclosure Document.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

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

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division	335 Merchant Street Room 205 Honolulu, HI 96813 808-586-2744
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62701
Indiana (State Administrator)	Indiana Secretary of State - Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204 317-232-6681
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204 317-232-6681
Maryland (State Administrator)	Office of the Attorney General Securities Division	200 St. Paul Place Baltimore, MD 21202-2020 410-576-6360
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020 410-576-6360
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1st Floor 525 West Ottawa Street Lansing, MI 48913 517-335-7622
Minnesota	Minnesota Department of Commerce Securities Section	85 7th Place East, Suite 280 St. Paul, MN 55101-2198 651-539-1500
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21st Floor New York, NY 10005 212-416-8222
New York (Agent)	New York Department of State	123 William Street New York, NY 10038-3804 518-473-2492
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, 14th Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Department of Business Regulation, Securities Division – Franchise Section	1511 Pontiac Avenue John O. Pastore Complex – Building 69-2 Cranston, RI 02920 401-462-9500
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, 2nd Floor Pierre, SD 57501 605-773-3563

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9th Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630 804-371-9733
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Division of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 608-266-0448

EXHIBIT B
TO THE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

POWERLIFT FRANCHISING, INC. FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is made and entered into by and between **POWERLIFT FRANCHISING, INC.** ("PowerLift", "Franchisor", "we" or "us"), a South Dakota corporation with its principal business located at 305 4th Street, Brookings, South Dakota 57006, and ____________________ ____________________________("Franchisee" or "you"), a(n) ______________________________, with its principal place of business located at ____________________________________, as of the date signed by us and set forth opposite our signature on this Agreement (the "Effective Date"). All Capitalized Terms not defined are defined in Section 1.04.

1. INTRODUCTION.

1.01 The PowerLift Business.

(a) We offer for sale a franchise to operate a business specializing in the manufacturing, installation, maintenance, and repair of hydraulically operated doors to be used in agriculture, aviation, architectural and commercial applications (the "Franchised Business"). You agree to operate the Franchised Business using the business methods, designs and arrangements for developing and operating a PowerLift store location (a "PowerLift Store"), which include the use and display of the associated trademarks, service marks, trade dress, and other commercial symbols that we currently (or may in the future) authorize to identify, promote, and operate PowerLift Stores, as is applicable, and/or any services or products offered by PowerLift Stores, including the mark PowerLift Hydraulic Doors®, and our distinctive logo design and color scheme (collectively, the "Marks") and the building designs and layouts, equipment, component parts, procedures, methods of inventory control and specifications for authorized Products, and certain operating and business standards and policies, all of which we may improve, further develop or otherwise modify at any time and from time to time (the "System") as set forth in specified in our Confidential Operations Manual (the "Manual").

(b) As a material and integral part of the Franchised Business, we or our Affiliates will sell you proprietary products, including products with the mark POWERLIFT HYDRAULIC DOORS®, component parts, items and inventory for use in the manufacturing, installation, maintenance, and repair of hydraulically operated doors to be used in agriculture, aviation, residential, and commercial applications (the "Products"). Our training and the System are designed around the Products. If you purchase other products or use non-approved products in connection with the Franchised Business, you will tarnish the Marks, you will defeat the economic purpose of this Agreement, and you will be in breach of this Agreement. We may terminate this Agreement immediately if you purchase anything other than the Products without our prior written permission.

(c) When you sign this Agreement, you must comply fully with its terms and the Manual in order to use the Marks, Products, System, and other Intellectual Property.

(d) You agree that it is critical to you, us, and each franchisee for the System to evolve and be flexible to respond to commercial opportunities and challenges, as well as the marketplace. An inability to change the System could adversely affect all PowerLift franchisees. You, therefore, agree and anticipate that the Manual and the System may be changed by us, from time to time, in our sole discretion, which may result in additional cost to you. You agree to comply with the Manual and the System as they are changed by us.

1.02 **Your Acknowledgments**. You have read this Agreement and our Franchise Disclosure Document. You understand the terms of this Agreement and accept them as being reasonably necessary to maintain the uniformity of our high quality standards at all PowerLift locations in order to protect the goodwill of the Marks and the integrity of the System. You have conducted an independent investigation of the business contemplated by this Agreement and recognize that the industry is highly competitive, with constantly changing market conditions. You recognize that the nature of PowerLift locations may change over time, that an investment in a PowerLift location (hereafter, a "PowerLift Store" or "PowerLift Stores") involves business risks and that the success of the venture is largely dependent on your own business abilities, efforts and financial resources. You have not received or relied on: (a) any guaranty or assurance, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement; or (b) any promises that any parent company or Affiliate will back us up financially or otherwise guarantee our performance.

1.03 **Your Representations**. You, and your Owners, if applicable, represent and warrant to us, that: (a) neither you nor any of your Owners has made any untrue statement of any material fact or has omitted to state any material fact in obtaining the rights granted hereunder; (b) neither you nor any of your Owners has any direct or indirect legal or beneficial interest in any business that may be deemed a Competitive Business, except as otherwise completely and accurately disclosed in your franchise application submitted to us; and (c) the execution and performance of this Agreement will not violate any other agreement to which you or of any of your Owners may be bound. You recognize that we have approved your franchise application in reliance on all of the statements you and your Owners have made in connection therewith.

1.04 **Certain Definitions**. The terms listed below have the meanings which follow them and include the plural as well as the singular. Other terms are defined elsewhere in this Agreement in the context in which they arise.

"Affiliate" – Any person or entity that directly or indirectly owns or controls the referenced party, that is directly or indirectly owned or controlled by the referenced party, or that is under common control with the referenced party. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

"Competitive Business" – Any business that: (i) operates as a hydraulic door manufacturing, installation, maintenance, and/or repair service or similar provider or business involving the marketing, sales, design, construction, or installation of hydraulically operated doors, windows, and walls to be used in agriculture, aviation, residential, and commercial applications; (ii) grants franchises or licenses to others to operate the type of business specified in subparagraph (i); or (iii) manufactures hydraulic doors or similar products.

"Confidential Information" – Our proprietary and confidential information relating to the development and operation of PowerLift Stores, including: (1) equipment, component parts, and methods of manufacturing and installation of Products; (2) site selection criteria for PowerLift Stores and plans and specifications for the development of PowerLift Stores; (3) sales, marketing and advertising programs and techniques for PowerLift Stores; (4) identity of suppliers, and knowledge of specifications and pricing for Products, materials, supplies and equipment, we authorize; (5) knowledge of operating results and financial performance of PowerLift Stores; (6) methods of inventory control, training and management relating to PowerLift Stores; (7) computer systems and software programs; (8) the Manual; and (9) any and all other information we provide you, your Owners or Affiliates that is designated orally or in writing as proprietary or confidential, or by its nature would reasonably be understood to be proprietary or confidential, regardless of whether such information is specifically designated as proprietary or confidential.

"Customer Data" – All information and data, whether in electronic, written, or any other form, that relates to or is derived from customers or prospective customers of your PowerLift Store, including but not limited to: (a) customer names, contact information, and other identifying details; (b) purchase histories, order details, and sales information; (c) invoices, receipts, payment records, and other transactional or financial data; (d) demographic, behavioral, and preference information; and (e) any other information collected, generated, or maintained through any point-of-sale system, accounting system, online platform, sales program, or other medium at the Location.

"Franchise Disclosure Document" – The most recent version of franchise disclosure document for PowerLift Stores that we or our designee delivered to you, your Owners, and/or your authorized representative.

"Gross Revenues" - All revenue resulting from all sales which include the provision and/or sale of Products and Services offered at your franchised PowerLift Store (the "Location") arising from the operation of your Location. This includes all remuneration received from the offering and sale of Services and Products, whether or not such sales have been approved or authorized by us and whether for cash, credit, gift, or barter and with no deductions or exclusions whatsoever (including for any third-party delivery services or processing fees); provided, however, that "Gross Revenue" shall not include any of the following: (i) service personnel tips; (ii) any products or services not include in the Services; and (iii) any sales taxes or other taxes collected by you for transmittal to the appropriate taxing authority. We reserve the right to modify the definition of "Gross Revenues" including those items exempted from the definition in our sole and absolute discretion.

"Immediate Family" – Spouse, legally-recognized domestic partners, parents, siblings, and children, whether natural or adopted, including any particular member thereof as may be referenced individually.

"Location" – The PowerLift Store we authorize you to operate at the Premises pursuant to the terms, conditions, and obligations of this Agreement.

"Marks" – All trademarks, service marks, trade dress, and other commercial symbols that we currently authorize, or may in the future authorize, to identify, promote, and operate PowerLift Stores and/or any services or products offered by PowerLift Stores, including any distinctive building design and color scheme.

"Operating Partner" – The individual identified in Exhibit A.

"Owner" – Each person or entity that has a direct or indirect legal or beneficial ownership interest in you, if you are a business corporation, partnership, limited liability company or other legal entity.

"Premises" – The physical location and address of the operation of the franchised PowerLift Store selected by Franchisee and approved in writing by Franchisor, as identified in Exhibit B, and designated as the Location pursuant to this Agreement.

"Services" - We developed and own the System for establishing and operating businesses specializing in our programs and services to manufacture, sell, install, maintain, and/or repair PowerLift Hydraulic Doors in various applications including agriculture, aviation, commercial, industrial and residential projects

2. **GRANT OF RIGHTS**.

2.01 Grant of Franchise and Term. You have applied for a franchise to own and operate a PowerLift Store at the Premises. Subject to the terms of this Agreement, we grant to you the right, and you assume the obligation, to operate a PowerLift Store at the Premises and to use the System solely in connection therewith, for a term of seven (7) years, starting on the Effective Date (the "Term"). You may not conduct the business of a PowerLift Store or use the System at any site other than the Premises, or relocate the Location, without our prior consent. You agree not to operate any other business or sell other products or services at or from the Premises other than as approved by PowerLift.

2.02 Your Protected Area. During the Term, and subject to the following Section 2.03, we will not operate (directly or through an Affiliate) or grant to a third party the right to operate, any PowerLift Store located within a particular geographic area (the "Protected Area"). Your Protected Area will be defined by a map and/or a related set of identifiers such as zip codes, coordinates, street addresses, or area codes. The Protected Area will be independently determined by using our sole discretion and may be based on (but not necessarily limited to) the following considerations: Number of households or businesses within the specified boundaries; number of potential customers residing or with principal business address within the specified boundaries, given current market demographics; population density; drive times from the defined location; natural and manmade boundaries; and/or other reasonable criteria that we may apply. You and we agree that upon we may modify the size and/or boundaries of the Protected Area if you are in material breach of this Agreement. You and we hereby agree that upon the amendment of this Agreement by us in accordance with this Section, the particular geographic area identified thereon shall be deemed the Protected Area under this Agreement.

2.03 Our Reservation of Rights. Except as expressly limited by Section 2.02 above, we and our Affiliates (and our respective successors and assigns, by purchase, merger, consolidation or otherwise) retain all rights and discretion with respect to the Marks, the System, the sale of Products or Services, and products and services similar or dissimilar to those offered by PowerLift Stores, and the operation or franchising of PowerLift Stores anywhere located or to be located, and may engage in any business activities whatsoever, within or outside the Protected Area, whenever and wherever we desire. Specifically, by way of example and without limitation, we reserve the following rights: (a) to establish and operate, and grant to others the right to operate, PowerLift Stores at locations outside the Protected Area, on such terms and conditions as we deem appropriate (you acknowledge that such other franchised or corporate-owned PowerLift Stores may be in direct competition with your PowerLift Store, without regard to any adverse effects of such activities on your location and without any obligation or liability to you); (b) to sell any products or services, including the Products and Services, under the Marks or under any other trademarks, service marks or trade dress, through alternative channels of distribution, wherever located or operating (including, without limitation, the internet or similar electronic media); (c) to establish and operate, and grant to others the right to operate, locations selling the same or similar products identified by trademarks, service marks or trade dress, other than the Marks, pursuant to such terms and conditions as we deem appropriate and wherever such locations are located; (d) to acquire the assets or ownership interests of one or more businesses providing products and services similar or dissimilar to those provided at PowerLift Stores, and to franchise, license or create similar arrangements with respect to these businesses once acquired, and which businesses we may (at our sole discretion, and without obligation) convert, or allow to be converted, to operations as franchised PowerLift Stores using any of the Marks and/or the System, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Protected Area, if applicable); and (e) to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at PowerLift Stores, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses in the Protected Area. You acknowledge and agree that, except as expressly granted to you in Section 2.02 hereof, your rights hereunder are non-exclusive and you have no rights under this Agreement to participate in or benefit from any other business activity we or our Affiliate may undertake, regardless of whether such activity involves the Marks or the System or whether it occurs in your Protected Area. You waive, to the fullest extent permitted under applicable law, all claims, demands, or causes of action arising from or relating to any of the foregoing activities by us or any of our Affiliates in connection with our reserved rights under this Section 2.03.

3. DEVELOPMENT OF THE FRANCHISED POWERLIFT STORE LOCATION.

3.01 Site Acceptance Disclaimer. You acknowledge and agree that, if we, our Affiliates, or our approved vendors or suppliers suggest, approve, or give you information regarding a site for the Premises, our action is not a representation or warranty of any kind, express or implied, of the site's suitability for a PowerLift Store or any other purpose. We do not represent that we, or any of our Affiliates, owners, employees or agents, have special expertise in selecting sites. Our action indicates only that we believe that the site meets our then acceptable criteria and not that the PowerLift Store will be profitable or successful at the Premises. Applying criteria that have appeared effective with other sites and premises might not accurately reflect the potential for all sites and premises, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site and premises. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a site and premises we suggest or approve for the location of a PowerLift Store fails to meet your expectations. Accordingly, you acknowledge and agree that your acceptance of the franchise for a PowerLift Store pursuant to this Agreement is based on your own independent investigation of the site's suitability for the Premises.

In consideration of our acceptance of the Premises, you and your Owners release us, and our Affiliates, officers, directors, employees and agents from any and all loss, damage and liability arising from or in connection with the selection and/or acceptance of the Premises for development as a PowerLift Store.

3.02 Selection of Premises. If we and you have not agreed upon an approved site for the Location before signing this Agreement, you are responsible for selecting, securing, and developing the Location, funding all expenses associated therewith, and for complying with the requirements of any applicable federal, state or local law, code or regulation within the geographic area described in Exhibit B ("Designated Area"). If you have suggested a site for the Location which we have approved before or concurrently with the execution of this Agreement, the Premises will be set forth on Exhibit B. The Designated Area is delineated for the sole purpose of site selection and does not confer any territorial exclusivity or protection. You agree to obtain our written approval of the Location's proposed site before signing any lease, sublease, or other document for the site. Within one hundred eighty (180) days after the Effective Date, you must locate and submit for our approval a site acceptable to us within the Designated Area for the Location. We will use reasonable efforts to help analyze your market area, to help determine site feasibility, and to assist in designating the location, although we will not conduct site selection activities for you. We will not unreasonably withhold our approval of a site that meets our criteria for demographic characteristics; character of neighborhood; competition from, proximity to, competitors and other franchisees, and nature of other businesses; other commercial characteristics; and the proposed site's size, appearance, and other physical characteristics.

You agree to send us a description of the proposed site, including a summary of the items listed above, along with a letter of intent or other evidence confirming your favorable prospects for obtaining the proposed site. We will use reasonable efforts to approve or disapprove the proposed site within thirty (30) days after receiving your written proposal. If we do not approve of a proposed site, you must identify and notify us of new sites until we approve a site for the Location. Upon our approval of a site, we will insert its address into Exhibit B, and it will be the Premises. The failure to insert such address into in Exhibit B shall not automatically affect the enforceability of this Agreement. If, after expending good faith best efforts (as we determine in our sole judgment), you are unable to locate a site acceptable to us within the Designated Area for the Location within the prescribed time period under this Section, then you may request a one-time extension of time to locate an acceptable site within the Designated Area, which we may grant to you in our sole discretion.

3.03 **Purchase or Lease of Premises**. We have the right to approve the terms of any lease, sublease or purchase contract for the Premises, which must contain the franchise addendum to lease. You agree to sign, and have the landlord sign, the franchise addendum to lease agreement attached hereto as Exhibit C, containing certain required terms and provisions of the lease or sublease. Within sixty (60) days after our approval of a site for the Premises, you must deliver to us a copy of the fully signed lease, sublease or purchase contract and the franchise addendum to lease agreement. You may not modify the terms of the lease, sublease, purchase contract or franchise addendum to lease agreement without our approval. Our approval of the lease, sublease or purchase contract does not constitute a warranty or representation of any kind, express or implied, as to its fairness or suitability or as to your ability to comply with its terms. We do not, by virtue of approving the lease, sublease or purchase contact, assume any liability or responsibility to you or to any third parties. If, after expending good faith best efforts (as we determine in our sole judgment), you are unable to execute the lease, sublease or purchase agreement for the Premises within the prescribed time period under this Section, and we did not previously grant you an extension under Section 3.02 above, then you may request an extension of time to execute such lease, sublease or purchase agreement, which we may grant to you in our sole discretion.

