



**FRANCHISE DISCLOSURE DOCUMENT
PRECISION HOLDINGS OF BREVARD, INC.
dba PRECISION DOOR SERVICE**

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The franchise offered is for the operation of a garage door repair and service business under the name Precision Door Service® within a designated territory.

The total investment necessary to begin operation of a Precision Door Service franchised business is \$67,325 to \$306,149,955. This includes \$10,000 to \$100,000 that must be paid to the franchisor or its affiliate(s).

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact [Jon Kunstman](mailto:Jon.Kunstman@precisiondoor.net)~~George Payor~~, jkunstman@precisiondoor.net, Precision Holdings of Brevard, Inc., 2395 Washington Avenue, Suite 5, Titusville, Florida 32780, telephone (321) 225-3500.

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 on franchising.

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

Issuance date: March 31, 201920

STATE COVER PAGE

~~Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.~~

~~Call the state franchise administrator listed in Exhibit A for information about the franchisor, about other franchisors, or about franchising in your state.~~

~~MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.~~

~~Please consider the following RISK FACTORS before you buy this franchise:~~

~~1. THE FRANCHISE AGREEMENT PERMITS YOU TO MEDIATE, ARBITRATE OR LITIGATE WITH US ONLY IN FLORIDA. OUT OF STATE MEDIATION, ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE, ARBITRATE OR LITIGATE WITH THE FRANCHISOR IN FLORIDA THAN IN YOUR HOME STATE.~~

~~2. THE FRANCHISE AGREEMENT STATES THAT FLORIDA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW.~~

~~3. YOUR SPOUSE MUST ALSO SIGN A PERSONAL GUARANTEE MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.~~

~~4. THE FRANCHISE AGREEMENT REQUIRES FRANCHISEE TO GAIN WRITTEN APPROVAL FROM FRANCHISOR TO ENGAGE IN ANY BUSINESS ACTIVITY OUTSIDE OF THE FRANCHISED BUSINESS.~~

~~5. THE FRANCHISE AGREEMENT PROVIDES THAT FRANCHISOR MAY UNILATERALLY MAKE MODIFICATIONS TO THE OPERATIONS MANUAL IF THE CHANGE WOULD COST FRANCHISEE \$10,000 OR LESS ANNUALLY.~~

~~THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.~~

~~Effective Date: See the next page for state effective dates.~~

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:

<u>QUESTION</u>	<u>WHERE TO FIND INFORMATION</u>
<u>How much can I earn?</u>	<u>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 E & F.</u>
<u>How much will I need to invest?</u>	<u>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.</u>
<u>Does the franchisor have the financial ability to provide support to my business?</u>	<u>Item 21 or Exhibit G includes financial statements. Review these statements carefully.</u>
<u>Is the franchise system stable, growing, or shrinking?</u>	<u>Item 20 summarizes the recent history of the number of company-owned and franchised outlets.</u>
<u>Will my business be the only Precision Door Service business in my area?</u>	<u>Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.</u>
<u>Does the franchisor have a troubled legal history?</u>	<u>Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.</u>
<u>What's it like to be [an XYZ] franchisee?</u>	<u>Item 20 or Exhibits E & F lists current and former franchisees. You can contact them to ask about their experiences.</u>
<u>What else should I know?</u>	<u>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.</u>

What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own state.
2. The franchise agreement states that florida law governs the agreement, and this law may not provide the same protections and benefits as local law.
3. Your spouse must also sign a personal guarantee making your spouse individually liable for your financial obligations under the agreement. The guarantee will place your spouse's marital and personal assets at risk if your franchise fails.
4. The franchise agreement requires franchisee to gain written approval from franchisor to engage in any business activity outside of the franchised business.
5. The franchise agreement provides that franchisor may unilaterally make modifications to the operations manual if the change would cost franchisee \$10,000 or less annually.

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.

STATE EFFECTIVE DATES

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

~~_____This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:~~

~~California:~~

~~New York:~~

~~Hawaii:~~

~~North Dakota~~

~~Illinois:~~

~~Rhode Island:~~

~~Indiana:~~

~~South Dakota:~~

~~Maryland:~~

~~Virginia:~~

~~Michigan:~~

~~Washington:~~

~~Minnesota:~~

~~Wisconsin:~~

**NOTICE REQUIRED
BY
STATE OF MICHIGAN**

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that 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 furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 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 sub-franchisor.

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

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

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

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

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

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “PHB” and “we” or “us” means Precision Holdings of Brevard, Inc., d/b/a Precision Door Service, the franchisor. “You” means the person or legal entity that buys a franchise, the franchisee. If you are a corporation or other legal entity, “you” includes your owners.

The Franchisor

We are a Florida corporation formed on August 16, 2004. Our predecessor company was Precision Door Service, Inc. (“PDS”), which was founded in May 1997 as an informal partnership operating a garage door repair service business ~~in May 1997 as an informal partnership operating~~ under the trade name Garage Door Services (the “GDS Partnership”). They incorporated in Arizona as Precision Door Service, Inc. on May 21, 1999. On June 13, 2003, PDS changed its domicile from Arizona to Florida. We do not have any affiliates or parents. We do business under our corporate name and the name Precision Door Service. Our principal place of business is 2395 S. Washington Avenue, Suite 5, Titusville, Florida 32780.

On December 21, 2004, we entered into an Agreement and Plan of Merger with PDS. Under the agreement, which was effective February 2005, we are the surviving company and succeeded to all the properties, assets, debts, liabilities and duties of PDS.

Our agents for service of process are disclosed in Exhibit A of this Disclosure Document.

Our Business

We franchise businesses under the name “Precision Door Service” and have done so since February 2005. We are not involved in any other business activities and have not offered franchises in any other line of business. We only operate garage door repair service businesses on a temporary basis where we have placed advertising and there is no franchisee to operate the business at the time the advertising is placed. In addition, because advertising placement may last a year, we may operate the business as a result of an abandonment by a franchisee or a termination until a new franchisee is identified and a Franchise Agreement is signed. Through the merger, we assumed the franchise agreements held by existing franchisees. PDS offered franchises from September 1999 through February 2005. PDS also offered area development agreements between June 1999 and December 1999. All area developers have converted to franchises or have left the Precision Door system. PDS did not offer franchises or operate businesses in any other line of business.

PHB Franchises

As a Precision Door franchisee, you will operate a residential-only garage door repair service business and may also sell and install new garage doors. You will provide these services to residential homeowners within a territory defined by county as we determine. The repair, installation, maintenance and service of commercial garage doors, roll-up doors, commercial operators, access gates, entrance gates and their operators are not a part of the system and therefore prohibited under the Precision Door Service franchise system.. Depending on special circumstances, you may provide services outside your territory upon meeting certain requirements. A copy of the Franchise Agreement is included in this Disclosure Document as Exhibit C.

The Market and Competition

Sales are not seasonal. Your primary competition will be garage door repair and new door installation services companies. You may compete with other independent, local repair service businesses for customers and for qualified technicians to work in your business. Some competitors may be garage door repair businesses not affiliated with PHB, but use one or more of the words “Precision,” “Overhead,” “Door” or “Service” in their business name.

Laws and Regulations

Your garage door repair service business will be subject to all of the federal, state and local laws that apply to businesses generally, including minimum wage and occupational health and safety laws. Your state or local laws also may require you to obtain a contractors’ license and post a bond in order to conduct your garage door repair business. These laws vary from place to place. You must obtain and maintain all necessary permits, certificates and licenses for the operation of your business. You should investigate these matters further and consult with local authorities and your attorney about them.

Affiliates

Under separate area development agreements, an affiliate to Us, Performance Entrance Solutions, offers a business concept providing facility management and commercial overhead door services under the tradename Performance Entrance Solutions. Performance Entrance Solutions developers strictly provide services only to commercial customers and do not operate in the residential overhead garage door space and as such Performance Entrance Solutions and Precision Door Service are not in direct competition with each other.

ITEM 2 BUSINESS EXPERIENCE

Chief Executive Officer and Board of Directors Member: Brian D. Tindall

Mr. Tindall has been our Chief Executive Officer and a Director since the company’s formation in August 2004. He also was the President and Chief Executive Officer of PDS from March 2001 through March 2006. He was a Director of PDS from May 1999 through February 2005.

President and Board of Directors Member: Michael Brickner

Mr. Brickner was hired June 2011 as the Director of Communications, the title of Operations Manager was added January 18, 2013 and the title of Vice President of Operations was added April 30, 2015 and oversaw all day-to-day corporate operations of the company. He became President June 27, 2018 and was also appointed to the Board of Directors the same day.

Chairman of the Board and Board of Directors Member: Jon G. (Jack) Eberenz

Mr. Eberenz has been Chairman of the Board since February 2005. He was a Director of PDS from September 2000 through February 2005, and was PDS’ Chairman of the Board from September 2002 to March 2003 and October 2003 through February 2005.

Senior Director of Customer Relations and Reputation Management: Bryan Hanna

~~Mr. Hanna joined Precision Door Service as Director of New Business Development in February 2016. He was promoted to Senior Director of Customer Relations and Reputation Management June 27, 2018. Just before joining the corporate office Brian was an Operations Manager for two Precision Door Service franchises from 2012 to 2015, Sydnice, Inc. dba Precision Door Service of Charleston and Columbia, SC.~~

Director of Customer Relations and Reputation Management: Jonathan Kunstman

Jon started with Precision June 18, 2018 as Director of Customer Relations and Reputation Management. Prior to joining Precision, from April 2016 – June 2018 Jonathan provided concierge services for Expedia Local Expert, a brand of the Expedia Group, located in Orlando, FL. Jon also provided independent consulting and sales services to Gun Dog Armory between May 2015 and April 2016. And from August 2007 until May 2015 he held various positions beginning as an Executive Intern August 2007 – July 2008, Franchise Support Manager July 2008 – January 2009, Director of Franchise Startup January 2009 – August 2011, Operations Director August 2011 – October 2014 and general manager for a local corporate franchise location October 2014 – May 2015 for the U.S. division of The Filta Group, Inc. which is a multi-national franchisor providing services to commercial kitchens around the world.

Senior Director of Field Operations and Technical Training: Jon Russellake Huntress

~~Jon started with Precision Door Corporate on July 22nd 2019 as the Training Coordinator. Currently Jon is the Senior Director for Technical Training. Prior to joining the corporate office, November 2014 – July 22nd 2019. Jon performed the day to day duties of General Manager for Precision Door Memphis, TN. Jon opened the Huntsville PDS location in May 2015 and Jackson, MS May 2017. General operational duties included recruiting / hiring, technical training, sales force training, inventory management, customer relations, reputation management, and call center management. Jake started his role as Director of Field Operations and Technical Training July 2, 2018, and before that he was a corporate employee as the general manager of the corporate run store in Miami, Florida. He was also a field technician from December 1, 2014 until October 31, 2015 with Precision Door Service of Brevard which services Brevard, Indian River and St. Lucie Counties, Florida. And from July 2013 through November 2014 he was a senior recruiter and program manager with Maxim Healthcare, and from November 2015 until May 2017 he was an entrepreneur owning his own business, Down and Dirty Janitorial.~~

Controller: Curtiss Fry

~~Mr. Fry started with Precision June 10, 2019 as Controller. Prior to joining Precision, Curtiss was a Commercial Insurance Advisor with Brown & Brown Insurance out of the Melbourne, FL office from January 2015 – May 2019. There he advised clients in construction, agriculture, and manufacturing industries on their property and casualty insurance. He also was the team leader for the Precision Door book of business.~~

General Counsel and Senior Director of Franchise Administration: George Payor, Esq.

Mr. Payor began his tenure with PHB in July 2010 as Director of Franchise Administration, adding the title of General Counsel in September 2010 and Senior Director of Franchise Administration in June 2018. From September 2008 until November 2009 he was General Counsel with The Filta Group, Inc., an Orlando, Florida based franchisor.

ITEM 3 LITIGATION

Concluded Matters

Precision Holdings of Brevard, Inc. v. Profit Innovators, Inc. and Glenn Juckett (Circuit Court of the 18th Judicial Circuit, Brevard County, Florida, Case No. 2010-CA-45453). On September 24, 2010 PHB filed an action against a former franchisee, Profit Innovators, Inc. and Glenn Juckett (“PII”) seeking injunctive relief to enforce a noncompete covenant and for PII to transfer ownership of certain franchise related telephone numbers as contemplated by the franchise agreement between the parties. This matter was settled November 10, 2010, with PII agreeing to transfer all telephone numbers to PHB and would not operate a competing business to that of a PHB franchisee for a period of two years; PHB agreed to pay \$6,000 directly to Cramer-Krasselt, a yellow page marketing firm used by PII. The parties stipulated to the dismissal of the lawsuit with prejudice.

Precision Holdings of Brevard, Inc. v. Raymond Thorsky and Janice Thorsky d/b/a Preferred Garage Door Services and Preferred Door Services; and Preferred Door Services, Inc. d/b/a Preferred Garage Door Services, Inc. or Preferred Garage Door (United States Middle District Court of Florida, Orlando Division, Case No. 6:11-cv-583-Orl-31-GJK). On April 8, 2011 PHB filed an action against a former franchisee, Raymond Thorsky and Janice Thorsky for trademark infringement and false designation of origin and unfair competition in violation of the trademark Act of the United States, specifically 15 U.S.C. § 1125(a), (d), and for breach of contract. PHB was seeking injunctive relief, forfeiture of domain names and monetary damages. This matter was settled July 20, 2011 with the defendants agreeing to turn over domain name precision-garage-door.com, telephone numbers used in the operation of the former PDS franchise, payment of \$50,000 as damages, and a Permanent Injunction Order preventing defendants from further operating a competing garage door business. PHB executed a Satisfaction of Final Judgment August 25, 2011.

Precision Door & Gate Service Ltd. v. Precision Holdings of Brevard, Inc. (Canadian Federal Court, Vancouver, British Columbia Canada, Court No. T-2168-10). A Notice of Application was filed by Precision Door & Gate Ltd., a Canadian company in Canadian Federal Court. The applicant applied on July 26, 2005 under a Canadian trade-mark application for registration of the trademark Precision Door & Gate Service Ltd. which was subsequently denied. Denial was based upon the fact that the three trademarks filed by Precision Holdings of Brevard, Inc. had an earlier filing than that of the Applicant. We answered the application and have defended the application vigorously. Argument before the Canadian Federal Court was heard on November 23, 2011. A ruling was rendered April 30, 2012 wherein Trade-mark registrations No. TMA738668, TMA738669 and TMA738737 were struck from the register under s 57 of the Canadian Trade-marks Act.

The claim against three trademarks filed in Canada have no bearing nor effect on any trademark currently on file and registered with the United States Patent and Trademark Office.