3.04 **Development of the Premises**. You are responsible for developing the Location, funding all expenses associated therewith, and for complying with the requirements of any applicable federal, state or local law, code or regulation, including those concerning the Americans with Disabilities Act ("ADA") or similar rules governing public accommodations for persons with disabilities.

Upon your request, we will furnish you with the prototype plans for a Location. You may be required to pay a fee for any prototype plans that we furnish to you. The prototype plans are to be used as a guideline for your use in developing a final set of plans for construction of the Location. You may modify those prototype plans only as required to ensure that the plans and all specifications comply with all applicable federal, state and local laws, codes and regulations, ordinances, building codes and permit requirements and any lease requirements and restrictions. You must submit all modified plans and specifications to us for our approval before seeking municipal approval to develop the Premises. Our review and approval of your plans are not designed to assess compliance with federal, state or local laws and regulations, including the ADA, as compliance with such laws is your sole responsibility, but rather simply that the plans meet with our then-current standards. At our request, you must submit to us all revised or "as built" plans and specifications. All development must be in accordance with the plans and specifications we have approved, and must comply with all applicable laws, ordinances and local rules and regulations. The architect and/or general contractor you use to design and construct the Location must be approved by us in writing. Any architect, general contractor or other builders you use must be licensed and maintain architect's, builder's and/or contractors insurance (as applicable). Our approval of any architect, general contractor or other builders that you use to design or construct the Location is not a representation or warranty of any kind, express or implied, of the architect's, general contractor's or other builder's qualifications or competence in designing or constructing the Location. Our approval indicates only that we believe that the architect, general contractor or other builder meets our then acceptable criteria. We will furnish such guidance to you in developing the Premises as we deem appropriate. We may periodically inspect the Premises during its development. We do not, by approving your plans or specifications or inspecting the Premises, assume any liability or responsibility to you or to any third parties. Such approvals and inspections shall be solely for the purpose of assuring compliance with our standards and shall not be construed as any express or implied representation or warranty that your Location complies with any applicable laws, codes or regulations (including the ADA or any other federal, state or local law or ordinance regulating standards for access to, use of, or modifications of buildings by or for any persons whose disabilities are protected by law) or that the construction thereof is sound or free from defects. All prototype plans and other plans and specifications for the Location shall be our sole and exclusive property.

You must apply for all requisite government approvals and permits to develop the Premises within sixty (60) days after your execution of the proposed lease, sublease or purchase agreement for the Premises. You must complete construction or installation of the Location within one hundred eighty (180) days from receipt of all government approvals and permits. You must open the Location within fourteen (14) days after the date construction or installation is completed, or, if the Location receives training support from us, within nineteen (19) days after construction or installation is completed. We must approve the Location for opening.

Your obligation to complete construction of the Location includes obtaining all required construction and occupancy licenses and permits, developing the Premises, installing all required fixtures, furnishings, equipment and signs, and doing all other things required by this Agreement or by practical necessity to have the Location ready to open for business. You must give us at least thirty (30) days' prior notice of the date on which you plan to open the Location. You may not open the Location for business until we have notified you that the Location meets our requirements for opening, including payment in full of the initial franchise fee and all other amounts then owing to us, successful completion of our initial training program, and our receipt of your certificates of insurance in compliance with Section 9.07.

3.05 Equipment, Furniture, Fixtures and Signs. You agree to purchase or lease all required equipment, furnishings, fixtures and signs for the Location. You agree to purchase or lease only such types, brands and models of fixtures, furniture, equipment, signs and supplies which we approve for PowerLift Stores as meeting our standards and specifications, including standards and specifications for quality, design, warranties, appearance, function and performance. You may purchase or lease approved types, brands or models of fixtures, furniture, equipment, signs and supplies only from suppliers approved by us (including us and any of our Affiliates). From time to time, we may modify the list of approved types, brands, models and/or suppliers, and you may not, after receipt of notice of such modification, initiate any new orders for, or reorder, any type, brand or model, or otherwise transact with any supplier, which is no longer approved. If you propose to purchase or use any fixtures, furniture, equipment, signs or supplies of a type, brand or model, or from a supplier that we have not previously approved or whose approval expired or was terminated, you must notify us and submit to us all information we may request concerning the proposed item or supplier. We may impose reasonable inspection and supervision fees on you to cover our costs associated with evaluating any proposed supplier or item you request us to consider approving for purchase or use by the Location or the System.

3.06 Opening Assistance. If you (or the Operating Partner) have not previously owned or managed a PowerLift Store location, and you are opening a new Location under this Agreement (i.e. not a transfer of an existing franchise), then we will provide you with such on-site support at the Premises as we determine in our sole judgement to assist you in starting Location operations, and/or as requested by you, at your cost. For avoidance of doubt, we solely determine the timing, scheduling and staffing of the on-site opening assistance we will provide you in accordance with this Section, including the calendar dates, times of our support and whether those support days are provided consecutively or intermittently.

4. TRAINING AND GUIDANCE.

4.01 Initial Training Program. Prior to opening the Location, you (or your Operating Partner) and all such managers, as applicable, must attend and successfully complete an initial training program on the operation of a PowerLift Store at such time(s) and place(s) we designate. We may require you (or your

Operating Partner) and your district, general and assistant managers to attend and successfully complete periodic or additional training programs. We will not charge any fees for two (2) attendees attending the initial training program. We may charge fees for any additional attendees that you send to the initial training program, as well as for you and your personnel attending any additional training programs (whether optional or mandatory). You will be responsible for all compensation and expenses (including travel, meals and lodging) incurred by you and your personnel in attending any training programs. You must immediately replace any manager (including the Operating Partner, as applicable) who fails to successfully complete any training program to our satisfaction or who otherwise is not qualified to manage a PowerLift Store. You acknowledge and agree that the initial training program and any additional training programs are provided to you and your personnel to protect our brand and the Marks and not to control the day-to-day operation of the Location.

4.02 **On-Going Guidance**. We will furnish you periodic guidance with respect to the System, including improvements and changes to the System. Such guidance, at our discretion, will be furnished via bulletins and other written materials, consultations by telephone or in person at our offices or at the Location, or by any other means of communications. At your request, we may provide special assistance for which you will be required to pay the per diem fees and charges we may establish at any time and from time to time.

4.03 **The Confidential Operations Manual**. We will provide you with access to our Manual. You agree to comply fully with all mandatory standards, specifications and operating procedures and other obligations contained in the Manual. We may modify the Manual at any time and from time to time to reflect changes in standards, specifications and operating procedures, provided no addition or modification may alter your fundamental status and rights under this Agreement. You acknowledge and agree that you must comply with such changes at your sole cost and expense. If a dispute develops relating to the contents of the Manual, our master copy will control. The Manual contains Confidential Information, and you agree not to copy any part of the Manual or to allow unauthorized persons access to the Manual.

5. TRADEMARKS.

5.01 **Ownership of the Marks**. You acknowledge that we own the Marks. Your right to use the Marks is derived solely from this Agreement and is limited to conducting business pursuant to and in compliance with this Agreement. Your unauthorized use of any of the Marks constitutes a material breach of this Agreement and an infringement of our rights to the Marks. This Agreement does not confer on you any goodwill or other interests in the Marks. Your use of the Marks and any goodwill established thereby inures to our exclusive benefit. All provisions of this Agreement applicable to the Marks apply to any additional or substitute trademarks, service marks and trade dress we may develop, create, or authorize you to use. You may not at any time during or after the Term contest, or assist any other person in contesting, the validity or ownership of any of the Marks.

5.02 **Use of the Marks**. You agree to use the Marks as the sole identification of the Location, provided you identify yourself as the independent owner thereof in the manner we prescribe. You agree to use the Marks as we prescribe in connection with the sale of the Products. You may not use any Mark (or any abbreviation, modification or colorable imitation) as part of any corporate or legal business name or in any other manner (including as an electronic media identifier, such as a website, web page or domain name) not expressly authorized by us in writing.

5.03 **Discontinuance of Use of Marks**. If it becomes advisable at any time for us and/or you to modify or discontinue use of any Mark and/or use one or more additional or substitute trademarks, service marks or trade dress, you agree to comply with our directions within a reasonable time after we provide notice to you. We will have no liability or obligation whatsoever with respect to any such required modification or discontinuance of any Mark or the promotion of a substitute trademark, service mark or trade dress.

5.04 **Notification of Infringements and Claims**. You must notify us immediately of any apparent infringement of or challenge to your use of any Mark, or any claim by another person of any rights in any Mark. You may not communicate with any person, other than us and our counsel (or other advisor as we may designate), in connection with any such infringement, challenge or claim without our consent or legal obligation to do so. We will have sole discretion to take such action as we deem appropriate and will have the right to control exclusively any litigation or U.S. Patent and Trademark Office proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You must sign any and all documents, render such assistance and do such things as may be advisable in the opinion of us or our counsel to protect our interests in any litigation or U.S. Patent and Trademark Office or other administrative proceeding or otherwise to protect our interests in the Marks.

5.05 **Indemnification of Franchisee**. We agree to indemnify you against, and to reimburse you for, all damages for which you are held liable in any proceeding arising out of your authorized use of any Mark pursuant to and in compliance with this Agreement and, except as provided herein, for all costs you reasonably incur in defending any such claim brought against you, provided: (i) you timely notified us of such claim pursuant to Section 5.04, and (ii) that you and your Owners and Affiliates are in compliance with this Agreement and all other agreements with us or any of our Affiliates. We, at our sole discretion, are entitled to prosecute, defend and/or settle any proceeding arising out of your use of any Mark pursuant to this Agreement, and, if we undertake to prosecute, defend and/or settle any such matter, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any legal counsel or other advisors you may have retained.

6. FEES.

6.01 **Initial Franchise Fee**. An initial franchise fee (the "Initial Franchise Fee") of ten thousand and 00/100 dollars ($10,000) is fully earned and payable to us on signing of this Agreement. The Initial Franchise Fee is used, among other things, to offset Franchisor's costs and expenses relating to initial training, equipment (if applicable), maintenance of supplier relationships, inspection, testing and other quality control programs, design assistance, project management, marketing plan/toolkit, administrative costs associated with reviewing franchisee's application and qualifications, as well as Franchisor's other costs in helping Franchisee open the franchise. The fee is entirely nonrefundable.

6.02 **Royalty Fees and Product Purchase**. We do not charge a royalty on the revenue that you generate from selling the Products. We generate income from the sale of the Products to you. You and we have agreed on your commitment to purchase only the Products from us or our affiliate. Payment for your initial order of Products is due prior to shipment of Products. Payment for all Products you purchase from us after the initial order will be due within 20 days of your receipt of an invoice from us. Invoicing is done upon shipment of Products.

6.03 **Interest On Late Payments**. All amounts which you owe us or any of our Affiliates for any reason, including amounts payable into the Ad Fund or as provided in Sections 3.05 and 10.01, shall bear interest accruing as of their original due date at the maximum interest rate permitted by law, If there is no applicable legal maximum rate, interest will be calculated at the rate of eighteen percent (18%) per annum from and after the date of accrual.

7. RESTRICTIVE COVENANTS.

7.01 **Confidential Information**. We will disclose parts of our Confidential Information to you solely for your use in the operation of the Location. The Confidential Information is proprietary and includes our trade secrets. During and after the Term: (a) you may not disclose, rely upon, disseminate, take, or use the Confidential Information in any other business or capacity (as you hereby acknowledge that such prohibited use would be an unfair method of competition); (b) you must exert your best efforts to maintain the confidentiality of the Confidential Information, regardless of its format or medium of transmission to you; (c) you may not make unauthorized copies of any portion of the Confidential Information; and (d) you must implement all commercially reasonable procedures we prescribe at any time and from time to time to prevent unauthorized use or disclosure of the Confidential Information, including requiring your managers and assistant managers, and any other of your personnel who attends training or who has the ability to access our Confidential Information, to sign nondisclosure agreements in a form we prescribe or approve and delivering those agreements to us.

7.02 **<u>In-Term Covenants</u>**. You acknowledge that we have granted you the franchise in consideration of, and reliance upon, your agreement to deal exclusively with us. You therefore agree that, during the Term and any successor franchise term, neither you, any of your Owners, nor any of your or your Owners' Immediate Family will (without our prior consent, which consent we may condition or withhold for any or no reason):

(a) have any direct or indirect controlling or non-controlling ownership interest as an owner – whether of record, beneficially, or otherwise – in a Competitive Business, wherever located or operating (except that equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);

(b) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;

(c) divert or attempt to divert any actual or potential business or customer of any PowerLift Store to a Competitive Business; or

(d) engage in any other activity which, in our sole opinion, might be injurious or prejudicial to the goodwill associated with the Marks or the System.

7.03 **<u>Post-Term Covenants</u>**. For a period of two (2) years, starting on the effective date of termination or expiration (without renewal or extension of the franchise term) of this Agreement, you are prohibited from directly or indirectly (such as through an Immediate Family member) owning a legal or beneficial interest in, or render services or give advice to any Competitive Business operating at the Premises or within the Protected Area.

You acknowledge that we have a protectable legal interest in the System, customers of PowerLift Stores and the goodwill associated with the Marks and the System, and that the non-competition covenants contained in this Section and Section 7.02 are necessary elements to their protection and are a material an integral part of this Agreement. You also expressly acknowledge the possession of skills and abilities of a general nature and the opportunity for exploiting such skills in other ways, so that enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living. If you fail or refuse to abide by any of the foregoing covenants, and we obtain enforcement in a judicial or arbitration proceeding, the obligations under the breached covenant will be tolled during the period(s) of time that the covenant is breached, and will continue in effect for a period of time ending two (2) years after your compliance with these obligations.

7.04 **<u>Information Exchange</u>**. You must promptly disclose to us all processes, ideas, concepts, advertising and promotional materials, website pages and content, methods, techniques or materials used or useful to a hydraulic door, wall, or window system manufacturing and installation business, whether or not constituting protectable intellectual property, that you create, or that are created on your behalf or for your benefit by your Owners or employees, in connection with the development or operation of your Location (collectively, the "Materials"). Any such Materials will be deemed our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent that any one of the Materials does not qualify as a "work made-for-hire" for us (as such term is defined under Section 101 of the U.S. Copyright Act), by way of this paragraph you irrevocably convey, grant, transfer and assign ownership of the Material(s), and all related rights to the Materials, both during and after the Term, to us. You agree to take whatever action we request (including signing assignment or other documents) to evidence our ownership or to help us obtain intellectual property rights in the Materials as part of the System, and you warrant that you will obtain all rights from any third party acting on your behalf to comply with this provision.

8. <u>YOUR ORGANIZATION AND MANAGEMENT</u>.

8.01 <u>Organizational Documents</u>. If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity, you and each of your Owners represent, warrant and agree that: (a) you are duly organized and validly existing under the laws of the state of your organization, and, if a foreign business corporation, partnership, limited liability company or other legal entity, you are duly qualified to transact business in the state in which the Location is located; (b) your undersigned signatory below has the authority to execute and deliver this Agreement on your behalf and that you are able and authorized to perform your obligations hereunder; (c) true and complete copies of the articles of incorporation, partnership agreement, bylaws, subscription agreements, buy-sell agreements, voting trust agreements and all other documents relating to your ownership, organization, capitalization, management and control have been delivered to us and all amendments thereto shall be promptly delivered to us; (d) your activities are restricted to those necessary solely for the development, ownership and operation of PowerLift Stores in accordance with this Agreement and in accordance with any other agreements entered into with us or any of our Affiliates; (e) the articles of incorporation, partnership agreement or other organizational documents recite that the issuance, transfer or pledge of any direct or indirect legal or beneficial ownership interest is restricted by the terms of this Agreement; and (f) all certificates representing direct or indirect legal or beneficial ownership interests now or hereafter issued must bear a legend in conformity with applicable law reciting or referring to such restrictions, and (g) you will maintain a registered agent in accordance with applicable law.

8.02 <u>Disclosure of Ownership Interests</u>. You and all of your Owners represent, warrant and agree that Exhibit A is current, complete and accurate as of the Effective Date. You agree to promptly notify us of any proposed or intended change to your ownership structure during the Term, to obtain our approval in accordance with the transfer conditions of Section 13.02 below before initiating any such change, and to sign a then-updated and accurate form of Exhibit A (which will replace its predecessor version of Exhibit A) if we approve the change. Each person who is or becomes an Owner must execute an agreement in form and substance as we then prescribe, undertaking to be bound jointly and severally by this Agreement. Each Owner must be an individual acting in his individual capacity, unless we waive this requirement.

8.03 <u>Operating Partner</u>. If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity, you must designate in Exhibit A as the "Operating Partner" an individual we approve who must: (a) own and control, or have the right to own and control (subject to conditions reasonably acceptable to us) not less than ten percent (10%) of your equity and voting rights; (b) have the authority to make, and bind you and all your Owners to, all operational decisions regarding the Location; and (c) complete our training program to our satisfaction before engaging in his or her operational duties. You may not change the Operating Partner without our prior written consent.

You (or your Operating Partner): (a) shall exert full-time, best efforts to the development and operation of the Location and all other PowerLift Stores you own; and (b) may not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with your obligations hereunder.

8.04 Management of Business. The Location at all times must be under the direct, on-premises supervision of you (or your Operating Partner), or otherwise a manager-level employee other than you (or your Operating Partner) that you appoint and authorize to conduct day-to-day business activities at the Location, either of whom must (a) have sufficient experience (in our sole opinion) in the operation of the business; and (b) have successfully completed our initial training program to our satisfaction. You (or your Operating Partner) are solely responsible for all employment decisions for the Location, including hiring, firing, remuneration, personnel policies, training, benefits, and maintaining supervision and discipline, regardless of whether you received advice from us on any of these subjects.

9. OPERATING STANDARDS.

9.01 Suppliers, Products and Services. You acknowledge that the reputation and goodwill of PowerLift Stores is based on, and can be maintained only by, the sale of distinctive high quality products and services. Therefore, you agree that you will use in the development and operation of the Location and/or offer for sale at the Location only the Products and other supplies or other products and services that conform to our specifications and quality standards and/or are purchased from the suppliers, distributors and service providers (collectively referred to herein as "supplier" or "suppliers") we approve (which may include us and/or any of our Affiliates). We may modify the list of approved suppliers, brands of products, services or supplies and/or suppliers of those items. After notice of such modification, you may not initiate any new orders of, or reorder, or sell any brand, or transact with any supplier, that we no longer approve for use with the System or by PowerLift Stores generally without prior written approval.

If you propose to use or sell any brand and/or supplier which is not then approved by us, you must first notify us and submit sufficient information, specifications and samples concerning such brand and/or supplier so that we can decide whether such brand complies with our specifications and standards and/or such supplier meets our approved supplier criteria. We have the right to charge reasonable fees to cover our costs. We will notify you of our decision within a reasonable period of time. We may prescribe procedures for the submission of requests for approval and impose obligations on suppliers, which we may require be incorporated in a written agreement. We may impose limits on the number of suppliers (which may include us or our Affiliates) and/or brands for any of the foregoing items.

Subject to the provisions contained in this Section 9.01, you acknowledge and agree that (i) we and/or our Affiliates may receive payments, fees, commission or reimbursements from suppliers and third parties a result of your purchases, (ii) we and/or our Affiliates, owners, officers or other personnel may have investments in such suppliers, and (iii) we and/or our Affiliates may profit from your purchases from approved suppliers or receive other material consideration from suppliers on account of their dealings with you and other operators of PowerLift Stores.

You must maintain at all times an inventory of approved products, and the Products, in sufficient in quantity, quality and variety to operate the Location in accordance with our prescribed standards and specifications for PowerLift Stores.

9.02 Specifications and Standards. You acknowledge that each and every aspect of the interior and exterior appearance, layout, decor, services, equipment and operation of the Location is important to us and is subject to our specifications and standards. You agree to comply with all mandatory specifications, standards and operating procedures, as modified at any time and from time to time (whether contained in the Manual or any other written communication) relating to the appearance, function, operation of a PowerLift Store, including: (a) the required Products; (b) sales procedures and customer service; (c) advertising and promotional programs; (d) safety, maintenance, appearance, standards of service and operation of the Location; (e) days and hours of operation; (f) bookkeeping, accounting and record keeping systems and forms; and (g) customer service, brand loyalty programs and materials and media, including social media websites, used in these programs.

9.03 **Compliance With Laws**. You must maintain in force in your name all required licenses, permits and certificates relating to the operation of the Location. You must operate the Location in full compliance with all applicable laws, ordinances and regulations, including any law or regulation relating to terrorist activities. You must notify us in writing within 5 days after: (a) the commencement of any legal or administrative action, or the issuance of any order of any court, agency or other governmental instrumentality, which may adversely affect the development, occupancy or operation of the Location or your financial condition; or (b) the delivery of any notice of violation or alleged violation of any law, ordinance or regulation, including those relating to health at the Location.

All of your advertising and promotion must be completely factual and must conform to the highest standards of ethical advertising. In all dealings with us, as well as your customers, suppliers, lessors and the public, you must adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business, to the business of other PowerLift Stores or to the goodwill associated with the Marks.

9.04 **Personnel**. The Location must at all times be under the direct, on-premises supervision of a manager who has completed our training program to our satisfaction and staffed by a sufficient number of competent and properly trained employees. You (or your Operating Partner) at all times must remain active in overseeing the operations of the Location. If the relationship with your Operating Partner terminates, you must promptly hire a successor Operating Partner. Any successor Operating Partner must meet our approval and must successfully complete our training program. You are solely responsible for all employment decisions for the Location, including hiring, firing, remuneration, personnel policies, training, benefits, and maintaining supervision and discipline, regardless of whether you received advice from us on any of these subjects. You must establish at the Location an employee training program meeting our standards.

9.05 **Insurance**. During the term of the Franchise Agreement, you must maintain the following categories of insurance coverage in force at your sole expense, all containing at least the following minimum amounts of liability coverage: (a) Comprehensive General Liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of at least $1,000,000 per occurrence, $2,000,000 for general aggregate and products and completed operations aggregate; (b) Statutory Workers' Compensation insurance and employers' liability insurance as required by the law of the state in which the franchised business is located; (c) Commercial Vehicle Liability insurance with limits of not less than $1,000,000 per accident for all owned, hired, and non-owned vehicles you, your employees, or any other person performing work on your behalf operates; (d) Commercial Umbrella Liability insurance with total liability limit of at least $5,000,000; (e) Cyber Liability insurance in the amount of $250,000 per occurrence to cover losses arising from data breaches, cyberattacks, and other technology-related risks.; and (f) any other insurance policies as we may determine from time to time.

All insurance policies must: (1) be issued by carriers we approve with an A.M. Best Rating of not less than A VII; (2) contain such types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe from time to time; (3) name us and our affiliates as additional insured; (4)

provide for 30 days' prior written notice to us of any material modification, cancellation or expiration of such policy; (5) provide a waiver of subrogation in favor of us and our affiliates; and (6) include such other provisions as we may require. The minimum amount of liability coverage we prescribe in no way limits your liability to those minimum amounts. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. These insurance policies must be primary to and without right of contribution from any other insurance policy purchased by us, our affiliates and our respective directors, officers, employees, shareholders, members, agents, successors and assigns (collectively, "indemnitees"); must not limit or reduce coverage for you if there is a claim by us or any one or more of the other indemnitees; and must extend to and provide indemnity for all of your indemnification obligations to us and the other indemnitees.

At our request, you must furnish us with such evidence of insurance coverage and payment of premiums as we require. If you fail or refuse to maintain any required insurance coverage, or to furnish satisfactory evidence thereof, we, at our option and in addition to our other rights and remedies hereunder, may obtain such insurance coverage on your behalf. If we do so, you must fully cooperate with us in our effort to obtain such insurance policies and pay us any costs and premiums we incur.

If you do not obtain and maintain the insurance coverages that we require, we may (but are not obligated to) obtain insurance on your behalf. If we do this, you must reimburse the premium costs we incur on your behalf plus a ten percent (10%) administrative fee. The maintenance of sufficient insurance coverage shall be your responsibility. Your obligations to maintain insurance coverage as herein described shall not be affected in any manner by reason of any separate insurance maintained by us nor shall the maintenance of such insurance relieve you of any indemnification obligations under this Agreement. Your obligation to maintain insurance coverage is not diminished in any manner by reason of any separate insurance we may choose to maintain, nor does it relieve you of your obligations under Section 17.02 or elsewhere in this Agreement.

9.06 **Social Media Sites.** We may maintain one or more social media sites (e.g., X (formerly Twitter), Facebook, Instagram, Google Business Profile (formerly Google My Business), or such other social media sites). You may not establish or maintain any social media sites utilizing any user names, the content we create or contribute to, or otherwise associating with the Marks, without our advance written consent. We may designate at any time and from time to time regional or territory-specific user names/handles to be maintained by you. You must adhere to the social media policies that we establish at any time and from time to time and you will require all of your owners and employees to do so as well. Upon expiration or termination of this Agreement (without renewal), you agree to remove all of our names, content, and Marks from your social media accounts.

9.07 **Customer Data.** All information, mailing lists and data bases of Customer Data from whatever source derived, shall be our property. You agree not to use such information, except in connection with your Location in accordance with this Agreement. You agree not to use, process, copy, display, publish, store or transfer the Customer Data without our approval. You agree to comply with all applicable laws with respect to Customer Data; in addition, you agree to comply with our data privacy and security requirements and to exert commercially reasonable efforts to prevent the unauthorized use, dissemination, or publication of Customer Data, subject in all instances to applicable laws. You shall promptly notify us if you become aware of any unauthorized access to the Customer Data, or if you become the subject of any governmental, regulatory, or other enforcement or private proceeding relating to your data handling practices of Customer Data.

9.10 **Credit Cards.** If you elect to accept payment at the Location via the processing of credit cards, any costs to do so are at your expense. If so, you agree to abide by (i) the Payment Card Industry ("PCI") Data Security Standards enacted by the applicable Card Associations (as they may be modified at any time and from time to time or as successor standards are adopted); and (ii) all other security standards and guidelines that may be published at any time and from time to time by payment card companies and applicable to customer credit card and debit card information. If you know or suspect a security breach, you must immediately notify us. You will promptly identify and remediate the source of the compromise. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transaction concerning customers of your Location.

9.11 **Minimum Purchase Standards**. You and we have a shared interest in your Location performing at or above the PowerLift standards set forth in the Manual and meeting or exceeding certain minimum levels of Product purchases ("Minimum Purchase Standards"). We would not have entered into this franchise relationship with you if we had anticipated that you would not meet or exceed the Minimum Purchase Standards. At any time, we may choose, in our sole and absolute discretion, to compare your Product purchases to the then-current "Minimum Purchase Standard." Our current Minimum Purchase Standard is defined as follows during each year of the Term:

a) In year of signing this Agreement – at least four (4) Units
b) In the first full calendar year of the Term – at least eight (8) Units
c) In the second full calendar year of the Term – at least fifteen (15) Units
d) In the third full calendar year of the Term – at least thirty (30) Units
e) In the fourth full calendar year of the Term – at least fifty (50) Units
f) In the fifth full calendar year of the Term – at least fifty (50) Units plus one quarter (1/4) of Population Target Units
g) In the sixth full calendar year of the Term – at least fifty (50) Units plus one half (1/2) of Population Target Units
h) In the seventh full calendar year of the Term and any renewal term thereafter, if applicable – at least fifty (50) Units plus the total Population Target Units

For purposes of this Section 9.11, the term "Units" is categorized as follows:
w) 1, 3, and 5 hp pumps = 1 Unit
x) 10 hp pumps = 2 Units
y) 15 hp pumps = 4 Units
z) 20 hp pumps = 6 Units

Also for purposes of this Section 9.11, the term "Population Target Units" is calculated at six (6) Units per million of population in the Protected Area as determined by the U.S. Census Bureau. You agree we may change the Minimum Purchase Standard in our sole and absolute discretion at any time upon not less than ninety (90) days written notice. If you drop below the Minimum Purchase Standard, or any replacement standard, you agree that it is a default of this Agreement and subject to Section 14 herein. You agree PowerLift can change, increase or decrease the Minimum Purchase Standard at any time. We reserve the right to create, modify, revise, reduce, or increase Minimum Purchase Standards on ninety (90) days written notice to you.

10. MARKETING AND ADVERTISING.

10.01 **Advertising Fund**. We currently charge you two hundred and fifty and 00/100 dollars ($250.00) per purchase of a hydraulic door for advertising of the System. We may, in addition and in our sole discretion, establish and administer an Advertising Fund (the "Ad Fund") for the creation and production of marketing materials and preparation of advertising campaigns. You must contribute to the Ad Fund amounts that we establish at any time and from time to time.

The Ad Fund may be incorporated or operated through a separate entity as we deem appropriate in our sole discretion. Any such entity will have all of the rights and duties as specified in this Section. We will direct all programs that the Ad Fund finances, including, without limitation, the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Ad Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining an electronic commerce website and/or related strategies; administering regional and multi-regional marketing and advertising programs, including, without limitation, purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities.

Although the Ad Fund is intended to maximize general recognition and patronage of the Marks for the benefit of all PowerLift Stores, we cannot assure you that any particular PowerLift Store will benefit directly or pro-rata from the placement of advertising. The Ad Fund may be used to pay for the cost of preparing and producing materials and campaigns we select, including video, audio and written advertising and point-of-purchase materials (the “Ad Materials”), and for the cost of employing advertising agencies, and supporting market research activities. We may furnish you with marketing, advertising and promotional materials (including Ad Materials) at cost, plus any related administrative, shipping, handling and storage charges. These costs may vary based on individual PowerLift Stores and their merchandising capacity.

The Ad Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for reasonable salaries, administrative costs and overhead we may incur in activities related to the administration of the Ad Fund and its programs, including conducting market research, preparing marketing materials and advertising campaigns and collecting and accounting for contributions to the Ad Fund. We will use all interest earned on Ad Fund contributions to pay costs before using the Ad Fund’s other assets. We may spend in any fiscal year an amount greater or less than the aggregate contributions of all PowerLift Stores to the Ad Fund in that year, and the Ad Fund may borrow from us or other lenders (paying reasonable interest) to cover deficits in the Ad Fund, or invest any surplus for future use by the Ad Fund. We will prepare annually a statement of monies collected and costs incurred by the Ad Fund and furnish you a copy upon your written request.

We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Ad Fund contributions at the Ad Fund’s expense. We also may forgive, waive, settle, and compromise all claims by or against the Ad Fund. Except as otherwise expressly provided in this Section, we assume no direct or indirect liability or obligation with respect to the maintenance, direction or administration of the Ad Fund. We do not act as trustee or in any other fiduciary capacity with respect to the Ad Fund.

We may at any time defer or reduce contributions of a PowerLift Store and, upon thirty (30) days’ prior written notice to you, reduce or suspend Ad Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Ad Fund. If we terminate the Ad Fund, we will distribute all unspent monies to our PowerLift franchisees, and to us and our Affiliates, in proportion to their, and our, respective Ad Fund contributions during the preceding twelve (12) month period, or as otherwise provided by the organizational documents of the Ad Fund.

10.02 **Your Advertising**. You may choose to spend on advertising and promoting the Location such amounts as you desire. For these purposes, advertising expenditures include amounts spent for advertising media, such as television, radio, newspaper, billboards, posters, direct mail, yellow pages, collateral promotional and novelty items, advertising on public vehicles, such as cabs and buses, and the cost of producing approved materials necessary to participate in these media.

You must submit to us for our prior approval, samples of all advertising and promotional materials not prepared or previously approved by us and which vary from our standard advertising and promotional materials. You may not use any advertising or promotional materials that we have disapproved.

We have the right to establish local and/or regional advertising cooperatives for PowerLift Stores in your local or regional area, covering such geographical areas as we may designate at any time and from time to time. You must participate in such advertising cooperative and its programs (other than price advertising, as to which you may choose not to participate) and abide by its by-laws. You must contribute such amounts to the advertising cooperative(s) as they determine at any time and from time to time in accordance with their by-laws. Contributions to such local and regional advertising cooperatives are credited toward the advertising expenditures required by this Section; however, if we provide you and your local and/or regional advertising cooperative ninety (90) days' notice of a special regional promotion, you must participate in such promotion and pay to us any regional advertising fees assessed in connection therewith, beginning on the effective date of such notice and continuing until such regional promotion is concluded. Any such special regional advertising fees shall be in addition to, and not credited towards, the advertising expenditure required by this Section.