Precision Holdings of Brevard, Inc. v. Rick O’Neal (Circuit Court of the 18th Judicial Circuit, Brevard County, Florida, Case No. 05-2003-CA-056763). In September 2003 PHB filed an action against a former franchisee (“O’Neal”) for unpaid continuing fees, advertising assessments, telephone charges and nonpayment of a promissory note seeking damages totaling \$114,965, plus attorneys’ fees. O’Neal filed an Answer and a Counterclaim seeking unspecified damages and attorneys’ fees for alleged violations of the Florida Deceptive and Unfair Trade Practices Act, breach of contract and fraud. O’Neal has added a claim for punitive damages. The case went to trial in June 2012 and Precision Holdings of Brevard (PHB) prevailed on three counts for breach of contract and was not held liable on all counter-

counts filed by O'Neal. O'Neal filed a motion for new trial on four separate counts for breach of contract which all were in PHB's favor; the trial court granted the Defendant's/Counter-Plaintiff's motion for a new trial. A new trial was held March 11, 2013, and after two days the judge declared a mistrial. A new trial date was scheduled for the two-week trial docket beginning June 16, 2014 however, PHB and the defendant entered a confidential settlement agreement wherein the defendant received payment in the amount of \$137,500; PHB denied any liability but as a business decision made a decision to settle the case after eleven years of litigation. PHB received an executed Mutual Confidential Settlement Agreement in exchange for the settlement proceeds.

Precision Holdings of Brevard, Inc. v. Frank Hoffman and Lifetime Garage Doors, Inc. (Circuit Court of the 18th Judicial Circuit, Brevard County, Florida, Case No. 05-2016-CA-012499). On January 22, 2016 PHB filed an action against Frank Hoffman, a former general manager of a Precision franchisee, and Lifetime Garage Doors, Inc. (LGD), a garage door repair and installation service business located in Sarasota, Florida. Frank Hoffman formed LGD with his brother Ken Hoffman. The action sought a Temporary Restraining Order (TRO) and Permanent Injunction against Frank Hoffman and LGD enforcing a noncompete agreement preventing Frank Hoffman from owning, directly or indirectly a garage door business for a period of two years. The action also was seeking that LGD cease operations which but for Frank Hoffman's involvement would not have been formed. A hearing was held March 4, 2016 and a TRO enforcing the noncompete agreement was entered April 11, 2016 against Frank Hoffman. LGD settled this matter February 22, 2017, with LGD agreeing to cease all operations, dissolve the corporation, withdrawing occupational licenses, shutting down the current trade name of Lifetime Garage Doors, agreeing not to reorganize under any iteration or version of "Lifetime", permanently discontinuing the domain/URL of Lifetime Garage Doors and agreeing not to redirect that domain/URL to a new garage door site. PHB and LGD stipulated to the dismissal of the lawsuit with prejudice.

Precision Holdings of Brevard, Inc. v. Charan Gohlwar and Tej, Inc. (American Arbitration Association, Brevard County, Case No. 01-19-0000-0863); Charan Gohlwar v. Precision Holdings of Brevard, Inc. (United State District Court for the Middle District of Florida, Case No. 6:19-cv-00075-JA-GJK). On January 9, 2019 PHB served a notice of incurable breach and termination to its' franchisees Charan Gohlwar ("Gohlwar") and Tej, Inc. ("Tej") due to the franchisees having committed an incurable breach of the Phoenix franchise agreement for Violating the Precision Door Service Uniform Standards for Sales Practices, Violating Precision Door Service Uniform Standards for Handling Customer Complaints and Honoring Obligations to Customers, Violating Precision Door Service Uniform Standard for Protecting Their Companies and the Industry, and Violating Precision Door Service Uniform Standards for Conduct and Practices Aimed at Competitors and Customers, as outlined under the Precision Door Service Operations Manual. The franchisees, Gohlwar and Tej, own and operate five separate Precision Door Service franchises in the Phoenix & Tucson, AZ, Dallas and Fort Worth, TX, and Baltimore, MD areas. Simultaneously, PHB filed an action for arbitration against Gohlwar and Tej the same day; two days later on January 11, 2019 Gohlwar and Tej filed a separate action for copyright infringement, breach of contract, conversion, and unjust enrichment. Prior to either case going any further than the initial pleading stage PHB, Gohlwar and Tej entered into a confidential settlement agreement wherein (1) Gohlwar's and Tej's Phoenix and Tucson franchises were terminated, (2) Gohlwar and Tej had 12 months from the executed settlement agreement date to close on the sale of the Dallas, Fort Worth and Baltimore Maryland franchises which would be taken over by PHB if not sold within the specified time period, and (3) Gohlwar and Tej. would be able to continue operating a garage door repair business in the Phoenix and Tucson areas but under a different name and not as a Precision Door Service franchisee. PHB denied any liability but as a business decision made the determination to settle both cases. PHB received an executed Mutual Confidential Settlement Agreement and release in exchange for the settlement terms. PHB withdrew the arbitration action, and

Gohlwar and Tej filed a notice of voluntary dismissal with the federal court which issued an order February 26, 2019 dismissing the case with prejudice.

Pending Matters

Precision Holdings of Brevard, Inc. v. Charan Gohlwar and Tej, Inc. (United State District Court for the Middle District of Florida, Case No. 6:20-cv-00095); Precision Holdings of Brevard, Inc. v. Charan Gohlwar and Tej, Inc. (American Arbitration Association, Brevard County, Case No. 01-20-0003-7127). On December 18, 2019 PHB served a notice of incurable breach and termination to its' franchisees Charan Gohlwar and Tej, Inc. (collectively "Franchisees") due to the Franchisees having committed an incurable breach of the Maryland, Dallas and Fort Worth, Texas franchise agreements and Settlement Agreement dated February 15, 2019 for violating the in-term and post-term noncompetition covenants, respectively contained therein. Under the terms of the Settlement Agreement the Franchisees were allowed to continue operating the Maryland, Dallas and Fort Worth, Texas Precision Door Service franchise markets until either the market selling or February 15, 2020, whichever occurred first. Franchisees began operating a competing garage door repair business violating in-term noncompetition covenants. A notice of termination was then issued January 7, 2020, however Franchisees continued thereafter to operate a competing garage door repair business which violated the post-term noncompetition covenants. PHB subsequently filed suit in the U.S. District Court for the Middle District of Florida January 17, 2020 seeking a permanent injunction enforcing the post-term noncompete provisions and also for Lanham Act violations. Simultaneously, PHB filed an action for arbitration against the Franchisees March 11, 2020 for Breach of Contract, Unfair Competition, Injunctive Relief and Attorneys' Fees for violation of the in-term and post-term noncompetition provisions under the respective franchise agreements and settlement agreement. Prior to a hearing before the U.S. District Court judge on PHB's petition PHB and the Franchisees reached a settlement wherein (1) the Franchisees exclusivity in Arizona to continue operating a garage door repair business in the Phoenix and Tucson areas under a different name and not as a Precision Door Service franchisee (see preceding concluded case) was reduced from five years to three years, beginning August 14, 2019, (2) Franchisees will cease operations in Maryland and Texas no later than April 1, 2020 (3) the parties will enter into a confidential settlement agreement and (4) the Court will enter a consent order enforcing the post-term noncompetition covenants. PHB will withdraw the arbitration action once the consent order is issued. ~~There are no pending litigation matters.~~

Other than these ~~76~~ actions, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

You must pay an initial franchise fee when you sign your Franchise Agreement. The initial franchise fee for your territory is 10C for each single family home one unit detached ("SFHUD") in your specific market area. The number of SFHUD is determined by using the most recent figures from the

U.S. Census. Your territory will likely include between 100,000 and 1,000,000 SFHUD making the initial franchise fee between \$10,000 and \$100,000.

In the past, we have waived the initial franchise fees for area developers who became franchisees, for franchisees who purchased multiple locations at one time, for franchisees who accepted temporary franchises and for a franchisee who agreed to test a new marketing concept. We also reduced the initial franchise fee for existing franchisees who purchased additional areas, for franchisees based on their financial circumstances and for a franchisee who was a previous PHB employee. We may waive the initial franchise fee under similar circumstances in the future.

During 2019, there were ~~nineteen~~ new franchises sold, ~~seven~~ to an existing franchisee and ~~two~~ to a new franchise owner not already in the system with initial franchise fees ranging from \$5,000 to \$~~24,241.70~~~~16,218.68~~.

Refunds

During or at the end of your initial training, if we determine in our sole judgment that you are unqualified to operate a Precision Door Service business, we may terminate the Franchise Agreement. If this should occur, we will both sign a mutual release (subject to the requirements of applicable state law, see the State Law Addendum at Exhibit B), except that you will continue to be bound by the covenants of confidentiality and non-competition, and we will refund the initial franchise fee. There is no refund of your initial franchise fee under any other circumstances.

Websites/Domain Names/URLs

We will obtain the Website Address/Domain Name/URL (Website) for use on the internet/world wide web promoting and advertising your business before opening. We will own the Website and all content contained, but they will be leased to you and designated exclusively for your use while you are in good standing under your franchise agreement. If we incur any charges in obtaining, maintaining, designing, building, constructing, upgrading or monitoring these Websites, then you must reimburse us for these amounts. PDS will not reimburse you for any amounts incurred by you obtaining, maintaining, designing, building, constructing, upgrading or monitoring any Websites.

Training Fees.

You do not have to pay an initial training fee for one person; however, you must pay training fees for additional persons and refresher training ranging from \$1,000 to \$2,000 which is not refundable.

We do not finance the initial franchise fee or any other initial payments. Except as specifically disclosed in this Item, none of these payments are refundable. Other than the payments described above you do not pay anything to us or our affiliates for goods or services provided to you before your Precision Door Service begins operations.

ITEM 6 OTHER FEES

The fees and charges listed in the chart below are payable to us and are non-refundable.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
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	Low	High		
Royalty (Note 1)	\$500	\$6,000 (or more)	Electronic – weekly	See Note 2, Definition of Gross Sales
Advertising Fees (Note 3)	3.0% of Gross Sales		Payable together with and for the same period as the Royalty Fee	Advertising Fees are paid to the Marketing Fund, 2% back to market area, 1% to National Fund
Telephone Number Charges Per Number Per Month (Note 4)	TBD		Upon opening	Preopening charges reimbursed to us. Payments then made directly to carrier. Subject to adjustment by local telephone companies.
Websites/ Domain Names/URLs	\$2,500	\$10,000	Upon opening	The costs cover purchase of the domain name and construction of the website.
Audit	Cost of audit plus full amount of any underpayment plus interest and late charges		Upon completion of audit results	Payable if audit shows an understatement of Gross Sales for any period of 2% or more
Late Charges and Interest	Late charges: \$200 per late payment Interest: 1.5%		Automaticall y imposed upon payment Interest accrues immediately after due date if you fail to pay full obligation	Applies to all amounts owed to us. Interest is payable on the entire overdue amount beginning with the date payment is due until the amount is paid. Interest accrues on the late charge if not paid when due.
Review and Supplemental Training	\$500 per person		Before training	During the term of your franchise.
Customer Service Center Fees (Optional service)	TBD	TBD	Weekly each Friday	There will be a tiered menu of services ranging from hourly, nights, weekends and 24/7.

Column 1 Type of Fee	Column 2 Amount		Column 3 Due Date	Column 4 Remarks
	Low	High		
Consultation (Note 5)	\$100 per day minimum plus expenses		At time of assistance	Telephone advice and assistance offered without a fee. If on-site or other extraordinary consultation is requested by you, the current daily charge is \$500 per day, plus expenses. Daily charge is subject to adjustment.
Training fees	Classroom Training: \$1,000 to \$2,000 per person per week; Field Training: \$1,000 per week		Before training	No charge for initially training one person. This fee is charged for additional persons and for refresher training upon renewal of franchise. Training fees are subject to change.
Transfer Fee	Application fee of \$750 for our interview and investigation of a proposed transferee. In the event you sell any portion of your business including any assets and inventory, you must also pay us a \$7,500 transfer fee.		Upon closing of the transaction transferring any portion of ownership in the franchise business including any assets and inventory	To be paid by the seller.
Taxes	Amount of taxes		Upon demand	Taxes imposed by your state and/or local governments on payments you pay to us if PHB has no presence in your jurisdiction
Indemnity	Amount of PHB's liabilities		Upon demand	Claims and liabilities by PHB relating to your business
Attorneys' fees and costs	Amount incurred		Upon demand	All costs for indemnification or enforcing your franchise agreement
Desktop and Mobile Software Package Service (Note 6)	<u>\$100</u> - \$200 per license		Monthly	This fee covers (1) access to the franchisee extranet and (2) access and use of the licensed office management Office software package.

Column 1 Type of Fee	Column 2 Amount		Column 3 Due Date	Column 4 Remarks
	Low	High		
Reputation Management Service (Note 8)	\$50	\$100	Monthly	This fee covers reputation management services which are provided by a third-party vendor contracted with PHB which will perform brand analytics, reputation intelligence and social media monitoring services.
Ongoing Technician Training (Note 9)	\$75	\$125	Monthly	This fee covers online initial and ongoing training services for your technicians which are provided by a third-party vendor contracted with PHB.
Trade Association Memberships	\$350		Annually	International Door Association & International Door Education Association

Notes:

1. Except where otherwise noted, all fees are payable to us are nonrefundable. We may require you to pay the royalty fee by electronic fund transfers from your bank account. The payment amount is based on a combination of population and number of households. The following chart will serve as a general indicator:

Single Family Detached Households Plus Population	Payment Per Week
0 to 499,999	\$500
500,000 to 999,999	\$1,000
1,000,000 to 1,499,999	\$1,250
1,500,000 - 1,999,999	\$1,500
2,000,000 - 2,499,999	\$1,750
2,500,000 - 2,999,999	\$2,000
3,000,000 - 3,499,999	\$2,250
3,500,000 - 3,999,999	\$2,500
4,000,000 - 4,499,999	\$2,750
4,500,000 - 4,999,999	\$3,000
5,000,000 - 5,499,999	\$3,250.00
5,500,000 - 5,999,999	\$3,500.00
6,000,000 - 6,499,999	\$3,750.00

Single Family Detached Households Plus Population	Payment Per Week
6,500,000 - 7,000,000	\$4,000- 00
7,000,000 – 7,499,999	\$4,250
7,500,000 – 7,999,999	\$4,500
8,000,000 – 8,499,999	\$4,750
8,500,000 – 8,999,999	\$5,000
9,000,000 – 9,499,999	\$5,250
9,500,000 – 9,999,999	\$5,500
10,000,000 – 10,499,999	\$5,750
10,500,000- and above	\$6,000 (or more, See Note 2)

2. Total weekly royalties range from \$500 up to \$6,000 or more. You may request that we assign additional areas to you, and if we approve, we will include the additional single family detached households and population factor in our calculation of your royalty fee. The formula currently uses the detail of single family detached households and population figures from the U.S. Census to determine a factor that is compatible market to market.
3. Payment to us for advertising fund fees is 3% of gross sales, and the fees are paid at the same time royalties are paid. Two thirds of the advertising fund fees (2%) are to be returned to the Franchisee or region to be used for local projects that we sanction and we shall manage one third (1%) on behalf of the Franchise Association Advisory Council. The advertising fees are the same for all franchises we currently offer. If a regional advertising cooperative is formed, we will have the same voting right for our corporate location as a franchised outlet in that area. We will not have control of voting power.
4. We may have to pay one month's telephone number charges in advance when obtaining the telephone numbers that will be designated for your use. You must reimburse us for these charges upon the opening of your franchise business. Telephone number charges currently range from a minimum of \$25 per month (for one directory advertising one number at \$25 per number) up to a maximum of \$1,750 per month for (ten directories advertising seven numbers each at \$25 per number). Continuing charges will be owed directly to the telephone provider.
5. We will advise and assist you when you reasonably request or as we determine to be necessary. We will be available to give telephone assistance and advice without a fee. If you request onsite or extraordinary consultation, then we decide on a case-by-case basis whether a charge applies for the additional consultation. You will be charged our then current rate, but no less than \$100 per day plus expenses.
6. We have licensed an office desktop and mobile software package used in the management and operation of your garage door repair and installation services business. The application features include scheduling and book service calls, managing inventory, and tracking advertising sources and sales; the point-of-sale features for mobile handheld computers includes invoicing, work estimates, record keeping, customer database and

global positioning map capabilities of jobs and employee locations. You are required to use the office and mobile software package that We select which you will be given a license to use. The cost of the software is not included as a part of your initial franchise fee which the current cost is an ongoing monthly maintenance fee of \$100 - \$200 per license which is subject to change from time to time.