You agree not to promote, offer or sell any products or services relating to your Location, or to use any of the Marks, through the Internet without our consent, which consent may be withheld for any reason or no reason. In connection with any such consent, we may establish such requirements as we deem appropriate, including (a) obtaining our prior written approval of any Internet domain name and home page addresses; (b) submission for our approval of all Web site pages, materials and content; (c) use of all hyperlinks and other links; (d) restrictions on use of any materials (including text, video clips, photographs, images and sound bites) in which any third party has any ownership interest; and (e) obtaining our prior written approval of any modifications.

11. RECORDS AND REPORTS.

11.01 Records. You agree to prepare and to maintain for not less than three (3) years complete and accurate books, records (including invoices and records relating to your advertising expenditures) and accounts (using our standard chart of accounts) for the Location, copies of your sales tax returns and such portions of your state and federal income tax returns as relate to the Location. All such books and records shall be kept at the Premises, unless we otherwise approve.

You must record all sales on the designated or approved computer system by us as listed in the Manual or updated by us at any time and from time to time. You will be required to use computers or other electronic devices which are fully compatible with our computer system and which include an information interface capability to communicate electronically with our computer system at your cost and expense. We may require you to obtain, and at any time and from time to time update and/or upgrade, equipment, software and/or related services for record keeping and reporting purposes, including facilitating communications between your computers or electronic devices at the Location and our computer system. We have the right to use the data we collect for any purpose, except that we shall not provide financial data to third parties, outside of our System or network of PowerLift Stores, in such a form that readily identifies the Location, unless we are required to do so by law, regulation, or order. We may share the data we collect from you within the network of PowerLift Stores If we require you to use proprietary software, you agree to execute and comply with such software license agreements as we deem necessary to protect our interests, and you agree to pay such license, training, and maintenance fee as we deem reasonably appropriate.

11.02 Periodic Reports. We do not currently require you to submit specific operating reports.

However, we reserve the right, in our sole discretion, to require you to begin submitting such reports at any time during the Term of this Agreement, upon providing not less than thirty (30) days' prior written notice to you. Any such notice shall specify the nature, format, and frequency of the required reports. You acknowledge and agree to comply with such reporting requirements once notice has been given in accordance with this Section 11.02.

12. <u>INSPECTIONS OF THE LOCATION</u>.

12.01 <u>Inspections</u>. We and our designated agents have the right at any reasonable time and without prior notice to: (a) inspect the Location; (b) observe, photograph, audio-tape and/or video tape the operations of the Location; (c) remove samples of any products, materials or supplies for testing and analysis; (d) conduct inventories; and (e) interview personnel and customers of the Location. You agree to cooperate fully with such activities. You acknowledge that any evaluation or inspection that we or our designated agents or representatives conduct is conducted in order to protect our interests in the System and the Marks and is not intended to exercise, and does not constitute, in whole or in part, control over the day-to-day operation of the Location and you agree to never contend otherwise.

12.02 <u>Audits</u>. We and/or our agents will have the right at any time during business hours, and without prior notice to you, to inspect, request and make copies of, and/or audit business records relating in any way to your Location and the books and records of any person(s), corporation or partnership which holds, or does business with, the Franchised Business. Such business records may include, but are not limited to, bookkeeping and accounting records, sales and income tax records and returns, cash register tapes, invoices, and deposit receipts. Our right to audit includes the right to access all cash registers, computers, and other equipment by electronic means. You agree to cooperate fully with such an audit and to provide such information and documents (whether electronic or otherwise) as we reasonably request. We will have the right to conduct an audit and/or review all information pertaining to the Store upon termination or expiration of this Agreement.

13. <u>FRANCHISEE'S RIGHT TO TRANSFER</u>.

13.01 <u>Franchisor's Approval</u>. The rights and duties created by this Agreement are personal to you or, if you are a business corporation, partnership, limited liability company or other legal entity, your Owners. Accordingly, neither you nor any of your Owners may transfer the Franchise without our approval and without complying with all of the provisions of Section 13. You agree not to assign, transfer, or hypothecate, whether voluntary, involuntary, conditional, direct, indirect, by sale, gift, or otherwise (collectively, a "transfer"), any right, title, or interest in this Agreement or the rights and obligations conferred hereby without our written approval. Any transfer without such approval or compliance constitutes a breach of this Agreement and is void and of no force or effect.

13.02 <u>Conditions for Approval</u>. If we have not exercised our right of first refusal under Section 13.06, we will not unreasonably withhold our approval of a transfer of the Franchise that meets all of the reasonable restrictions, requirements and conditions we impose on the transfer, the transferor(s) and/or the transferee(s), including the following:

(a) you have completed development of the Location and are operating the Location in accordance with this Agreement;

(b) you and your Owners and Affiliates are in compliance with the provisions of this Agreement, the Manual, all leases/subleases with any party, and all other agreements with us or any of our Affiliates;

(c) you must be current on all amounts owed to us or our Affiliates. Any and all promissory notes owed by you to us, or our Affiliates, shall be accelerated and paid in full;

(d) all obligations to third parties in connection with your Location must be satisfied or assumed by the transferee;

(e) the proposed transferee, or its Owners (if the proposed transferee is a legal entity), must provide us on a timely basis all information we request, must be individuals acting in their individual capacities who are of good character and reputation, who must have sufficient business experience, aptitude and financial resources to operate the Location, and who must otherwise meet our approval based on our then-current requirements for new franchisees;

(f) the transferee (or its operating partner) and its managers must have completed our initial training program to our satisfaction;

(g) the transferee (and its owners) must agree to be bound by all of the provisions of this Agreement for the remainder of its term or, at our option, execute our then current standard form of franchise agreement and related documents used in the state in which the Location is located (which may provide for different fees, advertising contributions and expenditures, duration and other rights and obligations than those provided in this Agreement and which we may require to be guaranteed by you and your Owners);

(h) you must ensure that we receive, before we will approve any proposed transferee to begin conducting business activities at the Location as its authorized operator, a transfer fee equal to Seven Thousand Five Hundred and 00/100 Dollars ($7,500);

(i) you and your Owners and Affiliates must, except to the extent limited or prohibited by applicable law, execute a general release, in form and substance satisfactory to us, of any and all claims against us and our Affiliates, stockholders, officers, directors, employees, agents, successors and assigns;

(j) the transfer will occur through the use of an escrow or a closing attorney, as applicable, and the escrow or closing instructions will provide for (x) payments of all fees owed to us, including transfer fees, training fees and any other amounts; and (y) a reasonable "hold back" or retention for a period not to exceed 12 months, to provide for correction of defects in workmanship committed by you, or for payment to the transferee of warrantied work performed by you;

(k) you must provide customer and warranty information to the transferee, and the transferee must agree to honor all warranties on work performed by you;

(l) you will agree with the transferee not to compete after the transfer in accordance with restrictions acceptable to us and substantially similar to those described in Section 7.03 above.

13.03 Effect of Approval. Our approval of a transfer of the Franchise does not constitute: (a) a representation as to the fairness of the terms of any agreement or arrangement between you or your Owners and the transferee or as to the prospects of success of the Location by the transferee; or (b) a release of you and your Owners, a waiver of any claims against you or your Owners or a waiver of our right to demand the transferee's exact compliance with this Agreement. Any approval shall apply only to the specific transfer of the Franchised Business being proposed and shall not constitute an approval of, or have any bearing on, any other transfer of the Franchised Business.

13.04 Special Transfers. Neither Section 13.06 nor Section 13.02(a), (c), (f) or (h) shall apply to any transfer of the Franchised Business among any of your then current Owners. Neither Section 13.06 nor Section 13.02(h) or (j) shall apply to any transfer of the Franchised Business to any member of your Immediate Family or the Immediate Family of a then current Owner of Franchisee (if a business corporation, partnership, limited liability company or other entity). On thirty (30) days' notice to us, you (if you are an individual or partnership) may transfer this Agreement, in conjunction with a transfer of all of the assets of the Location, by an agreement in form and substance approved by us, to a corporation or limited liability company which conducts no business other than the Location (and other PowerLift Stores under franchise agreements granted by us), and of which you own and control all of the equity and voting power of all issued and outstanding capital stock. None of the foregoing assignments shall relieve you or your Owners of your respective obligations hereunder, and you and your Owners remain jointly and severally liable for all obligations hereunder.

13.05 Death or Disability of Franchisee. Upon your death or permanent disability, or the death or permanent disability of the Operating Partner or an Owner of a controlling interest in Franchisee, the executor, administrator or other personal representative of such person shall transfer his interest in this Agreement or his interest in Franchisee to a third party approved by us in accordance with all of the applicable provisions of Section 13 within a reasonable period of time, not to exceed nine (9) months from the date of death or permanent disability.

13.06 Franchisor's Right of First Refusal. If you or any of your Owners desire to transfer the Location for legal consideration, you or such Owner must obtain a bona fide, executed written offer and earnest money deposit in the amount of at least five percent (5%) of the offering price from a responsible and fully disclosed purchaser and must deliver immediately to us a complete and accurate copy of such offer. If the offeror proposes to buy any other property or rights from you or any of your Owners or Affiliates (other than rights under other franchise agreements for PowerLift Stores) as part of the bona fide offer, the proposal for such property or rights must be set forth in a separate, contemporaneous offer that is disclosed to us, and the price and terms of purchase offered to you or your Owners for the transfer of the Location must reflect the bona fide price offered therefor and may not reflect any value for any other property or rights.

We have the option, exercisable by notice delivered to you or your Owners within thirty (30) days from the date of delivery of a complete and accurate copy of such offer to us, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that: (a) we may substitute cash for any form of payment proposed in such offer; (b) our credit shall be deemed equal to the credit of any proposed purchaser; and (c) we will have not less than ninety (90) days from the option exercise date to consummate the transaction. We have the right to investigate and analyze the business, assets and liabilities and all other matters we deem necessary or desirable in order to make an informed investment decision with respect to the fairness of the terms of our right of first refusal. We may conduct such investigation and analysis in any manner we deem reasonably appropriate and you and your Owners must cooperate fully with us in connection therewith.

If we exercise our option to purchase, we are entitled to purchase such interest subject to all representations and warranties, releases, non-competition covenants, closing documents and indemnities as we reasonably may require. If we do not exercise our option to purchase, you or your Owners may complete the sale to such offeror pursuant to and on the exact terms of such offer, subject to our approval of the transfer as provided in Sections 13.01 and 13.02, provided that if the sale to such offeror is not completed within ninety (90) days after delivery of such offer to us, or if there is a material change in the terms of the offer, you must promptly notify us and we will have an additional option to purchase (on the terms of the revised offer, if any, and otherwise as set forth herein) during the thirty (30) calendar day period following your notification of the expiration of the ninety (90) calendar day period or the material change to the terms of the offer.

13.07 Securities Offerings. Neither you nor any of your Owners may issue or sell, or offer to issue or sell, any of your securities or any securities of any of your Affiliates, regardless of whether such sale or offer would be required to be registered pursuant to the provisions of the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction, without obtaining our prior consent and complying with all of our requirements and restrictions concerning use of information about us and our Affiliates. Under no circumstances may you or any of your Owners issue or sell your securities or the securities of any of your Affiliates, if: (1) such securities would be required to be registered pursuant to the Securities Act of 1933, as amended, or such securities would be owned by more than 35 persons; or (2) after such issuance or sale, you or such Affiliate would be required to comply with the reporting and information requirements of the Securities Exchange Act of 1934, as amended.

14. TERMINATION OF AGREEMENT.

14.01 Immediate Termination. You are in material breach of this Agreement, and this Agreement will automatically terminate without notice, at our discretion, if you become insolvent by reason of your inability to pay your debts as they mature; if you are adjudicated bankrupt or insolvent; if you file a petition in bankruptcy, reorganization or similar proceedings under the bankruptcy laws of the United States or have such a petition filed against you which is not discharged within thirty (30) days; if a receiver or other custodian, permanent or temporary, is appointed for your business, assets, property; if you request the appointment of a receiver or make a general assignment for the benefit of creditors; if final judgment against you in the amount of Twenty-Five Thousand Dollars ($25,000) or more remains unsatisfied of record for thirty (30) days or longer; if your bank accounts, property or accounts receivable are attached; if execution is levied against your business or property; if suit is filed to foreclose any lien or mortgage against any of your assets and such suit is not dismissed within thirty (30) days; if you voluntarily dissolve or liquidate or have a petition filed for corporate or partnership dissolution and such petition is not dismissed within thirty (30) days; or if your assets, property or interests are "blocked" under any law or regulation relating to terrorist activities or if you are otherwise in violation of any such law or regulation.

14.02 Termination Upon Notice. In addition to our right to terminate pursuant to other provisions of this Agreement and under applicable law, we have the right to terminate this Agreement, effective upon delivery of notice of termination to you, if you or any of your Owners or Affiliates:

(a) fail to locate, and submit for our approval, an acceptable site for the Premises, as provided in Section 3.02;

(b) fail to sign a lease, sublease or purchase contract for the Premises, as provided in Section 3.03;

(c) fail to open the Location and start business, as provided in Section 3.04;

(d) abandon or fail to actively operate the Location for five (5) consecutive days, except where such failure to actively operate results solely from events constituting force majeure;

(e) surrender or transfer control of the operation of the Location without our prior consent;

(f) make any material misstatement or omission in an application for a PowerLift Store franchise or in any other information provided to us;

(g) suffer cancellation or termination of the lease or sublease for the Location;

(h) purchase or use any non-approved Products in violation of Section 1.01.

(i) are convicted of, or plead no contest to, a felony or other crime or offense that we reasonably believe may adversely affect the goodwill associated with the Marks;

(j) engage in any conduct that reflects unfavorably upon us, the System, the network of PowerLift Stores, or other franchisees;

(k) make an unauthorized Transfer of the Location or fail to Transfer the Location or the interest of a deceased or disabled principal Owner of Franchisee as herein required;

(l) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Manual in violation of this Agreement;

(m) fail or refuse to comply with any mandatory specification, standard or operating procedure prescribed by us in this Agreement or in the Manual relating to the health and safety of the Location or violate any health or safety law, ordinance or regulation and do not correct such failure or refusal within twenty-four (24) hours after written notice thereof is delivered to you;

(n) fail to make payment of any amounts due us or any of our Affiliates, and do not correct such failure within ten (10) days after written notice of such failure is delivered to you;

(o) fail to make a timely payment of any amount due to a supplier unaffiliated with us (other than payments which are subject to bona fide dispute), and do not correct such failure within thirty (30) days after we deliver to you notice of such failure to comply;

(p) fail to comply with any other provision of this Agreement or any mandatory specification, standard or operating procedure prescribed by us in this Agreement or in the Manual and do not correct such failure within thirty (30) days after notice of such failure to comply is delivered to you; or

(q) are in default or suffer termination of any other agreement with us or any of our Affiliates.

14.03 Cross-Default. Any default or breach by you (or any of your Owners) or your Affiliate (or any of your Owner's Affiliates) of any other agreement with us or our Affiliate will be considered an event of default under this Agreement, and any default or breach by you (or any of your Owners) of this Agreement will be considered an event of default or breach by you under any and all agreements between us or our Affiliate and you (or any of your Owners) or your Affiliate (or any of your Owner's Affiliates). If the nature of the default under any other agreement would have been considered an event of default under this Agreement, then we or our Affiliate will have the right to terminate all other agreements between us or our Affiliate and you (or any of your Owners) or your Affiliate (or any of your Owner's Affiliates) in accordance with the termination provisions of this Agreement.

15. RENEWAL RIGHTS.

15.01 Your Right To Acquire a Successor Franchise. You will have the right, subject to the conditions contained in the entirety of this Section 15, to acquire a successor franchise for the Location on the terms and conditions of a then current form of franchise agreement for PowerLift Stores, as further described in Section 15.03 below, provided that upon expiration of the Term: (a) you and your Owners and Affiliates are in compliance with this Agreement and any other agreements with us or any of our Affiliates, and you and your Owners have been in substantial compliance with this Agreement throughout the Term;

and (b) you maintain the right to possession of the Premises for the term of the successor franchise agreement. You will be obligated to pay a renewal fee in the relevant amount described in Section 15.03 below. You acknowledge and agree that the terms and conditions of any then-current PowerLift franchise agreement offered to you as a successor or renewal agreement may and, likely, will be materially different from those in this Agreement, including the addition of other fees and costs, such as royalty payments and increased costs of operation that will adversely impact your profitability.

15.02 Notices. You must give us written notice of your desire to acquire a successor franchise at least one hundred eighty (180) days prior to the expiration of this Agreement. We will give you notice, not later than sixty (60) days after receipt of your notice, of our decision whether or not you have the right to acquire a successor franchise pursuant to Section 15.01. Notwithstanding any notice of our decision that you have the right to acquire a successor franchise for the Location, your right will be subject to your continued compliance with all the provisions of this Agreement up to the date of its expiration.