7. The Reputation Management services are provided by a third-party vendor contracted with PHB which will perform brand analytics, reputation intelligence and social media monitoring services. The company will track online visibility, reviews and competitors presence on the web; and monitors social media platforms such as twitter, Facebook, Instagram as well as generate new leads and develop and strengthen customer loyalty. The current cost for the software package is between \$50 and \$100 per month per location, which includes the program, basic training, installation and monitoring. The charge is for a web based service maintenance/hosting fee, which is subject to change from time to time.
8. The ongoing technician training services are provided by a third-party vendor contracted with PHB which will perform technician training in: Safety, Tools, Parts, Door Installation, Spring Systems, Torsion Springs, Extension Springs, Openers, Door Installation and Residential Door Service Trouble shooting.
9. The highest interest rate allowed in California is 10% annually.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT					
Column 1 Type of Expenditure (1)	Column 2 Amount		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Is to Be Made
	Low	High			
Initial franchise fee (2)	\$10,000	\$100,000	Lump sum or installments	Upon signing franchise agreement	Us
Office lease (Note 3)	1,000	3,000	Installments	Monthly	Landlord
Office build-out	0	4,000	Lump sum	As incurred	Landlord, vendors or contractors
Telephone number charges	0	500	Lump sums	Before opening	Local telephone provider
Yellow pages advertising (Note 4)	1,000	7,500	Lump sums	Monthly	Local vendor

YOUR ESTIMATED INITIAL INVESTMENT					
Column 1 Type of Expenditure (1)	Column 2 Amount		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Is to Be Made
	Low	High			
Websites/ Domain Names/URLs	\$2,500	\$10,000	Lump sum	Before opening	Us or vendor
Office and mobile software package	\$2100 per license	\$400 per license	Lump sum	Monthly	Us
Reputation Management Service (Note 17)	\$50	\$100	Lump sum	Monthly	Us or vendor
Ongoing Technician Training (Note 18)	\$75	\$125	Lump sum	Monthly	Us or vendor
Music-On-Hold	30	30	Lump sum	Monthly	On Hold Network
Deposits & other prepaid expenses (Note 5.)	200	500	Lump sums	As incurred	Utilities & other providers
Tools (Note 6)	400	1,600	Lump sums	Before training	Approved vendors
Travel & living expenses for training (Note 7)	2,000	4,500	Lump sum	As needed	Hotel, rental car agency, restaurants
Furniture & fixtures	1,000	4,000	Lump sums	As incurred	Vendors
Office equipment (Note 8)	1,500	4,000	Lump sums	As incurred	Vendors
Signage (Note 9)	300	4,000	As arranged	Before opening	Sign company

YOUR ESTIMATED INITIAL INVESTMENT					
Column 1 Type of Expenditure (1)	Column 2 Amount		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Is to Be Made
	Low	High			
Opening parts & electronics inventory (Note 10)	812 ,000	4220 ,000	Lump sums	Before opening	Approved vendors
Office supplies	300	800	Lump sums	Before opening	Vendors
Truck(s) (Note 11)	800	1,600	Lump sums	Monthly	Vendor
Insurance (Note 12)	5,000	42,000	Lump sum	As incurred	Insurance carriers
Uniforms (Note 13)	200	300	Lump sum	Monthly	Vendors
Professional Fees, Licenses & trade association memberships (Note 14)	300	1,000	Lump sums	As incurred	Attorney, Accountant, Licensing Agencies, trade industry affiliations
ADDITIONAL FUNDS for First 3 Months of Operation (Note 15)	30,000	90,000	As incurred	As incurred	PDS, landlord & vendors
Search Engine Optimization service fees (Note 16)	2,500	15,000	Lump Sum	Monthly	Vendors
Estimated Total Initial Investment	\$6771,3 255	\$30614,9 55	Does not include any salary for owner or debt services for any financing.		

Notes:

1. Except as specifically disclosed in this footnote, payments to us are non-refundable.

2. As described under Item 5 above the initial franchise fee is 10C for each single family home one unit detached (“SFHUD”) in your specific market area. The initial franchise fee may be refundable if we determine, during or at the end of your training, that you are not qualified to operate a Precision Door Service business.
3. You may not need an office lease if you operate a single franchise from a personal residence with one truck. In regard to a franchise with a leased office location, the estimate is for one month’s rent and a security deposit equal to two month’s rent, which may be entirely or partially refundable. Rent can vary significantly depending on factors such as size, condition, location of the property, local market conditions and tax rates.
4. You will incur these costs immediately, but the annual cost of the yellow pages advertising is typically paid in 12 monthly payments based on your credit history. The annual retail cost will be the amount determined by our approved national vendors based on the directory size and type of advertisement selected. The directory size available will vary with the market, and the price for a directory ad will vary depending on the circulation. The current range of monthly costs is from \$1,000 for a small market to \$7,500 for large metropolitan multi-book area.
5. The security deposits are for telephone and other utility services. These may be partially refundable.
6. Before you begin training you must acquire one complete set of standardized tools, which you will use during your initial training. We also recommend that each technician purchases their own tools.
7. Includes travel to the national training center (currently located in Titusville, Florida) lodging and meals for up to four persons for a 2-week period. It also includes the training fee for one technician.
8. The estimate for office equipment includes a computer system and mobile devices such as tablets and cell phones.
9. The estimate is for one exterior sign.
10. Before you open your office, you must purchase your opening parts inventory, electronic inventory and doors from approved suppliers in accordance with our specifications. The amount of inventory will vary depending on the size of your market. Inventory and additional parts must also be purchased from approved suppliers.
11. The requirement is for one to two white late-model pick-up style trucks for use in your business, depending on the size and population of the area covered by your designated territory. There is no additional cost if you currently possess trucks that meet our specifications. The high estimate represents the cost of two trucks. Should you decide to purchase trucks rather than lease, it is estimated that your costs will range from \$27,000 to \$30,000 per truck, depending on the model and options you choose. Each of your trucks must have a wrap, rack and boxes as we specify, the \$800 to \$1,600 monthly lease payments takes that into account. Purchasing trucks the low estimate for wraps, racks and boxes outfitting one truck is \$5,000, and for two trucks the cost is \$10,000, which these costs are above the \$27,000 to \$30,000 truck purchase price.
12. You must purchase and maintain, throughout the term of your franchise agreement, insurance of the types and amounts we require as provided in our Operations Manual. The cost of insurance will vary based on policy limits, deductibles, the type of policies procured, geographic location and other related factors. These figures anticipate a monthly premium for the insurance coverage, but you may be able to negotiate the method of payment with your insurance agent.

13. This figure includes initial rental of uniforms for two to five persons. Uniforms can be purchased at costs ranging from \$400 to \$2,000, as long as they are in compliance with the requirements that appear in the Operations Manual.
14. We recommend that you retain an attorney to assist you in evaluating this franchise and setting up your business, including review of your office lease, forming a corporation or other business entity, and complying with local laws. It is suggested that the attorney you select be familiar with the franchise business concept. You may also retain an accountant for advice in establishing and operating your business and the filing of necessary tax forms and returns. The estimate also includes the costs of obtaining licenses, posting required bonds and mandatory membership in the International Door Association and its' educational arm the International Door Education Association.
15. The estimate for additional operating funds includes funds that may be required to cover shortfalls and cash flow shortages during your first three months of business. Payroll for three employees has been considered, but no salary for you or a manager has been included. No debt service is included for any financing you may obtain from third parties. We base our estimate of additional funds that may be needed on the experience of our franchisees.

We do not guaranty that you will not have greater start-up expenses than these estimates, or that you will not need more operating funds than those indicated. Your need for additional funds during this period will depend on numerous factors, including: how well you follow our methods and procedures; your management and sales skills experience and business abilities; local economic conditions; the local market for garage door repair services; whether you extend credit to your customers; the availability of sufficient qualified technicians; the prevailing wage rate; competition; and the sale levels you reach during the initial period. We do not imply or guaranty that you will "break even" by any particular time.

16. Search Engine Optimization (SEO) management costs are a monthly recurring cost billed directly by the vendor performing these services. The monthly SEO management cost is determined by the vendor; any pay-per-click campaign costs are determined by the various search engine providers contracted by you to run online paid advertisements. The current range of monthly SEO costs is anywhere from \$2,500 to \$10,000.
17. This fee covers reputation management services which are provided by a third-party vendor contracted with PHB which will perform brand analytics, reputation intelligence and social media monitoring services.
18. The ongoing technician training services are provided by a third-party vendor contracted with PHB which will perform technician training in: Safety, Tools, Parts, Door Installation, Spring Systems, Torsion Springs, Extension Springs, Openers, Door Installation and Residential Door Service Trouble shooting.

We do not offer, either directly or indirectly, financing to franchisees for any of the above listed items. Except as disclosed in this Item, the amounts listed above are generally not refundable.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

As a means to help assure a uniform image and uniform quality of products and services in all PRECISION DOOR SERVICE businesses, you must maintain and comply with our quality standards. Although you are not required to purchase or lease real estate from us, you must improve and equip the building from which you operate your Business in accordance with our then current approved design specifications and standards. In addition to meeting our design specifications and standards, it is your

responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state and local laws. You also must use equipment (which includes MSSUs and hardware and software for the PRECISION DOOR SERVICE Data System, a computerized record-keeping system), signage, fixtures, furnishings, products, supplies and marketing and sales promotion materials that meet our specifications and standards.

Required Purchases from Us

Website Address/Domain Name/URL Charges. We will obtain the Website Address/Domain Name/URL (Website) for use on the internet/world wide web promoting and advertising your business before opening. We will own the Website and all content contained therein, but they will be leased to you and designated exclusively for your use while you are in good standing under your franchise agreement. If we incur any charges in obtaining, maintaining, designing, building, constructing, upgrading or monitoring these Websites, then you must reimburse us for these amounts. PDS will not reimburse you for any amounts incurred by you obtaining, maintaining, designing, building, constructing, upgrading or monitoring any Websites.

Training. You or your manager must successfully complete our initial 10 day technical training program. The training will take place at our National Training Facilities in Titusville, Florida and/or such other location that we may specify. The training consists of five days of classroom technical and five days of field-training (hands on) instruction. Training will be provided as follows:

New Franchise Owner: Training will be provided for you as a part of your Initial Franchisee Fee.

Additional Attendees: Training for each additional individual from your franchise location including all Technicians shall be at a cost of \$1,000 to \$2,000 for classroom technical training; field training is an additional \$1,000 per week.

Office Desktop and Mobile Software Package. We have licensed an Office desktop and mobile software package used in the management and operation of your garage door repair and installation services business. The applications features include scheduling and booking service calls, managing inventory, and tracking advertising sources and sales; the point-of-sale features for mobile handheld computers includes invoicing, work estimates, record keeping, customer database and global positioning map capabilities of jobs and employee locations. You are required to use the office and mobile software package that We select which you will be given a license to use. The cost of the software is not included as a part of your initial franchise fee which the current cost is an ongoing monthly maintenance fee of \$200 per license which is subject to change from time to time.

Reputation Management. The Reputation Management services are provided by a third-party vendor contracted with PHB which will perform brand analytics, reputation intelligence and social media monitoring services. The company will track online visibility, reviews and competitors presence on the web; and monitors social media platforms such as twitter, Facebook, Instagram as well as generate new leads and develop and strengthen customer loyalty. The current cost for this service is between \$50 and \$100 per month per location. The charge is subject to change from time to time.

Optional Purchases from Us

Customer Service Center. Formerly known as the Call Center, we operate a Customer Service Center (CSC) for the PDS system. The CSC offers an optional inbound call center that will answer your phones 24 hours a day, 7 days a week, or just on nights and weekends. The PDS Office Software

Package enables you to view your scheduled bookings throughout the day or night in real time from any location in the world that has Internet access.

You simply advise us of the technicians that are on duty on any given day or evening and the CSC operator will book inbound calls for that technician. The system is designed to enable the CSC to schedule service calls in a manner that will maximize your technicians' time and travel.

Service costs are determined by the call volume your market experiences which is billed weekly.

Please contact the CSC for further information and pricing.

You are not obligated to use the CSC and are free to use a third-party call center or create your own call center answering service. However, based on the business operating procedures of the PDS franchise concept and our goal of providing superior customer service, you shall not provide customer call center answering services to any other PDS franchisee or third-party without our prior written approval.

Approved Suppliers

We are not an approved supplier of any goods and services you will purchase or lease except for those described above; telephone numbers, training, and Customer Service Center services as additionally described under the caption "Required Purchases from Us"). The Office Desktop and Mobile Software Package is a proprietary third-party vendor software program and is the only approved vendor for the Office Desktop and Mobile Software Package.

There may be times that we or another vendor or supplier may be the only approved supplier for non-inventory items because of the lack of requests for approval of alternative vendors or supplies. We may provide certain administrative, technical, inspection, advisory and other services and data to certain suppliers in return for a fee as a result of transactions with franchisees. The fee may range from 0% to 20% of the suppliers' sales to franchisees. We may be able to occasionally negotiate with third-party suppliers so that the suppliers may offer their products or services to franchisees at favorable or discount prices.

Inventory and Supplies. Under the franchise agreement, since the quality of parts is essential in maintaining the integrity of our trademarks and image, you are to use only parts and supplies that meet our specifications. We do not provide any material benefits to you based on your purchases from approved vendors. If you wish to use other vendors of parts and supplies, you must secure our prior written approval that will not unreasonably be withheld. To secure our review for approval, you must furnish us with information about the vendor. We will have 30 days from the receipt of the information to respond to you. If we do not approve the vendor within 30 days, the vendor is deemed disapproved. We may periodically conduct inspections of approved vendors and re-evaluate them. If deficiencies are revealed and upon proper notification to the vendor and the deficiencies are not corrected or if they recur, approvals may be revoked. We evaluate and approve or disapprove vendors based on the following criteria: 1) ability to consistently make products to our specifications; 2) pricing; 3) location and shipping costs; 4) production and delivery performance; 5) business reputation; and 6) financial condition.