15.03 Agreements. If you have the right to acquire a successor franchise in accordance with Section 15.01 and state your desire to exercise that right in accordance with Section 15.02, we and you (and your Owners) will execute the form of franchise agreement (which may contain provisions, including royalty fees, materially different from those contained herein) and all ancillary agreements (including, personal guarantees by your Owners and a remodeling agreement on such terms as we determine to be appropriate) which we then customarily use in granting successor franchises for the operation of PowerLift Stores. The successor franchise agreement will be for a successor franchise term of seven (7) years. You must pay us a successor franchise fee due upon signing the successor franchise agreement in the amount of Two Thousand Five Hundred and 00/100 Dollars ($2,500). In addition, you and your Owners must execute general releases, in form and substance satisfactory to us or as we then explicitly prescribe, of any and all claims against us, and our Affiliates, owners, officers, directors, employees, agents, successors and assigns. Failure by you (and your Owners) to sign such agreements and releases within thirty (30) days after delivery to you shall be deemed an election by you not to acquire a successor franchise for the Location. Upon expiration of such successor franchise agreement, you will have a further right on terms and conditions contained in the successor franchise agreement to acquire a future successor franchise as we then prescribe.

16. EFFECT OF TERMINATION OR EXPIRATION.

16.01 Payment of Amounts Owed to Us. Within thirty (30) days after the effective date of termination or expiration (without renewal) of this Agreement, you must pay us and our Affiliates all fees, Ad Fund contributions, amounts owed for purchases from us or our Affiliates, interest due on any of the foregoing and all other amounts owed to us or our Affiliates which are then unpaid.

16.02 Discontinue Use of Marks and Confidential Information. Upon the termination or expiration (without renewal) of this Agreement, you will:

(a) not directly or indirectly at any time or in any manner use any Mark, any colorable imitation or other indicia of a PowerLift Store;

(b) take such action as may be required to cancel all fictitious or assumed name registrations relating to your use of our name and any Mark, as well as delete all content relating to Powerlift or the Marks from your Premises and your social media accounts;

(c) notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone number and any regular, classified or other telephone directory listings associated with any Mark and to authorize transfer of the number to us or at our direction;

(d) if we do not exercise our right to purchase the Location pursuant to Section 16.03, promptly remove from the Premises, and discontinue using for any purpose, all signs, fixtures, furniture, decor items, advertising materials, forms and other materials and supplies which display any of the Marks or any distinctive features, images, or designs associated with PowerLift Stores and, at your expense, make such alterations as may be necessary (and as we may require) to distinguish the Premises and your on-line or digital presence, including all social media accounts, so clearly from its former appearance as a PowerLift Store and from other PowerLift Stores as to prevent any possibility of confusion by the public. If you fail to de-identify the Premises and the Location to our specifications, you must reimburse us for our losses and expenses if we and our personnel are required to do so on your behalf;

(e) immediately cease to use all Confidential Information and return to us all copies of the Manual and any other confidential materials which have been provided to you;

(f) immediately discontinue any mode of communications on the Internet directly or indirectly relating to your Location, including any Web sites, profiles, or pages associated with your Location, and immediately take all steps required by us to transfer any domain name associated with your Location to us (such as executing a Registrant Name Change Agreement with the applicable Registrar). You irrevocably appoint the person who is then our president as your duly authorized agent and attorney-in-fact to execute all instruments and take all steps to transfer such domain names;

(g) immediately cease to use all computer software licensed by us or any of Affiliates and comply with your obligations under any software license agreements; and

(h) within thirty (30) days after the effective date of termination or expiration, furnish us evidence satisfactory to us of your compliance with the foregoing obligations.

16.03 <u>Option to Purchase the Location</u>.

(a) Upon termination or expiration (without renewal) of this Agreement, we have the right, exercisable by giving notice thereof ("Appraisal Notice") within ten (10) days after the date of such termination or expiration, to require that a determination be made of the "Agreed Value" (as defined below) of all the personal property used in the Location which you own, including inventory, materials, supplies, furniture, equipment, signs, but excluding any cash and short-term investments and any items not meeting our specifications for PowerLift Stores (the "Purchased Assets"). At any time following our providing you an Appraisal Notice, we shall have the unrestricted right to assign this option to purchase separate and apart from the remainder of this Agreement, including, without limitation, to another third-party franchisee. Upon such notice, you may not sell or remove any of the personal property of the Location from the Premises and must give us (or our assignee), our (or our assignee's) designated agents and the "Appraiser" (as defined below) full access to the Location and all of your books and records at any time during customary business hours in order to conduct inventories and determine the purchase price for the Purchased Assets.

(b) The Agreed Value shall be determined by consultation between you and us (or our assignee). If you and we (or our assignee) are unable to agree on the Agreed Value of the Purchased Assets within fifteen (15) days after the Appraisal Notice, then the Agreed Value will be as follows: (a) in the event of an expiration (without renewal) of this Agreement, the Agreed Value shall be the "Fair Market Value," consisting of the amount which an arm's length purchaser would be willing to pay for the Purchased Assets, assuming that the Purchased Assets would be used for the operation of a PowerLift Store under a valid franchise agreement reflecting the then- current (or if we are not offering franchises at that time, then the most recent) standard terms upon which we offer franchises for PowerLift Stores, less the cost of any required remodeling; and (b) in the event of any termination of this Agreement, the Agreed Value shall be the lesser of the Appraised Asset Value (as defined below) and the Net Book Value (as defined below).

(c) The "Appraised Asset Value" shall be the amount which an arm's length purchaser would be willing to pay for the Purchased Assets, considering their age and condition and without reference to their use in a PowerLift Store. The "Net Book Value" shall be the net book value of the Purchased Assets, as reflected on your books and records, provided all capital assets will be depreciated on a straight line basis over a reasonable period of time not to exceed 5 years, without residual value. The Fair Market Value, the Appraised Asset Value and/or Net Book Value will be determined by a member of a nationally recognized accounting firm (other than a firm which conducts audits of our financial statements) selected by us who has experience in the valuation of similar businesses (the "Appraiser"). We (or our assignee) will notify you of the identity of the Appraiser, who will make his determination and submit a written report ("Appraisal Report") to you and us (or our assignee) as soon as practicable, but in no event more than sixty (60) days after his appointment. You agree to promptly provide the Appraiser with such books and records as he or she may require, which you represent and warrant to be complete and accurate. In absence of such books and records or if the Appraiser is not satisfied with their completeness or accuracy, the Appraiser may make the determination of the Agreed Value on the basis of other sources and information he or she deems appropriate. The Appraiser's determination shall be final and binding on the parties hereto.

(d) We (or our assignee) have the option, exercisable by delivering notice thereof within thirty (30) days after submission of the Appraisal Report (or the date that an agreement is reached, if the parties agree to the Agreed Value), to agree to purchase the Purchased Assets at the Agreed Value.

(e) If we (or our assignee) exercise our option to purchase, fifty percent (50%) of the purchase price for the Purchased Assets will be paid in cash at the closing, which will occur at the place, time and date we designate, but not later than sixty (60) days after the exercise of our option to purchase the Purchased Assets. At the closing, we (or our assignee) will be entitled to all warranties, title insurance policies and other closing documents and post-closing indemnifications as we reasonably require, including: (a) instruments transferring good and merchantable title to the Purchased Assets, free and clear of all liens, encumbrances, and liabilities, to us or our designee, with all sales and other transfer taxes paid by you; and (b) an assignment of all leases of personal property and real estate used in the operation of the Location, including land, building and/or equipment (or if an assignment is prohibited, a sublease to us or our designee for the full remaining term and on the same terms and conditions as your lease, including renewal and/or purchase options), provided, however, that if any of your Owners or Affiliates directly or indirectly owns the land and/or building of the Location, then you will, at our option, cause such Owner or Affiliate to grant to us (or our assignee) a lease at reasonable and customary rental rates and other terms prevailing in the community where the Location is located. Any dispute concerning the rental rates and terms of such lease shall be resolved by the Appraiser. Twenty-five percent (25%) of the purchase price (plus accrued and unpaid interest on the unpaid balance, at the Prime Rate, as defined below, from and after the closing date) shall be payable on the first anniversary of the closing date, and the remaining twenty-five percent (25%) of the purchase price (plus accrued and unpaid interest on the unpaid balance, at the Prime Rate, from and after the closing date) shall be payable on the second anniversary of the closing date. The "Prime Rate" shall be the published prime rate as of the date of closing of The Chase Manhattan Bank or any other national bank we select.

If you cannot deliver clear title to all of the assets, or if there are other unresolved issues, the closing of the sale may, at our (or our assignee's) option, be accomplished through an escrow on such terms and conditions as we (or our assignee) deem appropriate, including the making of payments, to be deducted from the purchase price, directly to third parties in order to obtain clear title to any of the Purchased Assets. Further, you and we (or our assignee) shall comply with any applicable Bulk Sales provisions of the Uniform Commercial Code as enacted in the state where the Premises is located and all applicable state and local sales and income tax notification and/or escrow procedures. We have the right to set off against and reduce the purchase price by any and all amounts owed by you or any of your Owners or Affiliates to us or any of our Affiliates.

(f) Upon delivery of the Appraisal Notice and pending (a) determination of Fair Market Value, (b) our (or our assignee's) option period, and (c) the closing of the purchase, we may authorize continued temporary operations of the Location pursuant to the terms of this Agreement, subject to the supervision and control of one or more of our appointed managers.

16.04 <u>Right to Lease Real Estate</u>.

(a) Upon expiration or termination of this Agreement (for any reason, no reason, or upon expiration or termination without renewal), if you or any of your Owners or Affiliates directly or indirectly owns the building and/or land (the "Real Estate") on which the Location is located, we may, and at our option (in our sole discretion) and in conjunction with our purchase of the Location pursuant to Section 16.03 hereof, require you to execute and deliver to us or our designee a lease for the Location pursuant to the terms of Section 16.04(b).

(b) If we elect to require you to execute and deliver to us or our designee a lease for the Location, we shall deliver written notice to you within ten (10) days after the effective date of termination or expiration of this Agreement of such election. Following such notice, you and we shall negotiate in good faith a lease for the Real Estate containing commercially reasonable terms with a term equal to a minimum of the remaining Term under this Agreement. If you and we have not agreed to a lease within thirty (30) days after your receipt of our election, we shall engage a Real Estate Appraiser to prepare a lease with commercially reasonable terms. The Real Estate Appraiser's determination will be binding, and you must execute and deliver to us a lease for the Location containing the commercially reasonable terms provided by the Real Estate Appraiser. All fees, compensation and cost and expense reimbursements of the Real Estate Appraiser shall be borne equally by the parties. Upon your execution of the lease for the Location, you agree to vacate the Location promptly and completely, rendering all necessary assistance to us to enable us to take prompt possession.

16.05 <u>Early Termination Fee</u>. If we terminate this Agreement as a result of your breach, you and we agree that the amount of damages which we would incur for any such early termination would be difficult, if not impossible, to accurately ascertain. Accordingly, within 30 days following such termination, you shall pay us an amount equal to the average monthly Product purchase and advertising contributions that you owed to us for the past 24 months multiplied by the lesser of 24 or the number of months remaining in the Term ("**Early Termination Fee**"). If you have not operated location for 24 months prior to the termination of this Agreement, the Early Termination Fee will be calculated by using the average monthly Product purchases and advertising contributions you owed for the number of months that the location operated multiplied by 24. These Early Termination Fee shall constitute liquidated damages and are not to be construed as a penalty and shall be the joint and several liability of you and each of your Owners who personally guarantees your obligations under this Agreement.

The parties acknowledge and agree that: (a) the Early Termination Fee are a reasonable estimation of the damages that we would incur if this Agreement is prematurely terminated; and (b) your payment of such Early Termination Fee is intended to fully compensate us only for any and all damages related to or arising out of our premature termination of this Agreement, and shall not constitute an election of remedies, waiver of any default under this Agreement, nor waiver of our claim for other damages and/or equitable relief arising out of your breach of this Agreement.

The imposition of Early Termination Fee shall be at our sole option. We are not required to impose Early Termination Fee and may, in addition or in lieu thereof, pursue other remedies available to us under the terms and conditions of this Agreement, in equity or at law in the event of your breach under this Agreement, including, without limitation, actual damages we incur, if such can be ascertained. All such remedies shall be cumulative and non-exclusive

16.06 **Continuing Obligations**. All obligations under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect until they are satisfied in full or by their nature expire.

17. RELATIONSHIP OF THE PARTIES.

17.01 **Independent Contractors.** Neither this Agreement nor the dealings of the parties pursuant to this Agreement shall create any fiduciary relationship or any other relationship of trust or confidence between the parties hereto. Franchisor and Franchisee, as between themselves, are and shall be independent contractors. We and you acknowledge and agree that this Agreement (and the relationship of the parties which arises from this Agreement) grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your explicit rights and obligations hereunder that may affect favorably or adversely your interests. You understand and agree that we may operate and change the System and our business in any manner that is not expressly and specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make our decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests, including our judgment of what is in the best interests of our franchise network, at the time our decision is made, without regard to: (a) whether other reasonable or even arguably preferable alternative decisions or actions could have been made by us; (b) whether our decision or the action we take promotes our financial or other individual interest; (c) whether our decision or the action we take applies differently to you and one (1) or more other franchisees; or (d) whether our decision or the exercise of our rights is adverse to your individual interests or the individual interests of any other particular franchisees. We will have no liability to you for any such decision or exercise of our rights.

Nothing contained in this Agreement, or arising from the conduct of the parties hereunder, is intended to make either party a general or special agent, joint venturer, partner or employee of the other for any purpose whatsoever. You must conspicuously identify yourself in all dealings with customers, lessors, contractors, suppliers, public officials, employees and others as the owner of the Location and must place such other notices of independent ownership on such forms, business cards, stationery, advertising and other materials as we may require at any time and from time to time.

You may not make any express or implied agreements, warranties, guarantees or representations or incur any debt in our name or on our behalf or represent that the relationship of the parties hereto is anything other than that of independent contractors. We will not be obligated by or have any liability under any agreements made by you with any third party or for any representations made by you to any third party. We will not be obligated for any damages to any person or property arising directly or indirectly out of the operation of your business hereunder.

None of your employees or other personnel will be considered to be employees or personnel of ours. Neither you nor any of your employees or personnel whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be our employee or personnel for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state, provincial, or federal governmental agency. We will not have the power to hire or fire your employees or personnel or control their day-to-day activities. You expressly agree, and will never contend otherwise, that our authority under this Agreement to certify certain of your employees or personnel for qualification to perform certain functions for your Location does not directly or indirectly vest in us the power to hire, fire or control any such employee. You acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities and elements of your Location and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in the Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Location, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Location.

17.02 Indemnification. You agree to indemnify us, our Affiliates and our respective directors, officers, employees, shareholders, members, agents, successors and assigns (collectively "indemnitees"), and to hold the indemnitees harmless to the fullest extent permitted by law, from any and all losses and expenses (as defined below) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether it is reduced to judgment) or any settlement thereof which arises directly or indirectly from, or as a result of, a claim of a third party against any one or more of the indemnitees in connection with (i) your failure to perform or breach of any covenant, agreement, term or provision of this Agreement, (ii) your breach of any representation or warranty contained in this Agreement, (iii) the marketing, promotion, advertisement or sale of any of the products and services offered by your Location pursuant to this Agreement, including unfair or fraudulent advertising claims (whether in print advertising or electronic media), and product liability claims, (iv) your development, ownership, operation and/or closing of your Location, (v) employment matters in connection with your Location, (vi) any allegedly unauthorized service or act rendered or performed in connection with this Agreement, (collectively, an "event") and regardless of whether it resulted from any strict or vicarious liability imposed by law on the indemnitees, and (vii) the operation of your Franchised Business or other business you operate. The foregoing indemnity shall apply even if it is determined that the indemnitees' negligence caused such loss, liability or expense, in whole or in part, provided, however, that this indemnity will not apply to any liability arising from a breach of this Agreement by the indemnitees or the gross negligence or willful acts of indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided herein will extend to any finding of comparative or contributory negligence attributable to you). The term "losses and expenses" includes compensatory, exemplary, and punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to our reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. We agree to give you reasonable notice of any event of which we become aware for which indemnification may be required, and we may elect (but are not obligated) to direct the defense thereof, including the selection of appropriate counsel at our sole determination. We may, in our reasonable discretion, take such actions as we deem necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereto as may be necessary for the protection of indemnitees or PowerLift Stores generally, provided however, that any settlement shall be subject to your consent, which consent shall not be unreasonably withheld or delayed. Further, notwithstanding the foregoing, if the insurer on a policy or policies obtained in compliance with your Location agrees to undertake the defense of an event (an "Insured Event"), we agree not to exercise our right to select counsel to defend the event if such would cause your insurer to deny coverage. We reserve the right to retain counsel to represent us with respect to an Insured Event at our sole cost and expense. This Section shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

17.03 Taxes. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied upon the Location, your property or upon us, in connection with sales made or business conducted by you (except for any income taxes imposed on our income). Payment of all such taxes shall be your responsibility. In the event of a bona fide dispute as to your liability for taxes, you may contest your liability in accordance with applicable law. In no event, however, will you permit a tax sale, seizure, or attachment to occur against the Location or any of its assets.