Negotiated Vendor Arrangements

Arrow TruLine (formerly OMI Industries, Inc.), a national manufacturer of residential and commercial garage door components ("ATL"), is one of our approved vendors. ATL has no obligation to sell equipment to you. You will receive a discount on certain ATL products that you purchase directly

from ATL. This discount is subject to change by ATL at any time and it varies depending on the products selected and ATL's current inventory volume. We currently have no written agreement with ATL, however, we may receive a 5% percent rebate based on billings to franchises on certain products.

Resource Industries ("RI") is a national seller of residential and commercial garage door parts, components and supplies and is an approved vendor. RI has no obligation to sell to you. There is currently not a written agreement with RI but we receive a 2% quarterly rebate on all billings to franchisees of specific products.

Amarr is a national manufacturer of residential and commercial garage doors and is one of our approved vendors offering a line of privately labeled products. We currently have a written agreement with Amarr which stipulates that we may receive up to a 1% percent rebate based on annual billings exceeding \$20 million, the rebate increases to 1.5% if annual billings are between \$20 - \$25 million, 2.5% for billings between \$25 - \$30 million, and 3% for billings above \$30 million.

Liftmaster is a national manufacturer of residential and commercial garage door operators and is one of our preferred vendors. We currently have a written agreement with Liftmaster and therefore Liftmaster is obligated to sell garage door operators to you under the terms of that national agreement. Additionally, We may receive up to a 1% percent rebate based on annual billings exceeding \$56 million, the rebate increases to 1.5% of annual spend over \$7.5 million, and 2% ~~if for~~ annual billings ~~are~~ over \$10 million.

Service Titan is a mobile, cloud-based software platform application providing Customer Relations Management and Point-of-Sale services to our network of franchisees. Currently, we have a written agreement with Service Titan that states Service Titan sells each license to Us for \$150 which is then resold to franchisees for \$200. The \$50 difference is used to offset the added costs incurred by Us for the administrative, development, management, implementation, maintenance and training services provided to the franchisees.

YP provides yellow page directory advertising which provides us a 4% market ad credit only rebate based upon an annual sales bracket.

Focused Media Strategies (FMS) is a media company offering consulting social media guidance and video production services to Precision Door Service franchisees. We have a written agreement with FMS which provides that We will receive a 5% commission for television, radio and print ad buys for franchisees; 10% of flat fee rates for social media advertising placement; and a 10% commission of all earnings from FMS videos and commercials sold or licensed by FMS to franchise owners.

We may, in the future, negotiate one or more agreements with the vendors discussed above or other vendors of equipment, supplies and services, and receive rebates from such vendors of 0-5% of the amounts of purchases from franchisees.

None of our officers, directors or shareholders have an ownership interest in any of our approved suppliers.

Specifications for Goods and Services

Parts. All parts and accessories you use in your business must comply with our standards. We publish specifications and standards in our Operations Manual and do not generally issue specifications and standards to suppliers. We formulate these specifications and standards based on the experience of

the Precision Door Service system. We may modify specifications and standards to make changes that we believe will enhance the system. If you wish to have a specification changed, you must secure our prior written approval. To secure our approval, you must furnish a sample of the part along with its specifications to us for review and evaluation. We will have 30 days from the receipt of these materials to test the part and respond to you. If we do not approve the specification change within 30 days, it is disapproved.

Truck Wraps. It is required that all PDS service trucks be identified with the use of the PDS logo and wrapped with full vehicle graphics. Truck graphics must receive written prior approval of the PDS graphics department.

Insurance. You must purchase and maintain insurance, naming us as an additional insured. You must have worker compensation insurance as required by your state laws, plus the following required types and minimum limits of coverage:

General Liability – each occurrence	\$1,000,000
General Liability – aggregate	1,000,000
Automobile Liability – per person.....	1,000,000
Automobile Liability – per incident.....	1,000,000
Automobile Liability – property damage.....	1,000,000
Products/Completed Operations Aggregate.....	1,000,000
Personal & Advertising Injury	1,000,000
Commercial liability (to include rider for hired and non-owned auto)	1,000,000
Fire Damage Legal Liability (any one fire)	50,000
Medical Expense (any one person).....	5,000
Employment Practices Liability Insurance.....	500,000

Computer System

You must have a personal computer in order to use the licensed Office Desktop and Mobile Software Package,; and tablets in order to use the mobile point-of-sale features of the Office Desktop and Mobile Software Package which the standards are listed in the Operations Manual.

Website Design

We have developed specific website design formats which are published in the Operations Manual. Our control of the content and quality of website design is essential to the Precision Door Service system. We have a preferred website design vendor which you are not obligated to use. However, the website design vendor you choose must receive our written approval of the design and layout prior to being launched, and you must receive written approval from us for all changes to the website. There are no exceptions to this requirement.

Technician Training

One of the most important components of your garage door business is the technicians who will be performing the garage door repair, maintenance and installation services. We use outside third-party vendors to provide training programs which offer an efficient and effective training program so that your

technicians are prepared for the next step which is field training with one of your more experienced technicians or by you. We will recommend third-party vendors for your technician training program which you are not obligated to use

Our Revenues from Sales to Franchisees

In the year ended December 31, 201~~9~~⁸, based on our audited financial statements (Exhibit G to the Disclosure Document), our gross revenues from purchases by franchisees were \$~~856,545~~^{1,092,896.05} for services from the Customer Service Center, ~~\$123.20 for Customer Surveys~~, \$~~1,321,973.44~~^{823,540} for the office desktop and mobile point-of-sale software package, and \$~~80,440~~^{103,780} for Live Chat for a total of \$~~2,258,958.44~~^{2,020,339.25} which was ~~22~~^{23.6}% of our total revenues of \$ ~~9,566,668~~^{9,279,216}.

Percentages of Franchisee Purchases That Are Source Restricted

We estimate that the costs of the goods and services you will purchase from us, and from preferred suppliers, will be approximately the following percentages of your total purchases of goods and services in connection with the establishment of your business, and of your total annual purchases of goods and services in connection with the ongoing operation of your business:

Estimated Percentages of Franchisee Purchases of Goods and Services	Percent of Total Purchases of Goods and Services in Connection with the Establishment of Your Business	Percent of Total Annual Purchases of Goods and Services in Connection with the Ongoing Operation of Your Business
Required Purchases from us	1%	1%
Optional Purchases from us	1%	2%
Purchases from Approved Suppliers in Accordance with our Specifications	44 ³⁹ %	29 ²³ %
Total Purchases in All Three Categories Above	46 ⁴¹ %	32 ²⁶ %

You will pay the then current price in effect for all purchases from us. We reserve the right to designate a single source of supply for products and services, and we or an affiliate may be that single source.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site Selection and acquisition/lease	7.2, 16.2: Exhibit 1	7, 11, 12

Obligation	Section in Agreement	Disclosure Document Item
b. Pre-Opening purchases/leases	5.1, 7.2, 7.9.2, 7.10, 7.11, 7.12, 7.15, 8.1, 8.3.1	5, 7, 8
c. Site development and other pre-	5.1, 7.2, 7.9.2, 7.10, 7.11, 7.12, 8.1, 8.3.1, 16.2; Exhibit 1	5, 7, 11, 12
d. Initial and ongoing training	5.1, 5.2, 7.5, 9.2.2, 10.1.5	7,11,15
e. Opening	7.2.1; Exhibit 1	11
f. Fees	5.1, 5.2, 5.3, 7.14, 8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 9.2.2, 10.1.6; Exhibit 1; Exhibit E	5, 6, 7, 8, 10, 11
g. Compliance with standards and policies/Operations Manual	6.1, 6.2, 6.3, 6.4, 7.2.2, 7.2.4, 7.8, 7.9, 7.10, 7.11, 7.12, 7.13, 7.14, 7.15, 7.16, 7.17, 7.18, 7.19, 8.4	8, 11
h. Trademarks and proprietary information	6.1.4, 6.2, 6.4, 7.7.5, 10.3.1, 12.2.1, 12.4; Exhibit 3	5, 13, 14, 15
i. Restrictions on products/services offered	4.2, 7.2.3, 7.9, 7.13	8, 16
j. Warranty and customer service	6.1, 7.13	11, 16
k. Territorial development and sales quotas	None	Not applicable
l. Ongoing product/service purchases	5.2, 5.3, 7.9, 7.10, 7.11, 7.12,	6, 8, 8.3
m. Maintenance, appearance and remodeling requirements	7.2, 7.11	8, 16
n. Insurance	7.12	7, 8
o. Advertising	4.1, 4.3, 5.3, 7.4, 7.8, 8.3.2	6, 7, 8, 11
p. Indemnification	6.2.3, 7.6	6, 13
q. Owner's participation/management/staffing	5.1.2, 5.2, 7.1, 7.7.1; Exhibit 3	11,15
r. Records/reports	8.4, 10.3.2	11
s. Inspections/audits	6.3	8
t. Transfer	8.9, 10, 12	17
u. Renewal	9.2	17
v. Post-termination obligations	6.1.4, 7.7, 12: Exhibit 3	17
w. Non-competition covenants	7.7; Exhibit 3	17
x. Dispute resolution	15	17

Obligation	Section in Agreement	Disclosure Document Item
y. Other (Licenses and Security interest)	6.1.1, 7.7.5, 10.1.1, 8.8	1 and 10

Note: All references to Section numbers are to the franchise agreement, which is attached as Exhibit C to this Disclosure Document. The numbered Exhibits are Exhibits to the franchise agreement.

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee any loan, lease or other obligation you may incur. We do not receive any direct or indirect payments from third parties for any financing you may receive. No contract or other instrument between us contains any waiver of defenses or similar provisions. We do not have any past or present practice, or any intent, to sell, assign, or discount to a third party, in whole or in part, any note, contract, or other instrument executed by you.

You are free to obtain financing from any lender. We do not make referrals to any particular U.S. Small Business Administration loan guaranty program. We have no written agreement with any loan guaranty program.

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

Except as listed below, Precision Holdings of Brevard, Inc. is not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your Precision Door Service business, we will:

- Obtain the Website Addresses/Domain Names/URLs that will be used in advertising and promoting your Precision Door Service business on the internet/world wide web. (Franchise Agreement, Section 5.4).
- We do not require pre-approval of advertising; however, we do require that you send us a copy for awareness and we retain the right requiring changes to your advertisements when it is in the best interest of Precision Door Service or its franchisees.
- Train you, your, manager and your technician(s). (Franchise Agreement, Section 5.1.1.) See the detailed discussion under the caption “Training” below.
- Evaluate the site you select for your office. (Franchise Agreement, Section 7.2.2.) See the detailed discussion under the caption “Site Selection”.
- Loan you one copy of our Operations Manual, Office Training Manual and Training Manual. (Franchise Agreement, Section 6.1.2.) See the detailed discussion under the caption “Manuals”.

Post-Opening Obligations:

During the operation of your Precision Door Service business, we will:

- Continue to assist you in designing advertising layouts and materials. (Franchise Agreement, Section 5.3.) See the detailed discussion under the caption “Advertising”.
- Give you advice and assistance when reasonably requested by you or as we decide is necessary. We will maintain a staff for this purpose. (Franchise Agreement, Section 5.5.)
- Consider your requests for changes or additions to our specifications or approved suppliers. (Franchise Agreement, Section 7.9.1.)
- Train your replacement managers. (Franchise Agreement, Section 5.2.) See the detailed discussion under this caption “Training”.
- Subordinate our security interests in your assets to lenders who provide financing for your business. (Franchise Agreement, Section 8.8.3.)
- Indemnify you against any claimed trademark infringement based solely on your proper use of the Marks. (Franchise Agreement, Section 6.2.3.)

Advertising

The primary media used for all Precision Door Service advertising is the internet. You will work with a national or regional/local vendor to determine the size of the advertising and which specific office information is to be included in the advertising, limited to our advertising guidelines and content restrictions.

In addition to primary lead sources, there are a number of other local and area advertising options available to you. We serve as a coordinating facilitator of various marketing and advertising methods to assist you in promoting your residential garage door repair service business. The PDS Franchise Association Advisory Council serves as a standing advertising committee to promote, evaluate and present ideas for potential regional and national advertising and marketing campaigns and public relations matters. The PDS Franchise Association is governed by its bylaws and is managed by an Advisory Council consisting of four regular members and one or more alternative members that are elected annually by the Franchise Association. Every franchisee in good standing is a member of the Franchise Association and has one vote. PHB is a non-voting member of the Franchise Association and does not have the power to form, change or dissolve the Franchise Association. The Franchise Association has the power to amend its bylaws and change how it operates. (Franchise Agreement, Section 7.4.)

You must pay us a 3% Advertising Fee. These funds will be used for advertising, marketing and public relations. We will use these funds for creation, development and production of advertising and promotional materials including but not limited to T.V. and radio ads, ad slicks and direct mail pieces, market research, development and enhancement of web pages and Internet provider costs and administrative costs. We will prepare materials for a variety of media such as T.V. and radio advertising, print advertising, and Internet advertising. All Internet advertising and marketing must be coordinated through us and approved by us. Presently, the Advertising Fund has not been instituted by the Franchisor, upon approval by a majority of the PDS Franchise Association the Advertising Fund will be implemented. Most of the advertising will be local in nature. We will provide most of the materials in house but we also have the right to employ outside advertising agencies.

You may also be required to contribute funds to a regional advertising cooperative, if the formation is approved by two-thirds of the PDS office locations in your designated area. The regional advertising cooperative's purpose will be to pool contributions as required by the weekly 3% of gross sales to the Advertising Fund. 2% of the 3% contribution shall go back to your market or the regional market as applicable to purchase media and engage in collective marketing efforts that specifically benefit PDS office locations in the designated geographic area. Each PDS office location will have one vote, although no person owning more than one PDS office location in a cooperative may cast more than 50% of all the votes. In the event that any cooperatives are formed, we have the right to change or dissolve such cooperatives as we deem appropriate. As of the date of this Disclosure Document we have not yet begun to collect the Advertising Fee. Once we begin collecting the Advertising Fees, if we do not spend the funds collected in a given fiscal year, we will spend them the following fiscal year. We will provide an annual unaudited report of the monies collected and expenditures made upon reasonable request. We will not use the fund for the solicitation of franchisees.

Computer System

As a part of your franchise you are required to use the Office Desktop and Mobile Software Package. The software package is designed to assist you in the management and operation of your garage door repair and installation services business such as scheduling and booking service calls, inventory control, advertising source and sales tracking, invoicing, estimates, record keeping, customer relations and generating various operational reports. You are required to use the office and mobile software package that We select which you will be given a license to use. The cost of the software is not included as a part of your initial franchise fee which the current cost is an ongoing monthly maintenance fee of **\$100 - \$200** per license which is subject to change from time to time. The estimated cost of the computer system is \$700 to \$860 and the estimated cost of the hand-held point-of sale hardware is \$200 to \$500 per unit.