18. MISCELLANEOUS.

18.01 Severability and Substitution of Provisions. Every part of this Agreement shall be considered severable. If for any reason any part of this Agreement is held to be invalid, that determination shall not impair the other parts of this Agreement. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of geographical area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, you and we agree that it will be enforced to the fullest extent permissible under applicable law and public policy.

If any applicable law requires a greater prior notice of the termination of or refusal to enter into a successor franchise than is required hereunder, a different standard of "good cause", or the taking of some other action not required hereunder, the prior notice, "good cause" standard and/or other action required by such law shall be substituted for the comparable provisions hereof. If any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable under applicable law, we have the right, in our sole discretion, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to make it valid and enforceable.

18.02 Waiver of Obligations. We and you may by written instrument unilaterally waive or reduce any obligation of the other under this Agreement. Any waiver granted by us shall be without prejudice to any other rights we may have, will be subject to continuing review by us and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days' prior notice. You and we shall not be deemed to have waived any right reserved by this Agreement by virtue of any custom or practice of the parties at variance with it; any failure, refusal or neglect by you or us to exercise any right under this Agreement (except as provided in Section 18.03) or to insist upon exact compliance by the other with its obligations hereunder; any waiver, forbearance, delay, failure or omission by us to exercise any right, whether of the same, similar or different nature, with respect to other PowerLift Stores; or the acceptance by us of any payments due from you after any breach of this Agreement.

18.03 Exercise of Rights. The rights of Franchisor and Franchisee hereunder are cumulative and no exercise or enforcement by Franchisor or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder which Franchisor or Franchisee is entitled to enforce by law. If Franchisee commits any act of default under this Agreement for which Franchisor exercises its right to terminate this Agreement, Franchisee shall pay to Franchisor all actual, consequential, special and incidental damages Franchisor incurs as a result of the premature termination of this Agreement regardless of whether or not such damages are reasonably foreseeable. Franchisee acknowledges and agrees that the proximate cause of such damages sustained by Franchisor is Franchisee's act of default and not Franchisor's exercise of its right to terminate. Notwithstanding the foregoing, and except as otherwise prohibited or limited by applicable law, any failure, neglect, or delay of a party to assert any breach or violation of any legal or equitable right arising from or in connection with this Agreement shall constitute a waiver of such right and shall preclude the exercise or enforcement of any legal or equitable remedy arising therefrom, unless written notice specifying such breach or violation is provided to the other party within twelve (12) months after the later of: (a) the date of such breach or violation; or (b) the date of discovery of the facts (or the date the facts could have been discovered, using reasonable diligence) giving rise to such breach or violation.

18.04 Injunctive Relief. We, as an alternative or supplement to arbitration pursuant to Section 18.05, may obtain in any court of competent jurisdiction any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause us irreparable harm. We may seek and obtain such injunctive relief, without bond, but upon notice as required under applicable rules, in addition to such further and other relief as may be available at equity or law, and your sole remedy in the event of the entry of such injunction, shall be its dissolution, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). You and each of your Owners acknowledge that any violation of Section 7 or 16.02 would result in irreparable injury to us for which no adequate remedy at law may be available. Accordingly, you and each of your Owners consent and agree to the issuance of an injunction prohibiting any conduct in violation of any of those sections and agrees that the existence of any claim you or any of your Owners may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement of any of those Sections.

18.05 Arbitration. Subject to Section 18.04, all controversies, disputes, or claims between us or any of our Affiliates, or any of their respective officers, directors, agents, employees and attorneys and you, any of your Affiliates or any of their respective Owners, arising from or relating, directly or indirectly, to (i) this Agreement or any other agreement between you and us or your or our respective Affiliates, (ii) the scope and validity of any provision of this Agreement or any other agreement between you and us or any provision of such agreements (including the validity of the arbitration obligations under this Section 18.05, which the parties acknowledge is to be determined by an arbitrator and not a court); (iii) our relationship with you, including, without limitation, your application to become a franchisee and/or to acquire the license to operate an additional PowerLift Store, our decision to award a franchise, approve a site or any other matter related to your franchise application or site selection process for your Location or for an additional PowerLift Store; or (iv) any of our specifications and standards, shall on demand of either party be submitted for arbitration to the offices of the American Arbitration Association ("AAA") located closest to our corporate headquarters at the time of such demand. The arbitration shall be governed exclusively by the United States Federal Arbitration Act (9 U.S.C. § 1, et seq.), without reference to any state arbitration statutes. The parties agree that, in connection with any such arbitration proceeding, each shall submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedures) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding shall be waived and such party will forever be barred from asserting such a claim. Settlement discussions occurring between the parties in relation to any dispute falling within the scope of this Section 18.05 shall be protected by Federal Rule of Evidence 408 and all other applicable rules limiting and/or precluding disclosure. The parties further agree that unless otherwise agreed in writing, neither side shall be permitted to disclose any settlement discussions to the arbitrators for any reason and that the arbitrators may not consider any settlement discussions or offers that might have been made by either you or us prior to commencing the arbitration proceeding. The arbitration proceedings shall be conducted in the city closest to our principal place of business and shall be conducted in accordance with the then-current commercial arbitration rules of the AAA, except as modified by this Agreement. The parties shall be entitled to limited discovery of up to ten (10) interrogatories and ten (10) requests for production at the discretion of the arbitrators but in no event shall the arbitrators order the taking of depositions without the parties' prior agreement. The parties acknowledge that the arbitrators' subpoena power is not subject to geographic limitations. The arbitration shall be conducted by three arbitrators. Each party shall select an arbitrator within fifteen (15) days of commencement of the arbitration who shall serve as party arbitrators. The two designated party arbitrators shall select a neutral arbitrator within twenty (20) days of their selection. If the two party arbitrators cannot agree on a third arbitrator within twenty (20) days of their appointment, the AAA shall select a third arbitrator in accordance with the terms of this Agreement. The parties further agree that the arbitration proceedings shall be commenced and conducted on an individual basis only and not on a multi-plaintiff, consolidated or class-wide basis, that the arbitrators have no authority to conduct any such multi-plaintiff, consolidated, or class-wide proceedings under this Section

18.05, and that each side expressly waives any ability or right to initiate or assert any such multi-plaintiff, consolidated, or class-wide claims in connection with any arbitration proceeding. The foregoing sentence is a material and integral provision of the arbitration procedures set forth in this paragraph, and may not be severed therefrom, notwithstanding Section 18.01 of this Agreement. If such sentence is determined to be invalid or unenforceable under applicable law in connection with a particular controversy, dispute, or claim, then the entire first paragraph of Section 18.05 shall be stricken from this Agreement and neither party shall be deemed to have consented to arbitration of such controversy, dispute, or claim. The arbitrators shall have the right to award individual relief which he or she deems proper under the evidence presented and applicable law and consistent with the parties' rights to, and limitations on, damages and other relief as expressly set forth in this Agreement, including without limitation, Sections 18.03, 18.06 and 18.10. The award and decision of the arbitrators shall be conclusive and binding on all parties, and judgment upon the award may be entered in any court of competent jurisdiction. Any right to contest the validity or enforceability of the award shall be governed exclusively by the United States Federal Arbitration Act. We reserve the right, but have no obligation, to advance your share of the costs, fees and expenses of any arbitration proceeding, including any arbitrator fees, in order for such arbitration proceeding to take place, and by doing so will not be deemed to have waived or relinquished our right to seek the recovery of those amounts from the arbitrators, who shall provide for such relief in the final award, in addition to the costs, fees, and expenses that are recoverable under Section 18.06 below. The provisions of this Section 18.05 shall continue in full force and effect subsequent to and notwithstanding expiration or termination of this Agreement.

18.06 **<u>Costs of Enforcement</u>**. The prevailing party in any judicial or arbitration proceeding arising from or relating to this Agreement shall be entitled to an award all reasonable costs and expenses, including reasonable accounting, paralegal, expert witness and attorneys' fees. If we are required to engage legal counsel in connection with your failure to comply with this Agreement, you must reimburse us for any attorneys' fees, costs and expenses we incur.

18.07 **<u>Jurisdiction and Venue</u>**. SUBJECT TO SECTION 18.05 ABOVE AND THE PROVISIONS BELOW, YOU AND YOUR OWNERS IRREVOCABLY AGREE THAT: (A) ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR MUST BE COMMENCED IN THE STATE OR FEDERAL COURT OF GENERAL JURISDICTION LOCATED CLOSEST TO OUR THEN CURRENT CORPORATE HEADQUARTERS (CURRENTLY BROOKINGS, SOUTH DAKOTA); AND (B) ANY SUCH MATTER SHALL BE TRIED BY AND TO THE COURT SITTING WITHOUT A JURY, AND YOU WAIVE ANY RIGHT TO A JURY TRIAL. YOU IRREVOCABLY WAIVE, TO THE FULLEST EXTENT YOU MAY LAWFULLY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH SUIT, ACTION OR PROCEEDING, AND AGREE THAT SERVICE OF PROCESS FOR PURPOSES OF ANY SUCH SUIT, ACTION OR PROCEEDING NEED NOT BE PERSONALLY SERVED OR SERVED WITHIN THE STATE OF SOUTH DAKOTA, BUT MAY BE SERVED WITH THE SAME EFFECT AS IF YOU WERE SERVED WITHIN THE STATE OF SOUTH DAKOTA, BY CERTIFIED MAIL OR ANY OTHER MEANS PERMITTED BY LAW ADDRESSED TO YOU AT THE ADDRESS SET FORTH HEREIN. NONETHELESS, FRANCHISEE AND FRANCHISEE'S OWNERS AGREE THAT FRANCHISOR MAY ENFORCE THIS AGREEMENT AND ANY ARBITRATION ORDERS AND AWARDS IN THE COURTS OF THE STATE OR STATES IN WHICH FRANCHISEE IS DOMICILED OR THE FRANCHISED BUSINESS IS LOCATED.

18.08 **<u>Governing Law</u>**. This Agreement and any dispute, claim, or matter arising out of or relating in any way to the relationship between the parties (whether based in contract, tort, statute or otherwise and regardless of the relief sought) shall be construed under the laws of the State of South Dakota, provided the foregoing shall not constitute a waiver of any of your rights under any applicable franchise law of another state that does not conflict with South Dakota law. In the event of any conflict of law, South Dakota law will prevail, without regard to its conflict of law principles. However, if any provision of this Agreement would not be enforceable under South Dakota law, and if the Location is located outside of South Dakota and such provision would be enforceable under the laws of the state in which the Location is located, then such provision shall be construed under the laws of that state. Nothing in this Section is intended to subject this Agreement to any franchise or similar law, rule or regulation of the State of South Dakota to which it otherwise would not be subject.

18.09 **Successors and Assigns**. This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. This Agreement is fully transferable by us, whether by operation of law or otherwise, and shall inure to the benefit of any transferee or other legal successor to our interests herein.

18.10 **Limitations on Damages**. EXCEPT WITH RESPECT TO YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 17.02, AND EXCEPT WITH RESPECT TO OBLIGATIONS REGARDING USE OF THE MARKS IN SECTION 5 AND THE CONFIDENTIAL INFORMATION IN SECTION 7.01, FRANCHISOR AND FRANCHISEE (AND ITS OWNERS) EACH WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND EACH OF YOUR OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE RIGHT TO RECOVER CONSEQUENTIAL, SPECIAL AND INCIDENTAL DAMAGES FOR ANY CLAIM DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THIS AGREEMENT.

You agree that, for our System to function properly, we should not be burdened with the costs of litigating system-wide disputes. Accordingly, any disagreement between you (and your Owners) and us shall be considered unique as to its facts and shall not be brought as a class action or multi-party claim or action, and you (and each of your Owners) waive any right to proceed against us or any of our shareholders, members, Affiliates, officers, directors, employees, agents, successors and assigns by way of class action, or by way of a multi-plaintiff, consolidated or collective action. In any legal action between the parties, the arbitrators or court shall not be precluded from making their own independent determination of the issues in question, notwithstanding the similarity of issues in any other legal action involving us and any other franchisee, and each party waives the right to claim that a prior disposition of the same or similar issues precludes such independent determination.

18.11 **Construction**. The language of this Agreement shall be construed according to its fair meaning and not strictly for or against any party. The introduction, personal guarantees, exhibits and riders (if any) to this Agreement are a part of this Agreement, which constitutes the entire agreement of the parties. Except as otherwise expressly provided herein, there are no other oral or written agreements, understandings, representations or statements relating to the subject matter of this Agreement, that either party may or does rely on or that will have any force or effect, except that nothing in this Agreement shall disclaim or require you to waive reliance on any representation we made in our most recent Franchise Disclosure Document (including that document's exhibits and amendments) delivered to you or your representative. Nothing in this Agreement shall be deemed to confer any rights or remedies on any person or legal entity not a party hereto. This Agreement shall not be modified except by written agreement signed by both parties.

The headings of sections are for convenience only and do not limit or construe their contents. The word "including" shall be construed to include the words "without limitation." The term "Franchisee" or "you" is applicable to one or more persons, a corporation, limited liability company or a partnership and its owners, as the case may be. If two (2) or more persons are at any time Franchisee hereunder, whether as partners, joint venturers or otherwise, their obligations and liabilities to us shall be joint and several. References to a controlling interest in an entity shall mean more than fifty percent (50%) of the equity and voting control of such entity.

This Agreement may be executed in multiple copies, each of which shall be deemed an original. Time is of the essence in this Agreement.

18.12 **Approvals and Consents**. In all cases where our prior consent or acceptance is required and no other method or timing for obtaining such consent or acceptance is prescribed, you must request such consent or acceptance in writing, and we will notify you of our decision within sixty (60) days after receiving your written request and all supporting documentation. Whenever our consent or acceptance is required hereunder, such consent or acceptance must be in writing. If we do not respond in writing to your request within such sixty (60)-day or other prescribed period, the request shall be deemed denied. Our consent to, or acceptance of, any request by you shall be effective only to the extent specifically stated and shall not be deemed to waive or render unnecessary our consent or acceptance of any subsequent similar request. Except where this Agreement expressly obligates us to reasonably accept or consent to (or not to unreasonably withhold our acceptance or consent regarding) any action or request by you, we have the absolute right for any reason or no reason to withhold our acceptance of or consent to any action by you.

18.13 **Notices and Payments**. All notices, requests and reports permitted or required to be delivered by this Agreement shall be deemed delivered: (a) at the time delivered by hand or refusal of such delivery to the recipient party (or to an officer, director or partner of the recipient party); (b) on the same day of the transmission by facsimile or other reasonably reliable electronic communication system; (c) 1 business day after being placed in the hands of a commercial courier service for guaranteed overnight delivery; or (d) five (5) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified in writing. All payments and reports required by this Agreement shall be sent to us at the address identified in this Agreement unless and until a different address has been designated by written notice. No restrictive endorsement on any check or in any letter or other communication accompanying any payment shall bind us, and our acceptance of any such payment shall not constitute an accord and satisfaction.

18.14 **Franchisee's Release**. To the full extent permitted by applicable law, Franchisee, for itself and on behalf of its Affiliates, and their respective shareholders, directors, officers, limited liability company members, managers and employees, and their respective successors and assigns, and on behalf of the Franchisee's Owners, hereby (i) releases and forever discharges Franchisor and its Affiliates, and their respective directors, officers, employees, agents, representatives and attorneys, and their respective successors and assigns, from any and all claims, demands and causes of action, whether known or unknown, of any kind or nature, absolute or contingent, if any at law or in equity, arising prior to or on the date you sign this Agreement, and (ii) agrees that none of them will institute any litigation or other legal action or proceeding, at law or in equity, against Franchisor or its affiliates and their directors, officers, employees, agents, representatives and attorneys, and their respective successors and assigns, directly or indirectly, relating to any claim or demand released under this Section 18.14. Franchisee shall take whatever actions are necessary or appropriate to carry out the terms of this release and covenant not to sue upon Franchisor's request. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representation we made in our Franchise Disclosure Document (including any of that document's exhibits and amendments) delivered to you, your Owners, Affiliates or representatives. This Section 18.14 shall survive the expiration or termination of this Agreement.

18.15 **Electronic Signatures**. The counterparts of this Agreement and all ancillary documents executed or delivered in connection with this Agreement may be executed and signed by electronic signature by any of the parties to this Agreement, and delivered by electronic or digital communications to any other party to this Agreement, and the receiving party may rely on the receipt of such document so executed and delivered by electronic or digital communications signed by electronic signature as if the original has been received. For the purposes of this Agreement, electronic signature means, without limitation, an electronic act or acknowledgement (e.g., clicking an "I Accept" or similar button), sound, symbol (digitized signature block), or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

18.16 **Receipt of Disclosure Document and Agreement**. You acknowledge having received our Franchise Disclosure Document and this Agreement, with all blanks completed, within the time periods required by applicable law.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the day and year first above written.

POWERLIFT FRANCHISING, INC.,
a South Dakota corporation

By: ______________________________
Print Name: ______________________________
Title: ______________________________

*Effective Date: ______________________________

FRANCHISEE

If a corporation, limited liability company or partnership:

____
(Name of corporation, limited liability company or partnership)

By: ______________________________
Print Name: ______________________________
Title: ______________________________

By: ______________________________
Print Name: ______________________________
Title: ______________________________

By: ______________________________
Print Name: ______________________________
Title: ______________________________

By: ______________________________
Print Name: ______________________________
Title: ______________________________

If individuals:

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

EXHIBIT A

TO THE FRANCHISE AGREEMENT

1. Operating Partner. The name and home address of the Operating Partner are as follows:

____

____

2. Form of Entity of Franchisee.

(a) Corporation or Limited Liability Company. Franchisee was incorporated on ___________ , __________, under the laws of the State of ________________________________. It has not conducted business under any name other than its corporate name. The following is a list of all of Franchisee's directors and officers as of ____________________, ___________.

Name of Each Director/Officer	Position(s) Held
_____________________________	_____________________________
_____________________________	_____________________________
_____________________________	_____________________________
_____________________________	_____________________________

(b) Partnership. Franchisee is a [general] [limited] partnership formed on ______________, ________ under the laws of the State of __________________________. It has not conducted business under any name other than its partnership name. The following is a list of all of Franchisee's general partners as of ______________________, _________.

Name of General Partner

____

____

3. Owners. Franchisee and each of its Owners represents and warrants that the following is a complete and accurate list of all Owners of Franchisee, including the full name and mailing address of each Owner, and fully describes the nature and extent of each Owner's interest in Franchisee. Franchisee, and each Owner as to his ownership interest, represents and warrants that each Owner

is the sole and exclusive legal and beneficial owner of his ownership interest in Franchisee, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

Owner's Name and Address	Description of Interest
________________________________	__________
________________________________	__________
________________________________	__________
________________________________	__________

POWERLIFT FRANCHISING, INC.,
a South Dakota corporation

By:______________________________
Print Name: ______________________
Title:_____________________________

____
(Name of corporation, limited liability company or partnership)

By:______________________________
Print Name:_______________________
Title:_____________________________

Owners:

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

EXHIBIT B

TO THE FRANCHISE AGREEMENT

1. The **Premises** of the Location will be located at:

____

____

2. The **Designated Area** for the Location is:

____

____

____

____

POWERLIFT FRANCHISING, INC.
a South Dakota corporation

By:________________________________
Print Name: ____________________
Title:______________________________

____
(NAME of Franchisee corporation, limited liability company, or partnership)

By:________________________________
Print Name: ____________________
Title:______________________________

EXHIBIT C

OWNERS' PERSONAL GUARANTY OF FRANCHISE AGREEMENT

In consideration of, and as an inducement to, the execution of the Franchise Agreement dated as of ______ ______________, ______ (the "Agreement") by and between POWERLIFT FRANCHISING, INC. ("Franchisor"), and __________________________________ ("Franchisee"), each of the undersigned owners of an interest in Franchisee hereby personally and unconditionally: (1) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and that each and every representation of Franchisee made in connection with the Agreement are true, correct and complete in all respects at and as of the time given; and (2) agrees personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement, including without limitation, Sections 5, 7, 8, 13, 16 and 18 (for the avoidance of doubt, including Section 18.05) thereof.

Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (i) his direct and immediate liability under this guaranty shall be joint and several; (ii) he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (iii) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (iv) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the agreement.

Owners:

____
(Signature)

____
(Print Name) and (Percent Ownership)

____
(Signature)

____
(Print Name) and (Percent Ownership)

EXHIBIT B -1
TO THE DISCLOSURE DOCUMENT

FRANCHISEE INCENTIVE ADDENDUM

FRANCHISEE INCENTIVE ADDENDUM
TO FRANCHISE AGREEMENT

THIS FRANCHISEE INCENTIVE ADDENDUM TO FRANCHISE AGREEMENT (this "Addendum") is entered into this [DAY] day of [MONTH], [YEAR] by and between **POWERLIFT FRANCHISING, INC.**, a South Dakota corporation **("PowerLift**, ""**Franchisor**," "**we**," "**our**," or "**us**"), and [FRANCHISEE PARTY COMPANY NAME] ("**Franchisee**", "**you**", or "**your**"). We and you may each be referred to as a "**Party**," or collectively, the "**Parties**."

RECITALS

WHEREAS, Franchisee is an existing licensee that is requesting to convert to the PowerLift franchise system and that made proper timely election of the incentive program detailed herein ("Qualified Franchisee").

WHEREAS, Franchisee is a Qualified Franchisee operating a PowerLift store located at [INSERT ADDRESS] (the "Location").

WHEREAS, Franchisee desires to qualify for and receive the benefits of PowerLift's Franchisee Incentive Program (the "Program") wherein PowerLift agrees to modify certain provisions of Franchisee's Franchise Agreement entered contemporaneously herewith (the "Franchise Agreement").

WHEREAS, the Parties wish to enter a new Franchise Agreement contemporaneous with this Addendum.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Relationship to Franchise Agreement; Recitals**. This Addendum shall be annexed to and form a part of the Franchise Agreement. All capitalized terms not otherwise defined in this Addendum shall have the meanings set forth in the Franchise Agreement. Except as modified by this Addendum, the Franchise Agreement remains in full force and effect. Any conflict between the provisions hereof and the Franchise Agreement shall be construed in favor of this Addendum. All references in this Addendum to "Sections," "Subsections," and/or "Exhibits" shall mean the applicable Section(s), Subsection(s), and/or Exhibit(s) of the Franchise Agreement, unless specified otherwise below. The Recitals above are incorporated into this Addendum by reference.

2. **Qualifications**. You represent and warrant that: (a) you have properly and timely elected for participation in the Program; and (b) you agree to operate the Location in full compliance with operating requirements and procedures as listed in the Franchise Agreement and Manual. You acknowledge and agree that your failure to comply with the representations, warranties, and obligations in this Paragraph and this Addendum will automatically and without notice end your ability to participate in and receive the benefits of the Program and PowerLift shall have no further obligation under this Addendum as of the day of your failure to comply.

3. **Initial Franchise Fee.** The Parties acknowledge and agree that Section 6.01 of the Franchise Agreement is deleted in its entirety, and that no Initial Franchise Fee is due from Franchisee to PowerLift regarding execution of the Franchise Agreement for the Location. All remaining sections of Franchise Agreement Article 6 remain unchanged and in full force and effect.

4. **Audits.** The Parties acknowledge and agree that Section 12.02 of the Franchise Agreement is deleted in its entirety. All remaining sections of Franchise Agreement Article 12 remain unchanged and in full force and effect.

5. **Entire Agreement.** The Parties acknowledge that this Addendum contains the entire understanding and agreement of the Parties with respect to this Addendum's subject matter; supersedes all other written or oral agreements between them or their representatives in this regard; and may not be altered, amended, or modified, except by a writing properly executed by the Parties.

6. **Enforceability**. Should one or more provisions contained in this Addendum be held to be invalid, illegal, overbroad, or otherwise unenforceable in any respect, whether in whole or in part, then the Parties agree it is their intention that (i) the offending provision be modified and/or reduced in scope and term so that it is enforceable to the maximum extent permitted by applicable law; (ii) such invalidity, illegality, overbreadth, or unenforceability does not affect any other provision of this Agreement; and (iii) the provision at issue and this Addendum shall be construed as if such invalid, illegal, overbroad, or unenforceable provision was never contained herein.

7. **Counterparts.** The Parties may execute this Addendum in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

8. **Electronic Signatures.** The counterparts of this Addendum may be executed and signed by electronic signature by any of the Parties and delivered by electronic or digital communications to any other Party to this Agreement, and the receiving Party may rely on the receipt of such document so executed and delivered by electronic or digital communications signed by electronic signature as if the original has been received. For the purposes of this Addendum, electronic signature means, without limitation, an electronic act or acknowledgment (e.g., clicking an "I Accept" or similar button), sound, symbol (digitized signature block), or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

IN WITNESS WHEREOF, you and we have executed and delivered this Addendum in counterparts on the day and year first above written to be effective upon execution by Franchisor.

FRANCHISOR:
POWERLIFT FRANCHISING, INC.
a South Dakota corporation

By: ______________________________

Print Name: _______________________

Title: _____________________________

Date: _____________________________

FRANCHISEE (Individual):

____
Signature

____
Printed Name

____
Signature

____
Printed Name

FRANCHISEE (Corp., LLC, or Partnership):

____
Legal Name of Franchisee Entity
a _____________ (Jurisdiction of Formation)
Corporation, LLC, or Partnership

By: _________________________________

Print Name: __________________________

Title:________________________________

EXHIBIT B -2
TO THE DISCLOSURE DOCUMENT

EQUIPMENT PACKAGE FOR FRANCHISE AGREEMENT

- Welder
- Plasma Cutter
- Torch
- Telehandler
- Forklift
- Trailer for Door Transportation
- Ironworker (Suggested)
- Steel Cutting Saw
- Generator
- PPE (Personal Protective Equipment) based on state and federal guidelines

EXHIBIT B -3
TO THE DISCLOSURE DOCUMENT

INITIAL INVENTORY FOR FRANCHISE AGREEMENT

Recommended Initial Inventory (1st Purchase)
We recommend you purchase the following items from us on your first purchase:

- Comprehensive Repair Kit (includes cylinder seals, power unit motor, misc. parts)
- 2 Small Cylinders with Hoses
- 2 Medium Cylinders with Hoses
- 2 Large Cylinders with Hoses
- 3 3HP Power Units with Pioneer Assemblies
- 1 5HP Power Unit with Pioneer Assembly
- Steel Parts for 3 Complete Doors (to be determined by approximate door size)

You acknowledge that all payments for items recommended for your first purchase are payments of ordinary business expenses and payments at bona fide wholesale prices.

Product Stocking Recommendation
You should maintain a minimum stock of the following components:

- Comprehensive Repair Kit (fully stocked--parts need to be replaced as used)
- 2 Small Cylinders with Hoses
- 2 Medium Cylinders with Hoses
- 2 Large Cylinders with Hoses
- 1 3HP Power Units with Pioneer Assemblies
- 1 5HP Power Unit with Pioneer Assembly
- Steel Parts for 1 Small Door
- Steel Parts for 1 Medium/Large Door

You acknowledge that all payments to maintain this recommended minimum stock of components are payments of ordinary business expenses and payments at bona fide wholesale prices.

EXHIBIT C
TO THE DISCLOSURE DOCUMENT

OPERATIONS MANUAL TABLE OF CONTENTS

SECTION D: SALES PROCEDURES (18 PAGES)

SECTION E: DAILY OPERATING PROCEDURES (28 PAGES)

SECTION F: FABRICATION, INSTALLATION AND SERVICE PROCEDURES (51 PAGES)

SECTION G: MARKETING AND PROMOTION (34 PAGES)

EXHIBIT D
TO THE DISCLOSURE DOCUMENT

LIST OF CURRENT FRANCHISEES

As detailed in Item 20 and Item 21, we are a new franchisor and no franchised locations exist pursuant to any Franchise Agreement. As such, **we have zero (0) franchised locations to list**.

However, as discussed in Item 20, "Franchised Outlets" pursuant to that section is, as required for compliance, a listing the locations in the United States pursuant to the License Program disclosed in Item 1 per 16 CFR § 436.5(t)(1) requiring disclosure of all outlets of a type substantially similar to that offered to the prospective franchisee due to the similar Product and Trademark. Below, please find a listing of the outlets pursuant to the License Program disclosed in Item 20 as of December 31, 2025.

LIST OF CURRENT LICENSEES AS OF DECEMBER 31, 2025:

Trade Name	Legal Name	Contact Person	Address	Phone Number
PowerLift Doors of SE Alabama	Big Red Metals	Calvin Losh	1816 W Malvern Hwy, Slocomb, AL	334-886-7433
PowerLift Doors by Hangar Doors Alaska	Hangar Doors Alaska	Matt Soloy	5299 W Museum Dr., Wasilla, AK	907-376-5438
PowerLift Doors of the Greater SF Bay	Mathews Mechanical	Jared Mathews	7752 Enterprise Dr., Newark, CA	510-475-9950
PowerLift Doors of California	Supreme Construction	Scott Wright	1067 S Q Pl, Tulare, CA	559-234-2070
PowerLift Doors of Colorado	PowerLIft Doors of Colorado	Chad Rockwell	34455 Hwy 385, Wray, CO	970-630-0286
PowerLift Doors by Delmarva	Delmarva Irrigation	Robbie Mapp	11027 Delaware Ave., Laurel, DE	302-490-1588
PowerLift Doors of Florida	Entry Point Manufacturing	Kyler Dyck	2692 NE Nat Ave., Arcadia, FL	863-491-7211
Pacific PowerLift Doors	Solid Metal Works Hawaii, LLC	Scott Reagan	73-5583 Maiau Street, Kailua Kona, HI	207-807-3854
PowerLift Doors of Illinois		Chad Floyd	32625 1360 N Ave, Spring Valley, IL	815-663-3942
PowerLift Tri-State Doors	Hoosier Airplane Services	Steve Millspaugh	2085 W Co Rd 300 N, North Vernon, IN	812-767-0700
PowerLift Doors by Weirich Welding	Weirich Welding Plus	Logan Weirich	57680 Lewis Road, Lewis, IA	712-769-2415
PowerLift Doors of Eastern IA & MO	Midwest Fabrication LLC	Dave Liske	901 East South Street, Tipton, IA	563-777-0055
S&S PowerLift Doors	Roughneck Welding	Zach Green	16101 A. SW 80th Street, Nashville, KS	316-350-6782

PowerLift Doors of Michigan	Blatt Steel & Supply	Matt Blatt	6411 Euclid Street, Marlette, MI	989-635-8017
PowerLift Doors by French Mfg	PowerLift Doors by French Mfg	Rod French	20960 636th Street, Dodge Center, MN	507-374-9306
PowerLift Doors by Slayden Welding	Slayden Welding	John Taylor	3306 Hwy 72, Holly Springs, MS	662-551-4333
PowerLift Doors by Johnson Metal Works	Johnson Metal Works	Scott/Courtney Johnson	112 Commercial Drive, Bozeman, MT	406-579-1423
PowerLift Doors of Montana	Acutech Metalworks	Dean Grommet	3816 MT-40, Columbia Falls, MT	406-892-4030
PowerLift Doors of North Dakota	Maertens Repair	Matt Maertens	310 Hwy 20 NE, Glenfield, ND	701-785-2555
PowerLift Doors Las Vegas		Kat Renaud	1011 Industrial Rd #3, Boulder City, NV	702-927-7030
PowerLift Doors New England	Macy Industries	Steve Korzyniowski	5 Lehoux Dr., Hooksett, NH	603-661-7809
PowerLift Doors by BR Welding	BR Welding	Chris Giglio	3 Brook Rd., Howell, NJ	732-363-8253
PowerLift Doors by SEK Designs	SEK Designs	Melissa Woessner	378 Old County Rd., Melville, NY	631-201-2777
PowerLift Doors of New York	Cole Building Systems	Jesse Cole	3925 State Route 19, Silver Springs, NY	585-469-9934
PowerLift Doors by Metal Monkey	Metal Monkey Welding & Fabrication	Nick Neuenschwader	13614 Sandusky Drive SW, Beach City, OH	330-231-1490
PowerLift Doors Great Lakes	Elgin Service Center	Scott Klausing	18018 Ohio 81m Venedocia, OH	419-615-7187
PowerLift Doors by Accurate Welding	Accurate Welding Services	Tyler Spinas	1160 NW Noble Dr. Ste. B, Estacada, OR	503-481-9141
Southeast PowerLift Doors	Curtis Company	Curtis Poole	7204 Hwy 29 N North Pelzer, SC	864-402-0450
PowerLift Doors by Architectural Specialties	Architectural Specialties LLC	Corey Crowder	1330 Jess St., Rapid City, SD	605-791-4748
PowerLift Doors of Tennessee		Andy Johnson	3 Loys Johnson Rd., Yorkville, TN	731-571-6475
PowerLift Doors of West Texas	Pro Construction	Cody Brazile	3637 120th St., Lubbock, TX	806-620-2752
PowerLift Doors of Texas	Steck Construction	Terry Glidewell	940 Baker Street, Mineola, TX	903-369-5438
PowerLift Doors by GMAC	GMAC Steel	Gary MacDonald	1850 W 500 S, Salt Lake City, UT	801-973-2117
PowerLift Doors by Tacoma Iron Work	Tacoma Iron Work	John Leskajan	3129 S Lawrence St., Tacoma, WA	253-539-8018

PowerLift Doors by A&B Fabricators	A&B Fabricators	Brett McCarty	231 D Street E, Auburn, WA	206-763-2600

EXHIBIT E
TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM AS OF DECEMBER 31, 2025

As detailed in Item 20 and Item 21, we are a new franchisor and **zero (0) franchised locations exist pursuant to any Franchise Agreement**.