We currently have no requirement that you upgrade these systems; however, a requirement to upgrade could be imposed in the future. As of this date, there are no optional or required maintenance, update, upgrading or support contracts. (Franchise Agreement, Section 6.1.2.) We reserve the right to have remote access to your computer system and the information on it.

We have no obligation to provide computer hardware, software or maintenance, repairs or upgrades to you. The various vendors of computer hardware products, accounting software, or various computer repair technicians provide support, ongoing maintenance, repairs and upgrades. Purchase of these services through vendors is at your own expense. There may be an upgrade fee if there is an upgrade to the office software package or mobile point-of-sale software application which you will be required to purchase. The monthly service charge for the office software package and mobile software application is subject to increase as may be necessary.

Manuals

Copies of the tables of contents of our Operations Manual, Office Training Manual and Training Manual are attached as Exhibit D of this Disclosure Document. The Operations Manual has a total of 71 pages. The Office Training Manual has 32 pages. The Training Manual has a total of 303 pages. The tables of contents show the number of pages devoted to each subject.

Site Selection

We are not obligated to assist you in finding a location for your business. (Franchise Agreement, Section 16.2.) Your location must be within and reasonably accessible to the area served by the area designated for your franchise. Your location must have sufficient space to warehouse parts inventory, supplies, tools, load and unload your truck(s) and provide for office activities. It is estimated that you will need at least 2,000 square feet of space at a minimum. You cannot begin operations of your garage door repair service business without our approval of your location. We will generally notify you of our approval or disapproval within 30 days of receiving the information we need to evaluate the proposed location. (Franchise Agreement, Section 7.2.) If we cannot agree on a site, we may terminate your franchise agreement. (Franchise Agreement, Sections 7.2. and 11.3.2.)

The criteria we use in evaluating a proposed site include the following factors: zoning restrictions; accessibility for commercial deliveries; signage location, size and visibility; availability of restrooms; possible roll-up warehouse door; and a structure not more than five years old that is compatible with our telephone installation requirements.

Opening

The opening of your office depends primarily upon the time it takes you to complete required training, obtain an office site and any required licenses. If you do not meet the opening schedule as stated in your franchise agreement, we may terminate your franchise agreement. (Franchise Agreement, Section 7.2.1.)

Training

Initial Training. Our initial training program is conducted at our Corporate Office in Titusville, Florida. You or your manager (can be the same person) are required to complete the training to our satisfaction. There is no charge for the training for the first person but there is a \$1,000 to \$2,000 fee for each additional person. In addition, you are responsible for the travel and living expenses incurred by you and your employees in attending the training. The program is described in the following chart:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location for Each Subject
Introduction Orientation, Safety, Course Objectives	1/2	1/2	Titusville, FL/TBD
Tools, Parts, Door Installation, Spring Systems, Torsion Springs, Extension Springs	1/2	1/2	Titusville, FL/TBD
Openers, Trouble shooting		30	TBD
Software Business Management Programs: OPAL and OPAL Mobile	2		Titusville, FL
Customer Service Center	2		Titusville, FL
Sales Training	8	19	Titusville, FL/TBD

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location for Each Subject
Miscellaneous	4		Titusville, FL/TBD
Door Installation		40	TBD
Residential Door Service Trouble Shooting		30	TBD
TOTAL HOURS	17	120	137

Note 1: On the job field training is conducted by an active Precision Door Service franchisee that has experience running and operating a Precision Door Service franchise location.

Additional Training. We will train you at no charge. We will provide the initial training program to additional attendees at a cost of \$1,000 to \$2,000 per each additional person for technical training; field training is an additional \$1,000 per week per attendee/trainee. You are responsible for all travel expenses for all attendees.

Refresher Training Upon Renewal. If your franchise agreement is renewed, we may or may not require you and your manager to take part in a refresher training program. There is no charge for this training, but you must pay for your expenses for travel, lodging and meals. (Franchise Agreement, Sections 5.1.4 and 9.2.2.) At this time we do not offer or require any additional training programs.

ITEM 12 TERRITORY

You will provide Precision Door Service garage door repair and installation services to residential homeowners within an area assigned to you as indicated in your franchise agreement; the repair, installation, maintenance and service of commercial garage doors, roll-up doors, commercial operators, access gates, entrance gates and their operators are not a part of the system and therefore prohibited under the Precision Door Service franchise system. As a franchisee, your Territory will be defined by MSA/Towns/Cities/Counties based on US Census data. The size of your Territory depends on single family detached households plus population distributions. You will have the right to be listed as a Precision Door Service garage door repair service in listings and advertising in the Territory we designate; you shall not advertise nor be listed outside of the Territory. You are prohibited from conducting any business of the Franchise outside of your defined Territory by any means. You may provide services to a customer in an adjacent territory to Your defined Territory (“Adjacent Territory”) if, and only if, all of the following conditions are met: (1) You are expressly requested by the customer or its affiliate to service one or more facilities of the same brand in the Adjacent Territory; (2) the Adjacent Territory has not been franchised to any other party by PHB; and (3) you provide PHB with a copy of the customer’s request and obtain PHB’s approval before providing service. If PHB grants a franchise for the Adjacent Territory to another party, You must immediately transfer all accounts within the Adjacent Territory to the new franchisee. Neither You nor the new franchisee will receive any remuneration if this occurs.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. The conditions in which You may face competition from other franchisees, from other outlets that we

own, or from other channels of distribution or competitive brands that we control including the following: in the event you choose not to operate any portion of your territory, refuse a customer's request for service or elect not to implement additional services (See Item 16) then you may face competition from other franchisees, from outlets that we own, us or other channels of distribution we may control or from competitive brands we may control. We will not pay any compensation for soliciting or accepting orders inside your franchise territory. Because we reserve all rights not expressly granted, we reserve the right to use alternative distribution including the Internet, anywhere (including your territory) under the Marks or under alternative Marks. You do not have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing to make sales outside of your territory.

We retain all rights that are not expressly granted to you under the Franchise Agreement. In addition to the rights described above in this Item 12, we may, among other things, on any terms and conditions we deem advisable, without compensation to you or any franchisee, and without granting you any rights therein:

(i) merge with, acquire or become acquired by ("Merger/Acquisition Activity") any businesses, including competitive businesses, which businesses operate under trademarks other than the PRECISION DOOR SERVICE Marks and may offer or sell products and services that are the same as or similar to the products and services offered at or from your PRECISION DOOR SERVICE Business, and which may be located anywhere inside or outside the Territory;

(ii) sell and distribute for ourselves and/or license others to sell and distribute through alternate channels of distribution, including the Internet, within and outside the Territory, products or services the same as or different from the products and services offered from your PRECISION DOOR SERVICE Business, and which are offered and distributed under the Marks or marks different than the Marks. Any individual, corporation or other entity that owns an interest in us or is an affiliate can produce, market and sell, within and outside the Territory, products and services that are the same as, similar to or competitive with the products and services offered by PRECISION DOOR SERVICE Businesses; and

(iii) create a marketing or other program (a "Business Program") to generate new business opportunities for you and our other franchisees ("Business Opportunities"). The Business Opportunities may include Strategic Accounts (as defined in the Franchise Agreement). We may condition your participation in any Business Program upon such terms and conditions as we feel are appropriate, including the payment of additional or different fees, the completion of additional training and/or any other certification requirements. Should you choose not to participate in any particular Business Program, other qualified franchisees will be permitted to take advantage of the Business Opportunities.

Your office location will be within the market area as designated as yours in Exhibit 1 to your franchise agreement. You may not open more than one franchised office or acquire additional service areas without making an appropriate written request to us and receiving our formal written approval of that request. You may not relocate your office without our prior consent. We will approve your relocation provided that the new location meets our standards and is located in the Territory. The conditions under which You may relocate the franchise business are: the office location must be within the market area, it must be within and reasonably accessible to the area served by the franchise area, and must have sufficient space to warehouse parts, inventory, supplies, tools, load and unload your truck(s) and provide for office activities. You may not operate any other business from your franchise business office location without prior written consent.

There are no quotas you must achieve to keep your protected rights in the Territory. We cannot unilaterally modify your territory rights without your consent, although we can terminate your franchise

agreement for your material breach. You do not receive any options, rights of first refusal or similar rights to acquire additional franchises within the Territory or in contiguous territories.

ITEM 13 TRADEMARKS

Licensed Trademarks

Under the Franchise Agreement, we give you the nonexclusive right to operate one Precision Door Service business under the name “PRECISION DOOR SERVICE” and other related marks. You may use the marks associated with the Precision Door system (the “Marks”) only at your approved office site and only as permitted under your franchise agreement. You may not conduct any other business using the Marks. We own all rights, title and interest in the Marks, including the goodwill associated with them.

Registrations

We are the owner of each of the following principal trademarks which are, or will be, registered on the principal register of the United States Patent and Trademark Office (“USPTO”), and which are being licensed to you:

Trademark	Registration Number	Registration Date
PRECISION DOOR SERVICE Word mark	2,171,000	July 7, 1998
PRECISION OVERHEAD GARAGE DOOR SERVICE design mark	2,723,414	June 10, 2003
PRECISION DOOR SERVICE trademark	2,834,387	April 20, 2004
PRECISION GARAGE DOOR Word mark	4,595,912	September 2, 2014
PRECISION GARAGE DOOR Word mark	4,563,278	July 8, 2014
OVERHEAD GARAGE PRECISION DOOR SERVICE Design Mark	4678057	May 19, 2014

Trademark	Registration Number	Registration Date
PRECISION SPRING GUY Design Mark	4678057	January 27, 2015

All required affidavits have been filed with the United States Trademark and Patent Office.

Proceedings and Agreements

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, any court, or the trademark administrator of any state, and no pending cancellation proceedings concerning the Marks that could materially affect your rights other than those previously reported. There are no agreements currently in effect which significantly limit our rights to use or license the use of the Marks that are material to the franchise. We have the right to control any administrative proceedings or litigation involving any of the Marks licensed to you.

Use of the Marks

You must follow our rules when you use the Marks. You cannot use the PRECISION DOOR SERVICE name or Marks as a part of the legal name of your corporation or any other entity. You may not use our Marks in the sale of an unauthorized product or service, or in any way not authorized by us in writing. All uses of the Marks by you and any goodwill established from their use will exclusively benefit us. You may not contest the validity or ownership of the Marks or do anything that would reduce our rights to, or the value of the Marks. You must use the trademark designations of ®, ™ or SM, as applicable, when using the Marks.

Protection of the Marks

You must notify us immediately if you learn about an infringement or a challenge to your use of our trade name or Marks. We will take the action we think is appropriate. We must defend and hold you harmless for any claims against you arising solely from your use of the Marks in compliance with your franchise agreement, including costs and reasonable attorneys' fees. We have filed or intend to file all required affidavits.

Change of the Marks

We may adopt a new or modified name or Marks. You must make any such change we require if it would cost you annually \$10,000 or less. If the change would cost you annually more than \$10,000, you must make the change only if you agree to do so, or if a majority of the franchisees in the system agree to do so.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

There are no patents material to your franchise.

Copyrights

There are currently no registered copyrights that are material to the franchise. We own the copyrights and common law proprietary rights in the FDD, on our website, advertising materials and the Manuals. By signing your franchise agreement, you agree not to copy, reprint or otherwise use these proprietary materials without our prior approval.

Proprietary Information

You will receive proprietary, confidential and trade secret information of PHB, including know-how, ideas, techniques, methods and improvements that we own or develop. You must maintain the confidentiality of this information unless authorized by us in writing to disclose it. You must sign the confidentiality and noncompetition agreement in the form of Exhibit 3 to the Franchise Agreement, which is Exhibit C to this Disclosure Document, before any proprietary information is disclosed to you. Your employees who will have access to proprietary and confidential information, and everyone who receives training from us must also sign a confidentiality and noncompetition agreement.

You must promptly tell us if you learn about any unauthorized use of our proprietary information. We are not obligated to take action, but will respond to this information as we think appropriate. We have no obligation under the franchise agreement or otherwise to protect or indemnify you for claims of infringement against you based on your use of our copyrighted or proprietary materials.

We do not know of any infringing uses that could materially affect your use of any proprietary or copyrighted material that we supply to you.

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

If you are an individual, it is strongly recommended that you manage your franchise business. Otherwise, your manager must personally supervise the franchise business. If you are a corporation or other legal entity, the manager of the franchise business must do the direct, on-site supervision. In either case, you and the manager must have successfully completed our training program. This manager, and any replacement manager selected, must have our prior approval.

Any manager must use his/her best efforts in the daily operation of the franchise business and be personally responsible for its operation. There is no requirement that a manager own any equity interest in you if you are a corporation or other legal entity.

All managers, your owners if you are a corporation or other legal entity, key employees and the spouses and other family members who are employed by you (or by a business owned by the you) for the purpose of providing services similar to those provided by a Precision Door Service franchise, must sign a written agreement (Exhibit 3 to the Franchise Agreement, which is Exhibit C to this Disclosure Document) to maintain the confidentiality of the trade secrets and to conform with the covenants not to compete. All owners must sign a guaranty. Under the guaranty owners personally guarantee all of the franchisee's obligations under the franchise agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only those products and services that we approve. You may sell to the public only from a single office location we approve. You may not conduct any other business from your office. You may at some point desire to start another business outside of Your Precision Door Service franchise business. New business ventures typically require significant time commitments and financial obligations so there is a concern this new business venture may have a negative impact on the operation and stability of Your Precision Door Service franchise and consequently the Precision brand as a whole. As such, prior to engaging in any other business activities outside of your Precision Door Service business you will need to consult with Us and gain written approval that You may engage in such new business activities which will not be withheld unreasonably.

We have a uniform limited warranty program for residential garage door installations and repairs. You must provide your residential customers with the standard Precision Door Service written limited warranty form we prescribe for the parts you use in repairing a garage door and for the labor you provide in either making repairs or installing a new garage door. Under the limited warranty terms for installation of new garage doors, you will correct any defective work, and if a part is covered by the manufacturer's warranty, you will repair or replace that defective part, at no charge. The garage door manufacturer provides its own separate warranty for the door and its parts. Your warranty for the labor on installing the new door continues for as long as the manufacturer's warranty exists on the new garage door. Under the terms of the limited warranty for garage door repairs, you will repair or replace any defective new or rebuilt part or workmanship at no charge for the material or your labor. The warranty on repairs continues as long as the original customer owns the repaired garage door. The warranty cannot be transferred if the owner sells or no longer owns the repaired or new garage door. You must pay for contacting the seller or manufacturer of any defective part to request a replacement part or refund. In the event you purchase a territory previously owned and operated by a Precision Door Service franchisee you must honor those warranties just the same as if you had performed the services yourself.

Because enhancing the Precision Brand's competitive position and consumer acceptance for the Brand's products and services is a paramount goal of us and our franchisees, and because this objective is consistent with the long-term interest of the System overall, we may exercise rights with respect to the pricing of products and services. We may engage in any such activity either periodically or throughout the term of your franchise.