None

EXHIBIT F
TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

PowerLift Franchising, Inc.
Balance Sheet
As of January 31, 2025

	Jan 31, 25
ASSETS	0.00
LIABILITIES & EQUITY	0.00

EXHIBIT G
TO THE DISCLOSURE DOCUMENT

DISCLOSURE ADDENDA FOR REGISTRATION STATES

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

THE CALIFORNIA FRANCHISE INVESTMENT LAW (Cal. Corp. Code § 31119) REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

OUR WEBSITE, https://powerliftdoors.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

Item 3, Additional Disclosure:
Neither we nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.

Item 6, Additional Disclosure:
The highest interest rate allowed by law in California is 10% annually.

Item 17, Additional Disclosures:
The franchise agreement requires franchisee to execute a general release of claims upon renewal or 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 there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The franchise agreement requires application of the laws of South Dakota. This provision may not be enforceable under California law.

The franchise agreement contains a liquidated damages clause. Under California Civil

Code §1671, certain liquidated damages clauses are unenforceable.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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.)

The franchise agreement requires binding arbitration. The arbitration will occur in Brookings, South Dakota with the cost being borne by the parties as determined by the arbitrator.

Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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.

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.

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.

The PowerLift Franchising, Inc. FDD is amended to include the following:

Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy:

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

(d) Violations of any provision of this division.

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

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

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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

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.

MICHIGAN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

THIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF POWERLIFT FRANCHISING, INC. REFLECTS CERTAIN REQUIREMENTS OF THE STATE OF MICHIGAN. IT IS BEING PROVIDED TO YOU AT THE SAME TIME AS THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE FEDERAL TRADE COMMISSION, AND SHOULD BE REVIEWED IN CONJUNCTION WITH THE FRANCHISE DISCLOSURE DOCUMENT, OF WHICH THIS IS MADE A PART.

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 which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement from settling any and all claims.

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishing 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 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

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

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

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

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

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

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

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

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

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

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* A federal court held that this provision of the Michigan law was preempted by the Federal Arbitration Act and therefore is not enforceable. We intend to enforce the arbitration clause as it is written in the agreements.

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

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
Consumer Protection Agency Attention: Franchise
670 Law Building
525 West Lansing
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

State Cover Page and Item 17, Additional Disclosures:
Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Item 6, Additional Disclosure:
NSF checks are governed by Minn. Stat. 604.113, which puts a cap of $30 on service charges.

Item 13, Additional Disclosures:
The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:
Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure), 180 days notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

Minn. Stat. Sec. 80C.21 and Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

The PowerLift Franchising, Inc. FDD is amended to include the following:

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.

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS 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 THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions other than routine litigation incidental to the business that is 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 ten years 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 a franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; this proviso intends 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 a 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 the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, 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.

NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

No statement, questionnaire, or acknowledgment signed or agreed 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 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.

Item 17, Additional Disclosures. The following statements are added to Item 17:
Any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota may be unenforceable under North Dakota law. Any mediation or arbitration will be held at a site agreeable to all parties. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

Any general release the franchisee is required to assent to as a condition of renewal is not intended to nor shall it act as a release, estoppel or waiver of any liability franchisor may have incurred under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The Franchise Agreement includes a waiver of exemplary and punitive damages. This waiver may not be enforceable under North Dakota law.

The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. This waiver may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement state that franchisee must consent to the jurisdiction of courts outside that State of North Dakota. That requirement may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages. This requirement may not be enforceable under North Dakota law.

RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

Item 17, Additional Disclosure. The following statement is added to Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

SOUTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The Franchise Agreement includes a covenant not to compete after termination of the franchise. Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances provided by law. The Franchise Agreement provides for arbitration in a state other than South Dakota. Under South Dakota law, arbitration must be conducted at a mutually agreed upon site in accordance with §11 of the Commercial Arbitration Rules of the American Arbitration Association.

The Franchise Agreement designates the law of a state other than South Dakota as the governing law, except that the arbitration clause is to be construed under the Federal Arbitration Act, and trademark issues are to be construed under the Lanham Act. Franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota, but contractual and all other matters will be subject to application, construction, enforcement, and interpretation under the governing law specified by the Franchise Agreement.

Under South Dakota law, any provision in a Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue outside South Dakota is void with respect to any cause of action which is governed by the law of South Dakota.

Under South Dakota law, termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make fee payments contained in the Disclosure Document and Franchise Agreement must afford a franchisee thirty (30) days' written notice with an opportunity to cure the default prior to termination. Under SDL 37-5B-21, any condition, stipulation, or provision purporting to waive compliance with any provision of this chapter or any rule or order under it is void.

Any acknowledgment, provision, disclaimer or integration clause or a provision having a similar effect in a Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate the South Dakota franchise law or a rule or order under the South Dakota franchise law.

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:
Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

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

The PowerLift Franchising, Inc. FDD is amended to include the following:

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.

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. Conflict of Laws. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. Site of Arbitration, Mediation, and/or Litigation. 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.

4. General Release. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. Transfer Fees. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. Noncompetition Covenants. 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. Nonsolicitation Agreements. 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.

16. Questionnaires and Acknowledgments. 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.

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum. Dated this ________________ day of ______________________________________ 20______.

______________________________	____________________________________
Signature of Franchisor Representative	**Signature of Franchisee Representative**
______________________________	____________________________________
Title of Franchisor Representative	**Title of Franchisee Representative**
_________________________	

WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

EXHIBIT H
TO THE DISCLOSURE DOCUMENT

AGREEMENT RIDERS FOR REGISTRATION STATES

ILLINOIS RIDER
TO THE FRANCHISE AGREEMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act and the rules and regulations promulgated thereunder, the Franchise Agreement shall be modified by this document (the "Rider") as follows:

1. Background. Franchisor and Franchisee are parties to that certain Franchise Agreement dated ______________________, ______ ("Agreement") that has been entered into concurrently with the entering of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because the Location to be operated by Franchisee pursuant to the Agreement will be located in the state of Illinois and/or because Franchisee is a resident of the state of Illinois. This Rider shall be of no force and effect unless the jurisdictional requirements of the Illinois Franchise Disclosure Act and any regulations thereunder are met independently without reference to this Rider.

2. Arbitration; Jurisdiction and Venue. Sections 18.04 to 18.07 of the Agreement shall be amended by adding the following:

   Despite the provision, Franchisor and Franchisee agree that any action brought by one of them against the other must be instituted in a state or federal court located in the State of Illinois.

3. Governing Law. Section 18.08 of the Agreement shall be amended by adding the following:

   Despite the provision above, Franchisor and Franchisee agree that Illinois law will govern this Agreement.

4. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

[SIGNATURES ON FOLLOWING PAGE]

POWERLIFT FRANCHISING, INC.	**FRANCHISEE**
By:______________________________	By:______________________________
Title:____________________________	Title:____________________________

MARYLAND RIDER
TO THE FRANCHISE AGREEMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law and the rules and regulations promulgated thereunder, the Franchise Agreement shall be modified by this document (the "Rider") as follows:

1. Background. Franchisor and Franchisee are parties to that certain Franchise Agreement dated ______________________, _______ ("Agreement") that has been entered into concurrently with the entering of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because the Location to be operated by Franchisee pursuant to the Agreement will be located in the State of Maryland and/or because Franchisee is a resident of the State of Maryland. This Rider shall be of no force and effect unless the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law and any regulations thereunder are met independently without reference to this Rider.

2. Your Acknowledgments/Your Representations. The following language is added to Sections 1.02 and 1.03 of the Agreement:

   All acknowledgments or representations of Franchisee requiring you 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. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

4. Pursuant to COMAR 02.02.08 16L, the general release required as a condition of renewal and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. Any clause(s) referencing choice of forum is not applicable to claims arising under the Maryland Franchise Registration and Disclosure Law.

6. Limitation on Claims. The following language is added to Section 18.03 of the Agreement:

   However, the limitation of such claims shall not act to reduce the three (3) year statute of limitations afforded to you for bringing a claim under the Maryland Franchise Registration and Disclosure Law.

7. Franchisee's Release. The following language is added to Section 18.14 of the Agreement:

> However, such release will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

8. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

POWERLIFT FRANCHISING, INC.	**FRANCHISEE**
By:______________________________	By:______________________________
Title:____________________________	Title:____________________________

MINNESOTA RIDER
TO THE FRANCHISE AGREEMENT

In recognition of the requirements of the Minnesota Franchise Law and the rules and regulations promulgated thereunder, the Franchise Agreement shall be modified by this document (the "Rider") as follows:

1. Background. Franchisor and Franchisee are parties to that certain Franchise Agreement dated ______________________, _______ ("Agreement") that has been entered into concurrently with the entering of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because the Location to be operated by Franchisee pursuant to the Agreement will be located in the State of Minnesota and/or because Franchisee is a resident of the State of Minnesota. This Rider shall be of no force and effect unless the jurisdictional requirements of the Minnesota Franchise Law and any regulations thereunder are met independently without reference to this Rider.

2. Trademarks. Section 5.04 shall be amended by adding the following:

   "Franchisor will protect the Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name."

3. Franchisee's Right to Transfer. Section 13.02 and Renewal of Rights Section 15.03 are amended by the inclusion of the following:

   Under Minn. Rule 2860.4400D, we are prohibited from requiring you to sign a general release.

4. Termination of Agreement. Sections 14.01 and 14.02 shall be amended by adding the following:

   "With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.,14 Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.

5. Miscellaneous. Sections 18.04 and 18.09 shall be amended by the inclusion of the following:

   Under Minn. Rule 2860.4400J, a franchisee cannot waive any rights, and the franchisee cannot consent to the franchisor obtaining injunctive relief, although the franchisor may seek injunctive relief. The court will also determine whether a bond is required.

6. Miscellaneous. Section 18.07 is amended by the inclusion of the following:

Notwithstanding the foregoing, Minnesota Rule 2860.4400J prohibits the waiver of a jury trial.

7. Miscellaneous. Sections 18.05, 18.07 and 18.08 shall be amended by adding the following:

"Pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, this section shall not in any way abrogate or reduce any rights of the franchisee as provided for in Minnesota Statutes, Chapter 80C."

8. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

POWERLIFT FRANCHISING, INC.	**FRANCHISEE**
By:______________________________	By:______________________________
Title:____________________________	Title:____________________________

VIRGINIA RIDER
TO THE FRANCHISE AGREEMENT

In recognition of the requirements of the Virginia Retail Franchising Act and the rules and regulations promulgated thereunder, the Franchise Agreement shall be modified by this document (the "Rider") as follows:

1. Background. Franchisor and Franchisee are parties to that certain Franchise Agreement dated ______________________, ______ ("Agreement") that has been entered into concurrently with the entering of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because the Location to be operated by Franchisee pursuant to the Agreement will be located in the Commonwealth of Virginia. This Rider shall be of no force and effect unless the jurisdictional requirements of the Virginia Retail Franchising Act and any regulations thereunder are met independently without reference to this Rider.

2. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

POWERLIFT FRANCHISING, INC.	**FRANCHISEE**
By:______________________________	By:______________________________
Title:____________________________	Title:____________________________

RIDER TO THE POWERLIFT FRANCHISING, INC. FRANCHISE AGREEMENT FOR USE IN CALIFORNIA, INDIANA, MICHIGAN, RHODE ISLAND, AND WISCONSIN

This Rider (the "**Rider**") is made and entered into by and between PowerLift Franchising, Inc., ("**Franchisor**"), and_____________________, whose principal business address is ______________________________ ______("**Franchisee**").

1. **Background**. Franchisor and Franchisee are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the "**Franchise Agreement**"). This Rider is part of the Franchise Agreement.

2. **No Waiver of Disclaimer of Reliance in Certain States.** The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in California, Indiana, Michigan, Rhode Island, or Wisconsin:

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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Effective Date stated in the Franchise Agreement.

POWERLIFT FRANCHISING, INC.	**FRANCHISEE**
By:________________________	By:______________________________
Title:______________________	Title:____________________________

EXHIBIT I
TO THE DISCLOSURE DOCUMENT

GENERAL RELEASE AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of ______________, 20___ by and between between POWERLIFT FRANCHISING, INC., a South Dakota corporation with its principal business located at 305 4th Street, Brookings, South Dakota 57006 (the "Franchisor"), and ___________________, a ___________ with an address at ________________________ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. **Release by Releasor**:

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

[Note for California Release – add the following:

Except as set forth herein, Franchisee Group expressly relieves and relinquishes all rights and benefits afforded by Section 1542 of the Civil Code of the State of California ("Section 1542"), and does so understanding and acknowledging the significance and consequence of such specific waiver of Section 1542. Section 1542 states as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH EITHER PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AS OF THE DATE OF EXECUTION OF THIS AGREEMENT, WHICH IF KNOWN BY SUCH PARTY WOULD HAVE MATERIALLY AFFECTED THE TERMS OF THE AGREEMENT."

Notwithstanding the provisions of Section 1542, and for the purpose of implementing the general release and discharges described in this paragraph, Franchisee Group expressly acknowledges that this Release is intended to include in its effect without limitation, all claims described in this paragraph which Franchisee Group does not know or suspect to exist in its favor at the time of execution hereof, and that this Release contemplates the extinguishment of any such claims.]

[<u>Note for Maryland Release</u> – add the following to Section 1, at the end of the first sentence: "excluding only such claims arising under the Maryland Franchise Registration and Disclosure Law."]

[<u>Note for Minnesota Release</u> – add the following to Section 1, at the end of the first sentence: "excluding only such claims arising under the Minnesota Franchises Law."]

[<u>Note for Washington Release</u> – add the following to Section 1, at the end of the first sentence: "excluding only such claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder."]

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. South Dakota law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of South Dakota.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

Witness:	**RELEASOR:**
______________________	______________________________________ (Name)
Witness:	**POWERLIFT FRANCHISING, INC.:**
______________________	By:___________________________________ Name:_________________________________ Title:__________________________________

EXHIBIT J
TO THE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date states below:

State	Effective Date
California	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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

EXHIBIT K
TO THE DISCLOSURE DOCUMENT

ITEM 23 RECEIPT PAGE

RECEIPT

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

If PowerLift Franchising, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If PowerLift Franchising, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is: Jon Gustad at 305 4th Street, Brookings, South Dakota 57006, or at (507) 368-8510, or will be provided to you separately before you sign a franchise agreement by: ____.

Issuance Date: January 26, 2026.

I received a Disclosure Document dated January 26, 2026, that included the following Exhibits:

A – List of State Agencies/Agents for Service of Process	E – List of Former Franchisees
B – Franchise Agreement	F – Financial Statements
B-1 - Franchisee Incentive	G – Disclosure Addenda
B-2 – Equipment Package for Franchise Agreement	H – Agreement Riders
B-3 – Initial Inventory for Franchise Agreement	I – Sample Release
C – Operations Manual Table of Contents	J – State Effective Dates
D – List of Current Franchisees	K – Item 23 Receipt Page

DATED:________________________ ____
Signature of recipient

____
Print name of recipient

____
Legal residence address

(KEEP THIS COPY FOR YOUR RECORDS)

RECEIPT

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

If PowerLift Franchising, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If PowerLift Franchising, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

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C – Operations Manual Table of Contents	J – State Effective Dates
D – List of Current Franchisees	K – Item 23 Receipt Page

DATED:________________________ ____
Signature of recipient

____
Print name of recipient

____
Legal residence address

(PLEASE RETURN SIGNED RECEIPT TO: Jon Gustad at 305 4th Street, Brookings, South Dakota 57006)