System Modifications. You acknowledge and agree that we have the right to modify, add to or rescind any requirement, standard or specification that we prescribe under this Agreement to adapt the System to changing conditions, competitive circumstances, business strategies, business practices and technological innovations and other changes as we deem appropriate. You must comply with these modifications, additions or rescissions at your expense, subject to any express limitations as stated in this Agreement. All modifications, innovations and improvements to the System become our property regardless of who developed the modification, innovation or improvement. There are no limits on our right to do so if the change would annually cost you \$10,000 or less. If the change would cost more than \$10,000 annually, you must make the change only if you agree to do so, or if a majority of the franchisees in the Precision Door system agree to do so.

You are prohibited from conducting any business of the Franchise outside of your defined Territory by any means. You may provide services to a customer in an adjacent territory to Your defined Territory ("Adjacent Territory") if, and only if, all of the following conditions are met: (1) You are expressly requested by the customer or its affiliate to service one or more facilities of the same brand in

the Adjacent Territory; (2) the Adjacent Territory has not been franchised to any other party by PHB; and (3) you provide PHB with a copy of the customer's request and obtain PHB's approval before providing service. If PHB grants a franchise for the Adjacent Territory to another party, You must immediately transfer all accounts within the Adjacent Territory to the new franchisee. Neither You nor the new franchisee will receive any remuneration when this occurs. Conversely, other Precision Door Service franchisees may provide garage door repair and installation services in the areas served by you as designated in your franchise agreement as a result of the franchisee operating under an earlier franchise agreement which at that time allowed franchisees to offer the services to customers outside of their market territory.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP		
Provision	Sections in Franchise Agreement (Note 1)	Summary (Note 2)
a. Term of the franchise	9.1	10 years
b. Renewal or extension of the term	9.2	2 additional terms of 10 years each. (Subject to state law)
c. Requirements for you to renew or extend	9.2	Be in good standing; sign the then-current franchise agreement and a general release; if required, attend refresher training. There is no renewal fee. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from these in your previous franchise agreement, such as different fee requirements and territorial rights. (Subject to state law).
d. Termination by you	11.2	You may terminate if you are in compliance and we material breach and do not cure within 30 days after receiving your written notice.
e. Termination by PDS without cause	None	Not applicable.
f. Termination by us with cause	11.1, 11.3	We can terminate only if you materially default. (Subject to state law)

THE FRANCHISE RELATIONSHIP		
Provision	Sections in Franchise Agreement (Note 1)	Summary (Note 2)
g. “Cause” defined – defaults which can be cured	7.2.1, 11.3.2	Failure to open on schedule; liens not released or bonded within 10 days; bankruptcy, death or incapacity or individual owner or guarantor without substitute within 15 days; any other material breach of the franchise agreement. (Subject to state law)
h. “Cause” defined – defaults which cannot be cured	4.2.1, 5.1.2, 11.1, 11.3.1	Failure to complete training; criminal misconduct; closure of business for 3 days without our consent; unauthorized assignment; insolvency; 3 breaches within 12 months; misrepresentation in obtaining franchise; operating a competing business; non-payment of financial obligations; breach of any other agreement with us not cured in cure period; operating a competing business. (Subject to state law)
i. Your obligations on termination/non-renewal	12	Payment of all amounts due; de-identification; cease use of Marks and proprietary information; telephone numbers revert to us; return all supplies, the Manuals, items containing Marks and copyrighted materials; comply with non-compete (see “r” below). (Subject to state law)
j. Assignment of contract by PDS	10.6	Agreement is fully assignable by us.
k. “Transfer” by you – defined	10.1	Includes transfer of franchise agreement or assets or ownership change. (Subject to state law)
l. PDS approval of transfer by you	10.1, 10.2	All transfers are subject to our approval; automatic approval of your transfer to an entity you control, but you must remain personally liable.

THE FRANCHISE RELATIONSHIP		
Provision	Sections in Franchise Agreement (Note 1)	Summary (Note 2)
m. Conditions for PDS approval of transfer	10	You must remain in good standing; assignee must qualify, sign then-current agreement and successfully complete training; pay the transfer fee, our expenses for the transfer and all outstanding obligations to us and all vendors and suppliers before closing; right of first refusal give to us; you sign subordination and release; new franchisee signs current franchise agreement which may contain materially different terms. (Subject to state law)
n. PDS' right of first refusal to acquire your business	10.5	We have 15 business days to match any offer you receive.
o. PDS' option to purchase your business	None	Not applicable.
p. Your death or disability.	10.4	Franchise may be assigned to your successor if qualified and assignment conditions met within 60 days; if satisfactory arrangements are made for operation of business, successor has 6 months to sell and we have right of first refusal.
q. Non-competition covenants during the term of the franchise	7.7 and Exhibit 3	No involvement in a competing business located in the U.S. (Subject to state law)
r. Non-competition covenants after the franchise is terminated or expires	7.7 and Exhibit 3	No involvement in a competing business within the Territory or within 35 miles of your office (or within 35 miles of any other Precision Door Service office for 2 years. (Subject to state law)
s. Modification of the agreement	6.4, 7.7.3, 14.5, 14.7, 15.2.1	Automatic conformance to state law (see Note 3); otherwise only by signed document except that we may unilaterally revise the Manuals, change its Marks, and reduce the scope of non-competition covenants.
t. Integration/merger clause	14.4	Only the terms of the franchise agreement are binding (subject to state law); Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.

THE FRANCHISE RELATIONSHIP		
Provision	Sections in Franchise Agreement (Note 1)	Summary (Note 2)
u. Dispute resolution by arbitration or mediation	15	All disputes must be mediated, and if not resolved, are subject to binding arbitration except for injunction relief to protect the Marks or proprietary information. (Subject to state law)
v. Choice of forum	15.2.2	Mediation and arbitration must be held in Titusville, Florida; we may seek injunction relief anywhere. (Subject to state law)
w. Choice of law	15.2.1	Federal and Florida law apply. (Subject to state law)
x. Waivers	14.6, 15.3, 15.6, 15.6.5	Mutual 2-year contractual statute of limitations on claims; no class action arbitration; you waive rights to punitive damages and trial by jury; we need not post a bond to obtain injunctive relief. (Subject to state law)

Notes:

1. The Franchise Agreement is attached as Exhibit C to this Disclosure Document.
2. See the State Addenda attached to this Disclosure Document as Exhibit B.

ITEM 18 PUBLIC FIGURES

We do not currently use any public figures to promote its franchises.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following information is based on reports submitted to us by our franchisees for the year ended December 31, 201~~98~~⁹⁸. This information was collected from ~~9288~~⁹²⁸⁸ franchise locations which comprise all of the franchise locations that were in operation for the entire 201~~98~~⁹⁸ year.

Median Gross Sales ~~\$2,153,636.67~~ ~~2,163,096.08~~

Average Gross Sales ~~\$2,854,260.97~~ ~~2,784,828.72~~

Gross Sales do not include sales tax, refunds and returns, but do include discounts and allowances.

Notes:

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

2. The range of sales for 201~~98~~ was a low of ~~\$237,075.28~~ ~~215,669.24~~ and a high of ~~\$21,458,809.47~~ ~~19,602,147.00~~. Total sales amounts are affected by various factors to include competition, the size and age of market, market demographics, area of the country, economic conditions and management capability. You should conduct your own research to assist you in preparing projections for your own Franchised Business.

3. Of the ~~8892~~ franchise locations in operation for at least one year, ~~2931~~ (~~31.52~~ ~~35.22~~%) exceeded the average gross sales.

4. Advertising costs for the ~~74~~ ~~72~~ franchise locations in operation for at least one year which provided 201~~98~~ financial statements, the median was ~~12.79~~ ~~12.69~~% of gross sales, the average was ~~12.86~~ ~~13.02~~% of gross sales.

5. With respect to the cost of goods sold, for the ~~7472~~ franchise locations in operation for at least one year which provided 201~~98~~ financial statements the median was ~~28.26~~ ~~28.90~~% of gross sales and the average was ~~29.06~~ ~~29.03~~% of gross sales.

6. Labor costs for the ~~7472~~ franchise locations in operation for at least one year which provided 201~~89~~ financial statements, the median was ~~18.16~~ ~~17.96~~% of gross sales and the average was ~~18.43~~ ~~18.26~~% of gross sales.

7. There are no material differences or characteristics from the outlets used in this financial performance representation and a new franchised outlet.

8. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

9. Many factors, including location of the business, management capabilities, local market conditions, competition and other factors, are unique to each business and may significantly impact the financial performance of the business..

10. You are responsible for developing your own business plan for your business. We encourage you to consult with your own accounting, business, and legal advisors in doing so. In developing the business plan, you are cautioned to make necessary allowance for changes in financial results to income, expenses, or both, that may result from operation of your business in different geographic areas or new market areas, or during periods of, or in areas suffering from, economic downturns, inflation, unemployment, or other negative economic influences.

Historical costs do not necessarily correspond to future costs because of factors such as inflation, changes in minimum wage laws, location, financing, real estate-related costs and other variables. All information should be evaluated in light of current market conditions, including such cost and price information as may then be available. Prospective franchisees must bear in mind that a newly opened business cannot be expected to achieve sales volumes or maintain expenses similar to those of an established business.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting George Payor, at Precision Holdings of Brevard, Inc., 2395 Washington Avenue, Suite 5, Titusville, Florida 32780, telephone (321) 225-3500, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 201~~67~~ to 201~~89~~

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 Outlets	201 67	8 03	8 38	+ 35
	201 78	8 38	88 92	+ 54
	201 89	88 92	92 98	+ 46
Company-Owned	201 67	0 1	1	+ 10
	201 78	1	1	0
	201 89	1	10	0 -1
Total Outlets	2017 2016	84 80	89 84	+ 5 +4
	2018 2017	89 84	93 89	+ 4 +5
	2018 2019	93 89	98 93	+ 54

Table No. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN FRANCHISOR OR AFFILIATE FOR YEARS 2016 TO 2018)

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Indiana	2016	1
	2017	0
	2018	0
Maryland	2016	1
	2017	0
	2018	0
New Mexico	2017	0
	2018	1
	2019	1
VirginiaNorth Carolina	20162017	1
	20172018	0
	20182019	2
Ohio	2017	0
	2018	0
	2019	2
Texas	2017	0
	2018	0
	2019	1
Total	2017	3
	2018	1
	2019	2

Table No. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2016 TO 2018

Column1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
Alabama	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
Arizona	20172016	2	0	0	0	0	0	2
	20182017	2	0	0	0	0	0	2
	20192018	2	0	2	0	0	0	2
Arkansas	20172016	1	1	1	0	0	0	1

	2018 2017	12	40	0	0	0	0	2
	2019 2018	2	0	0	0	0	0	2
California	2017 2016	98	40	0	0	0	0	9
	2018 2017	9	01	0	0	0	0	910
	2019 2018	910	40	0	0	0	0	10
Colorado	2017 2016	1	0	0	0	0	0	1
	2018 2017	1	0	0	0	0	0	1
	2019 2018	1	02	0	0	0	0	43
Connecticut	2017 2016	1	0	0	0	0	0	1
	2018 2017	1	0	0	0	0	0	1
	2019 2018	1	0	0	0	0	0	1
Delaware	2017 2016	1	0	0	0	0	0	1
	2018 2017	1	0	0	0	0	0	1
	2019 2018	1	0	0	0	0	0	1
Florida (see Note 1)	2017 2016	7	0	0	0	0	0	7
	2018 2017	7	0	0	0	0	0	7
	2019 2018	7	01	0	0	0	0	78
Georgia	2017 2016	1	01	0	0	0	0	42
	2018 2017	42	1	0	0	0	0	23
	2019 2018	23	1	0	0	0	0	34
Illinois	2017 2016	2	0	0	0	0	0	2
	2018 2017	2	0	0	0	0	0	2
	2019 2018	2	0	0	0	0	0	2
Indiana	2017 2016	3	0	0	0	0	0	3
	2018 2017	3	0	0	0	0	0	3
	2019 2018	3	0	0	0	0	0	3
Iowa	2017 2016	0	0	0	0	0	0	0
	2018 2017	0	01	0	0	0	0	01
	2019 2018	01	40	0	0	0	0	1
Kansas	2017 2016	1	0	0	0	0	0	1
	2018 2017	1	0	0	0	0	0	1
	2019 2018	1	0	0	0	0	0	1
Kentucky	2017 2016	2	0	0	0	0	0	2
	2018 2017	2	0	0	0	0	0	2
	2019 2018	2	0	0	0	0	0	2
Louisiana	2017 2016	01	1	0	0	0	0	42
	2018 2017	42	40	0	0	0	0	2
	2019 2018	2	0	0	0	0	0	2
Maryland	2017 2016	2	0	0	0	0	0	2
	2018 2017	2	0	0	0	0	0	2
	2019 2018	2	0	0	0	0	0	2
Massachusetts	2017 2016	1	0	0	0	0	0	1
	2018 2017	1	0	0	0	0	0	1
	2019 2018	1	0	0	0	0	0	1
Michigan	2017 2016	2	0	0	0	0	0	2
	2018 2017	2	0	0	0	0	0	2
	2019 2018	2	0	0	0	0	0	2
Minnesota	2017 2016	01	40	0	0	0	0	1

	2018 2017	1	0	0	0	0	0	1
	2019 2018	1	0	0	0	0	0	1
Mississippi	2017 2016	0 1	4 0	0	0	0	0	1
	2018 2017	1	0	0	0	0	0	1
	2019 2018	1	0	0	0	0	0	1
Missouri	2017 2016	1	0	0	0	0	0	1
	2018 2017	1	0	0	0	0	0	1
	2019 2018	1	0	0	0	0	0	1
Nebraska	2017 2016	1	0	0	0	0	0	1
	2018 2017	1	0	0	0	0	0	1
	2019 2018	1	0	0	0	0	0	1
Nevada	2017 2016	1	0	0	0	0	0	1
	2018 2017	1	0	0	0	0	0	1
	2019 2018	1	0	0	0	0	0	1
New Jersey	2017 2016	2	0	0	0	0	0	2
	2018 2017	2	0	0	0	0	0	2
	2019 2018	2	0 1	0	0	0	0	2 3
New Mexico	2017 2016	1	0	0	0	0	0	1
	2018 2017	1	0	0	0	0	0	1
	2019 2018	1	0	0	0	0	0	1
New York	2017 2016	4	0	0	0	0	0	4
	2018 2017	4	0	0	0	0	0	4
	2019 2018	4	0 1	0	0	0	0	4 5
North Carolina	2017 2016	3	0	0	0	0	0	3
	2018 2017	3	0	0	0	0	0	3
	2019 2018	3	0 1	0	0	0	0	3 4
Ohio	2017 2016	5	0	0	0	0	0	5
	2018 2017	5	0	0	0	0	0	5
	2019 2018	5	0	0	0	0	0	5
Oklahoma	2017 2016	1	0	0	0	0	0	1
	2018 2017	1	0	0	0	0	0	1
	2019 2018	1	0	0	0	0	0	1
Oregon	2017 2016	1	0	0	0	0	0	1
	2018 2017	1	0	0	0	0	0	1
	2019 2018	1	0	0	0	0	0	1
Pennsylvania	2017 2016	2	0	0	0	0	0	2
	2018 2017	2	0	0	0	0	0	2
	2019 2018	2	0 1	0	0	0	0	2 3
Rhode Island	2017 2016	0	0	0	0	0	0	0
	2018 2017	0	0 1	0	0	0	0	0 1
	2019 2018	0 1	4 0	0	0	0	0	1
South Carolina	2017 2016	3	0 1	0	0	0	0	3 4
	2018 2017	3 4	4 0	0	0	0	0	4
	2019 2018	4	0	0	0	0	0	4
Tennessee	2017 2016	5	0	0	0	0	0	5
	2018 2017	5	0	0	0	0	0	5
	2019 2018	5	0	0	0	0	0	5
Texas	2017 2016	5	0	0	0	0	0	5

	2018 2017	5	0	0	0	0	0	5
	2019 2018	5	0	0	0	0	0	5
Utah	2017 2016	1	0	0	0	0	0	1
	2018 2017	1	0	0	0	0	0	1
	2019 2018	1	0	0	0	0	0	1
Virginia	2017 2016	3	0	0	0	0	0	3
	2018 2017	3	0	0	0	0	0	3
	2019 2018	3	0	0	0	0	0	3
Wisconsin	2017 2016	1	0	0	0	0	0	1
	2018 2017	1	0	0	0	0	0	1
	2019 2018	1	0	0	0	0	0	1
Washington	2017 2016	2	0	0	0	0	0	2
	2018 2017	2	0	0	0	0	0	2
	2019 2018	2	0	0	0	0	0	2
Total	2017 2016	80	3	0	0	0	0	83
	2018 2017	<u>838</u>	<u>54</u>	0	0	0	0	<u>8892</u>
	2019 2018	<u>8892</u>	<u>48</u>	<u>02</u>	0	0	0	<u>928</u>

Notes:

1. The former president of PHB, William Walden is part owner of the franchise unit located in Orlando, Florida.

Table No. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS ~~2016~~7 to ~~2018~~9

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of Year
Florida	2016 7	<u>01</u>	<u>40</u>	0	0	0	1
	2017 8	1	0	0	0	0	1
	2018 9	1	0	0	0	<u>01</u>	<u>40</u>
Total	2016 7	<u>10</u>	<u>40</u>	0	0	0	1
	2017 8	1	0	0	0	0	1
	2018 9	1	0	0	0	<u>01</u>	<u>40</u>

Table No. 5
PROJECTED OPENINGS FOR UPCOMING
FISCAL YEAR
As of December 31, ~~2018~~9

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
Colorado California	0 1	2 1	0
Florida Idaho	0	1	0
New Jersey Nevada	4 0	1	0
New Hampshire	2	0	0
New York	0	2 1	0
North Carolina	1	1	0
Pennsylvania	1	4 0	0
Texas	0	1	0
Total	3 5	8 6	0

Included in this Disclosure Document as Exhibit E is a list of the names, addresses and telephone numbers of our franchisees as of December 31, 201~~8~~9. Included as Exhibit F is a list of two (2) former franchise market that were transferred, terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the fiscal year ended December 31, 201~~8~~9. No franchisees have failed to communicate with us in the 10 weeks prior to the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Agreements signed but not open as of December 31, 201~~8~~9 were as follows:

~~Doug Kale, Wilmington, North Carolina, 11/28/2018 purchase date~~
~~Andrew Sell and Anthony Castiglione, Atlantic City, New Jersey, 11/26/2018 purchase date~~
~~Steven Van Dam, Harrisburg, Pennsylvania, July 24, 2018 purchase date~~
~~Pat Prendergast, Sacramento, California, 8/18/2019 purchase date~~
~~Tom Schray, Scranton, Pennsylvania, 7/1/2019 purchase date~~
~~Walt Arvin, Manchester - Nashua, New Hampshire, 11/1/2019 purchase date~~
~~Walt Arvin, Rockingham-Strafford, New Hampshire, 11/1/2019 purchase date~~
~~Tim Yeager, Fayetteville-Goldsboro, North Carolina, 11/15/2019 purchase date~~

During the last three fiscal years, we have not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience about us.

* * *

FRANCHISEE ASSOCIATIONS

We sponsor a franchisee advisory council:

PDS Franchise Association Advisory Council
2395 S. Washington Avenue, Suite 5
Titusville, Florida 32780
T: (321) 225-3500
mbrickner@precisiondoor.net
www.precisiondoor.net

The following independent franchisee association has asked to be included in this disclosure document:

PDS Franchise Owners Association, LLC
Anthony Paruta
-15 Hazelwood Drive, Suite 108
-Amherst, NY 14228
-800-791-4737 Office
E-mail: aparuta@precisiondoor.net

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit G to this Disclosure Document are our audited financial statements for the years ended December 31, 201~~6~~7, December 31, 201~~7~~8 and December 31, 201~~8~~9.

ITEM 22 CONTRACTS

Attached as Exhibits to this Disclosure Document are copies of the following agreements relating to the offer of the Franchise:

- Exhibit C - Franchise Agreement and its Exhibits:
 - Exhibit 1 – Terms
 - Exhibit 2 – Guaranty
 - Exhibit 3 – Confidentiality and Noncompetition Agreement
 - Exhibit 4 – Assignment of Telephone Numbers and Domain Names
 - Exhibit 5 – Authorization To Release Information
 - Exhibit 6 – Acknowledgement Addendum
- Exhibit I - Confirmation of Sales Procedures
- Exhibit J - Sample Release of Claims

ITEM 23 RECEIPTS

The last page of this Disclosure Document is a Receipt acknowledging your receipt of this Disclosure Document, to be signed by you and returned to us. A duplicate copy of the Receipt is also attached for you to keep.

EXHIBIT A

**STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

**LIST OF STATE ADMINISTRATORS,
AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<u>CALIFORNIA</u>	California Department of Business Oversight 1515 K Street, Suite 200 Sacramento, CA 95814 (866) 275-2677	Commissioner California Department of Business Oversight 1515 K Street, Suite 200 Sacramento, CA 95814
<u>HAWAII</u>	State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 P.O. Box 40 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities 335 Merchant Street P.O. Box 40 Honolulu, HI 96810
<u>ILLINOIS</u>	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, IL 62706
<u>INDIANA</u>	Securities Commissioner Indiana Securities Division Room E 111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
<u>MARYLAND</u>	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020
<u>MICHIGAN</u>	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce Corporations and Securities Bureau 670 Law Building Lansing, MI 48913
<u>MINNESOTA</u>	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101 (651) 539-1638	Minnesota Commissioner of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<u>NEW YORK</u>	NYS Department of Law Investor Protection 28 Liberty St. 21st Floor New York, NY 10005 (212) 416-8236	Secretary of State 99 Washington Ave. Albany, NY 12231
<u>NORTH DAKOTA</u>	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5 th Floor Bismarck, ND 58505-0510 (701) 328-2910	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5 th Floor Bismarck, ND 58505-0510
<u>RHODE ISLAND</u>	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Center Building 69-1 Cranston, RI 02920 (401) 277-3048	Director of Department of Business Regulation 1511 Pontiac Avenue John O. Pastore Center Building 69-1 Cranston, RI 02920
<u>SOUTH DAKOTA</u>	Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Director of South Dakota Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, SD 57501-3185 (605) 773-3563 (605) 773-5953 (Fax)
<u>VIRGINIA</u>	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, Ninth Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 E. Main Street, First Floor Richmond, VA 23219
<u>WASHINGTON</u>	Department of Financial Institutions Securities Division P. O. Box 41200 Olympia, WA 98504 (360) 902-8700	Director of the Department of Financial Institutions Same (or physical address is): 150 Israel Road SW Tumwater, WA 98501
<u>WISCONSIN</u>	Department of Financial Institutions, Division of Securities 201 W Washington Avenue, Suite 300 Madison, WI 53703 (608) 267-9140	Department of Financial Institutions, Division of Securities 201 W Washington Avenue Suite 300 Madison, WI 53703

EXHIBIT B

STATE LAW ADDENDA TO DISCLOSURE DOCUMENT

STATE LAW ADDENDA TO DISCLOSURE DOCUMENT

IN CERTAIN STATES FRANCHISEES ARE PROTECTED BY SPECIFIC LAWS. THESE STATE LAWS ARE REFERENCED AND SUMMARIZED IN THIS EXHIBIT. IF THE LAWS OF A PARTICULAR STATE GOVERN YOUR FRANCHISE, ITS STATUTES AND REGULATIONS MAY APPLY TO YOUR FRANCHISE AND AMEND BOTH YOUR AGREEMENT WITH THE FRANCHISOR AND THIS DISCLOSURE DOCUMENT. EACH PROVISION OF THE ADDENDA SHALL BE EFFECTIVE ONLY TO THE EXTENT THAT, WITH RESPECT TO SUCH PROVISION, THE JURISDICTIONAL REQUIREMENTS OF THE PARTICULAR STATE'S STATUTES ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THE PARTICULAR ADDENDUM

CALIFORNIA

Arbitration

The franchise agreement requires binding arbitration. The arbitration will occur at the site indicated on the cover page of the Disclosure Document, with the costs to be borne by the losing party. This provision may not be enforceable under California law.

Choice of Law and Forum

The franchise agreement requires application of the laws of the State of Florida. This provision may not be enforceable under California law. CORP. CODE § 31512. The franchise agreement requires binding arbitration. The arbitration will occur at Titusville, Florida with the costs being borne by the party against whom the arbitrator(s) render a decision. This provision may not be enforceable under California law. Franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as BUS. & PROF. CODE § 20040.5, Code Civ. Proc. § 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Covenants Not To Compete

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. BUS. & PROF. CODE § 16600.

Delivery of Agreements

The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document. CORP. CODE § 31119.

Liquidated Damages

The franchise agreement contains a liquidated damages clause. Under Cal. Civ. Code § 1671, certain liquidated damages clauses are unenforceable.

Litigation Disclosure

In addition to the general disclosure requirements applicable to all states, as described above, California requires disclosure of whether the franchisor, its predecessor, or any person or franchise broker identified in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934; 15 U.S.C.A. 78a *et seq.*, suspending or expelling such person from membership in that association or exchange. Neither PDS nor any person identified in Item 2 of the Disclosure Document is not currently subject to any effective order of any national securities association or national securities exchange.

Termination and Nonrenewal

Bus. & Prof Code §§ 20000 - 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

Waivers and Releases

You must sign a general release of claims if you renew or transfer your franchise. CORP. CODE § 31512 voids a waiver of your rights under the Franchise Investment Law. BUS. & PROF. CODE § 20010 voids a waiver of your rights under the Franchise Relations Act.

HAWAII

ILLINOIS

Choice of Law and Forum

A provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void, except that a franchise agreement may provide for arbitration outside Illinois. LAWS § 705/4. A risk factor statement on the Disclosure Document cover page that franchisee must litigate in a state other than Illinois does not apply in Illinois.

Periods of Limitation

An action must be brought within three years of the violation, or within one year of when the franchisee becomes aware of the facts or circumstances for a claim, or within 90 days after receiving a notice of violation, whichever occurs first. LAWS § 705/27.

Termination and Nonrenewal

LAWS §§705/19 and /20.

Waivers and Releases

Any provision purporting to bind a person acquiring a franchise to waive compliance with any Illinois law is void under the Act. LAWS § 705/41.

MARYLAND

Choice of Law and Forum

Item 17(v) of the Disclosure Document is revised to provide that a franchisee may sue in Maryland for claims arising under Maryland Franchise Registration and Disclosure Law.

Periods of Limitation

Item 17(w) of the Disclosure Document is revised to provide that a franchisee may bring a lawsuit in Maryland for claims arising under that Maryland Franchise registration and Disclosure Law for a period of three years after a franchise is granted.

Releases

Items 17(c) and 17(m) of the Disclosure Document are revised to provide that we cannot, as a condition to renewal or consent to an assignment, require you to release any claims under the Maryland Franchise Registration and Disclosure Law.

MINNESOTA

Choice of Law and Forum

Nothing in the franchise agreement shall in any way abrogate or reduce any rights of the franchisee as provided for in Chapter 80C of the Statutes. ^{Statutes} § 80C.21 and Minn. R. 2860.4400J. A risk factor statement on the Disclosure Document cover page that a franchisee must litigate in a state other than Minnesota does not apply in Minnesota.

Liquidated Damages

Liquidated Damage provisions are void. Minn. R. 2860.4400J.

Period of Limitation

An action for a violation of Chapter 80C of the Statutes may not be commenced more than three years after the cause of action accrues. STATUTES § 80C.17(5).

Relationship Laws

Except in certain specified cases, a franchisee must be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement. STATUTES §80C.14(3)-(5).

Any termination on penalty provision is void. Minn. R. 2860.4400J.

Trademarks

The Commissioner has determined that it is unfair for the franchisor not to 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 name within the intent of Section 80C.12(1g) of the Minnesota Statutes.

Waivers and Releases

A franchisee cannot assent to a release, assignment, novation or waiver of liability imposed by Minnesota law, waive rights to a jury trial or to any procedure, forum, or remedies provided by the laws of Minnesota, or consent to the franchisor obtaining injunctive relief, but the voluntary settlement of disputes is not prohibited. STATUTES § 80C.21 and Minn. R. 2860.4400D and .4400J.

NEW YORK

The following information is added to the State Cover Page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT. YOU MUST MAKE MINIMUM ROYALTY, AND OTHER PAYMENTS, REGARDLESS OF YOUR SALES LEVELS. YOUR INABILITY TO MAKE THE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT.

Litigation Disclosure

In addition to the general litigation disclosure requirements applicable to all states, as described above, New York requires the disclosure of all pending actions alleging a felony or misdemeanor; all felony convictions; any misdemeanor conviction within the past ten years; any currently effective order of any national securities association or exchange (as defined in the Securities and Exchange Act of 1934) suspending or expelling such person from membership; and any currently effective injunction or order relating to business activity as a result of an action brought by a public agency, including actions affecting a license as a real estate broker or sales agent. LAW § 683.2(e) and N.Y. COMP. CODES R. & REGS. tit. 13; § 200.2.

The following is added at the end of Item 3:

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

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

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

The following is added to the end of the “Summary” sections of Item 17(c), titled **Requirements for franchisee to renew or extend**,” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

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

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

The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

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

The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

Waivers and Releases

All rights enjoyed by the franchisee and any causes of action arising in its favor from the provisions of the General Business Law of the State of New York and the regulations thereunder shall remain in force; it being the extent of this proviso that the non-waiver provisions of Sections 687.4 and 687.5 of the Law be satisfied.

NORTH DAKOTA

Arbitration

The Commissioner has determined that franchise agreements which provide that the parties agree to the arbitration of disputes at a location that is remote from the site of the franchisee’s business are unfair, unjust or inequitable within the intent of Section 51-19-09(i) of the Law.

Choice of Law and Forum

The Commissioner has determined that franchise agreements which provide that the parties agree to the arbitration of disputes at a location that is remote from the site of the franchisee’s business, or which require franchisees to consent to the jurisdiction of courts outside of North Dakota, are unfair, unjust or inequitable within the intent of Section 51-19-09(i) of the Law.

Covenants Not To Compete

N.D. CENT. CODE § 9-08-06.

Liquidated Damages

The Commissioner has determined that liquidated damages provisions are unfair, unjust and inequitable within the intent of Section 51-19-09(i) of the Law.

Waivers and Releases

The Commissioner has determined that requiring a franchisee to consent to a waiver of trial by jury is unfair, unjust and inequitable within the intent of Section 51-19-09(i) of the Law.

RHODE ISLAND

Choice of Law and Forum

A provision in a franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Act. LAWS § 19-28.1-14.

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Precision Holdings of Brevard, Inc. for use in the commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 17.h.

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

WASHINGTON

Arbitration

In any arbitration involving a franchise governed by Washington law, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. Interpretive Statement No. FIS-4.

Choice of Law and Forum

In the event of a conflict of laws, the provisions of Chapter 19.100 of the Act shall prevail. Policy Statement No. FPS-1.

Covenants Not To Compete

CODE § 19.66.030.

Termination and Renewal

Section 19.100.180 of the Act and court decisions may govern the relationship between the franchisor and the franchisee and supersede the terms of the franchise agreement, including provisions relating to the termination and renewal of the franchise agreement.

Transfer Fees

A franchisor may collect transfer fees to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer. Interpretive Statement No. FIS-2.

Waivers and Release

A release or waiver of rights by a franchisee shall not include rights under the Act except when executed pursuant to a negotiated settlement after the franchise agreement is in effect and where the parties are represented by independent counsel. CODE § 19.100.220(2). Provisions which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

WISCONSIN

Relationship Laws

To the extent any provisions of the franchise agreement regarding notice of termination or a change in the franchise agreement conflict with Section 135.04 of the Wisconsin Fair Dealership Law, the Wisconsin law will apply.

ADDENDUM TO
PRECISION DOOR®
FRANCHISE AGREEMENT

STATE OF CALIFORNIA

This Addendum pertains to franchises sold in the State of California and is for the purpose of complying with California statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

1. The Franchise Agreement contains a covenant not to compete which extends beyond the term of the franchise. This provision may not be enforceable under California law.
2. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
3. To the extent the California law applies, Section 31125 of the California Corporations Code requires us to give you a disclosure document approved by the Department of Corporations prior to a solicitation of a proposed material modification of an existing franchise.
4. The Franchise Agreement requires application of the laws of Florida. This provision may not be enforceable under California law.
5. 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.).
6. The Franchise Agreement requires binding arbitration. The arbitration will occur in Melbourne, Florida, with the costs borne by all parties equally. This provision may not be enforceable under California law.
7. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the state of California.
8. The Franchise Agreement requires you 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 a franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).

9. In all other respects, the Franchise Agreement will be construed and enforced according to its terms.

10. The franchise agreement contains provisions that limit franchisee's rights and may not be enforceable in California including but not limited to a time limit to raise claims against the franchisor.

**PRECISION HOLDINGS OF
BREVARD, INC.**

FRANCHISEE

By:
Title:
Date: _____

By:
Title:
Date: _____

ADDENDUM TO
PRECISION DOOR®
FRANCHISE AGREEMENT

STATE OF ILLINOIS

This Addendum pertains to franchises sold in the State of Illinois and is for the purpose of complying with Illinois statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

1. The Franchise Agreement is amended to include the following:

The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois Law 815 ILCS 705/19 and 705/20, and rules promulgated thereunder.

2. The Franchise Agreement is amended to include the following:

To the extent validly required by Illinois law, the choice-of-law provisions of this Agreement may be subject to (and superseded by) the Illinois Franchise Disclosure Act, and rules promulgated thereunder.

3. The Franchise Agreement is amended to include the following:

To the extent validly required by Illinois law, the venue provisions of this Agreement may be subject to (and superseded by) Section 705/1-44 of the Illinois Franchise Disclosure Act, and rules promulgated thereunder. You, therefore, may be able to commence a lawsuit in Illinois, subject to your commitments to mediate and arbitrate under the Agreement.

4. The Franchise Agreement is amended to include the following:

To the extent validly required by Illinois law, the period in which to make claims described in this Agreement may be subject to (and superseded by) Section 705/1-44 of the Illinois Franchise Disclosure Act, and rules promulgated thereunder.

5. The Confirmation of Sales Procedures attached to the Franchise Agreement is unenforceable under Illinois law because it may have the effect of forcing a franchisee to waive or release certain rights that you as a franchisee have under the Illinois Franchise Disclosure Act, 815IL § 705.

6. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**PRECISION HOLDINGS OF
BREVARD, INC.**

FRANCHISEE

By:
Title:
Date: _____

By:
Title:
Date: _____

ADDENDUM TO
PRECISION DOOR®
FRANCHISE AGREEMENT

STATE OF MARYLAND

This Addendum pertains to franchises sold in the State of Maryland and is for the purpose of complying with Maryland statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

1. The Franchise Agreement is revised to provide that the general release required in the renewal and transfer sections will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. The Franchise Agreement is revised to include the following language:

“Notwithstanding the provisions of this Section, 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 three years after the grant of the franchise.

3. Any provision in the Agreement that requires you to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law is not intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. The Franchise Agreement is revised to include the following language:

“Notwithstanding the provisions of Section 11.3.1 E of the Franchise Agreement, termination of the Franchise Agreement may not be enforceable under U.S. bankruptcy law, 11 U.S.C. Section 101 et seq.”

5. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**PRECISION HOLDINGS OF
BREVARD, INC.**

“FRANCHISEE”

By:
Title:
Date: _____

By:
Title:
Date: _____

ADDENDUM TO
PRECISION DOOR®
FRANCHISE AGREEMENT

STATE OF MINNESOTA

This Addendum pertains to franchises sold in the State of Minnesota and is for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

1. We will undertake the defense of any claim of infringement by third parties involving the Precision Door mark, and you will cooperate with the defense in any reasonable manner prescribed by us with any direct cost of such cooperation to be borne by us.

2. Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Franchise Agreement, Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 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 nonrenewal of the franchise agreement.

3. Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

4. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**PRECISION HOLDINGS OF
BREVARD, INC.**

FRANCHISEE

By:
Title:
Date: _____

By:
Title:
Date: _____

ADDENDUM TO
PRECISION DOOR®
FRANCHISE AGREEMENT

STATE OF NORTH DAKOTA

This Addendum pertains to franchises sold in the State of North Dakota and is for the purpose of complying with North Dakota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

1. Post term covenants not to compete may be subject to Section 9-08-06 of the North Dakota Century Code and unenforceable in the State of North Dakota if contrary to Section 9-08-06.
2. The North Dakota Securities Commissioner has held that requiring franchisees to consent to the jurisdiction of courts outside of North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
3. Pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law, a franchisee may not be required to sign a general release as a condition of renewal.
4. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**PRECISION HOLDINGS OF
BREVARD, INC.**

FRANCHISEE

By:
Title:
Date: _____

By:
Title:
Date: _____

ADDENDUM TO
PRECISION DOOR®
FRANCHISE AGREEMENT

STATE OF RHODE ISLAND

This Addendum pertains to franchises sold in the State of Rhode Island and is for the purpose of complying with Rhode Island statutes and regulations.

1. The following statement is added to the Franchise Agreement:

§ 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.”

**PRECISION HOLDINGS OF
BREVARD, INC.**

FRANCHISEE

By:
Title:
Date: _____

By:
Title:
Date: _____

ADDENDUM TO
PRECISION DOOR®
FRANCHISE AGREEMENT

STATE OF WASHINGTON

This Addendum pertains to franchises sold in the State of Washington and is for the purpose of complying with Washington statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

1. If any of the provisions in the Franchise Agreement are inconsistent with the relationship provisions of R.C.W.19.100.180 or other requirements of the Washington Franchise Investment protection Act, the provisions of the Act will prevail over the inconsistent provisions of the Franchise Agreement with regard to any franchise sold in Washington.

2. Any arbitration between the parties must take place either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

3. A release or waiver of rights executed by you will not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

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

5. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**PRECISION HOLDINGS OF
BREVARD, INC.**

FRANCHISEE

By:
Title:
Date: _____

By:
Title:
Date: _____

EXHIBIT C

FRANCHISE AGREEMENT AND EXHIBITS

PRECISION HOLDINGS OF BREVARD, INC.

d/b/a

PRECISION DOOR SERVICE

FRANCHISE AGREEMENT

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EXHIBITS:

1. TERMS
2. GUARANTY
3. CONFIDENTIALITY AND NONCOMPETITION AGREEMENT
4. ASSIGNMENT OF TELEPHONE NUMBERS, AND WEBSITES/DOMAIN NAMES/URLS
5. AUTHORIZATION TO RELEASE INFORMATION
6. ACKNOWLEDGEMENT ADDENDUM

1. PARTIES.

This Franchise Agreement (this "**Agreement**") is made and effective as of the date specified in Exhibit "1," by and between PRECISION HOLDINGS OF BREVARD, INC., a Florida corporation, d/b/a PRECISION DOOR SERVICE ("**PHB**"), and the undersigned Franchisee ("you").

2. DEFINED TERMS.

Capitalized terms used in this Agreement shall have the meanings defined where such terms occur in this Agreement in bold type and quotation marks, as listed in the following chart.

DEFINED TERM	LOCATION OF DEFINITION (Section)
Advisory Franchisee Association	7.4

DEFINED TERM	LOCATION OF DEFINITION (Section)
Agreement	1
Area	7.7.1.C and Exhibit "3"
Assignment	10.1
Association	7.4
Base Index	8.2.2
Claim	15.6
Controlling Agent	Exhibit "3"
Counterclaim	15.6.4
Current Index	8.2.2
Franchise Business	3.2
Franchise Fee	8.1.1, and Exhibit "1"
Franchisee	1, and Exhibit "1"
Franchisor	1
Franchisor Taxes	8.5.1
Good Standing	8.8.3
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Index	8.2.2
Initial Arbitrator	15.6.2
Initial Notice	15.6.1
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DEFINED TERM	LOCATION OF DEFINITION (Section)
Manager	7.1, and Exhibit "1"
Manual	6.1.2
Marks	6.2.1
Other Taxes	8.5.2
PDS	1
Precision Door System	3.1
Prohibited Conduct	7.7.1.B, and Exhibit "3"
Proprietary Information	6.1.4.A
Respondent	15.6.1
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Second Arbitrator	15.6.3.A
Second Notice	15.6.3.A
Second Resolution	15.6.3.A
Territory	4.1
Time Period	7.7.1.A, and Exhibit "3"
Website Address/Domain Name/URL Charges	8.3.2
Weekly Continuing Fee (Royalty)	8.2.1

3. **GRANT OF FRANCHISE.**

- 3.1. **Franchise System.** PHB, through the expenditure of considerable money, time and effort, has created and developed, and is continuing to improve, a system of selling and providing residential-only garage door repair services under the Marks and in accordance with PHB's confidential Proprietary information (the "**Precision Door System**").
- 3.2. **Grant and Acceptance.** In consideration of your representations and the mutual agreements contained herein, PHB hereby grants to you, and you hereby accept a non-exclusive license to use the Proprietary Information, and you agree to operate a Precision Door Service residential-only

garage door repair and service business under the Marks within the Territory, subject to the terms and conditions of this Agreement (the "**Franchise Business**").

4. TERRITORY.

4.1. Franchisee's Territory. "**Territory**" means the geographic area included in the MSA/Towns/Counties designated in Exhibit "1" as they exist as of the date of this Agreement. You may not direct any advertising to areas or customers located outside of the Territory.

4.2. Franchisee's Protected Rights. Your office location must be located within the Territory. While this Agreement is in effect, PHB will not locate or license another residential garage door repair and service business to establish an office within the Territory; *provided, however*, that nothing herein shall prevent PHB from providing residential or commercial garage door repair services anywhere both within and outside of the Territory. Furthermore, PHB may at any time locate or license another residential or commercial garage door repair and service business to establish an office anywhere outside of the Territory.

4.2.1 You are prohibited from conducting any business of the Franchise outside of your defined Territory by any means. If You engage in any unauthorized activities (including but not limited to providing services to customers, advertising for business, making sales calls, or performing demonstrations) outside of the Territory: (i) You agree to pay over to the franchisee in whose territory the activity occurs (or to PHB, if the territory is not franchised) any and all gross revenue derived from the unauthorized activity; and (ii) PHB will have the right to terminate this Agreement by written notice if not cured within fifteen (15) days and without further notice. If PHB grants a franchise for a territory in which You have engaged in unauthorized activities, and if PHB makes concessions to the franchisee because of Your unauthorized activities, You agree to pay PHB such amount as will make PHB whole for the concessions granted. The remedies specified in this clause are in addition to any other remedies that PHB and other franchisees may have as a result of your breach.

4.2.2 Notwithstanding clause 4.2.1, You may provide services to a customer in an adjacent territory to Your defined Territory ("**Adjacent Territory**") if, and only if, all of the following conditions are met: (1) You are expressly requested by the customer or its affiliate to service one or more facilities of the same brand in the Adjacent Territory; (2) the Adjacent Territory has not been franchised to any other party by PHB; and (3) you provide PHB with a copy of the customer's request and obtain PHB's written approval before providing service. If PHB grants a franchise for the Adjacent Territory to another party, You and the adjacent franchisee must reach a written agreement regarding your continued service of those accounts, warranty responsibilities and remuneration, if any, to either Yourself or the new franchisee. In the event You and the adjacent franchisee are unable to reach a written agreement regarding the accounts within the Adjacent Territory by the time the new franchise location opens for business then You must immediately transfer all accounts within the Adjacent Territory to the new franchisee and the new franchisee will become immediately responsible for all warranty claims for services performed by You in the Adjacent Territory. Neither You nor the new franchisee will receive any remuneration if this occurs.

5. OBLIGATIONS OF PHB.

In addition to the other obligations in this Agreement:

5.1. **Training.**

5.1.1. Initial Training. Prior to the opening of the Franchise Business, PHB will provide five days of classroom training and five days of field training for one person in Precision Door Service's operating methods, dealer sales, and technical training. The training will take place at the PHB training center or another location that PHB designates. Training for one person is included in the initial Franchise Fee. There is a charge of \$1,000 to \$2,000 for each additional individual attending classroom training, and \$1,000 per individual for five days of field training. Failure to complete the required training is a material default under the terms of this Agreement. PHB will not be responsible for any travel, meals or lodging expenses incurred by you or your employees for the training.

5.1.2. Completion. PHB may determine, in its sole judgment, during or at the conclusion of initial training, that you or your proposed Manager is not qualified to operate the Franchise Business. Should PHB so determine that you are not qualified to operate the Franchise Business, PHB may unilaterally terminate this Agreement. In such an event, the parties shall execute PHB's form of mutual general release, and PHB shall promptly refund to you all of the Initial Franchise Fee paid by you. If PHB so determines that the Manager is not qualified to operate the Franchise Business, PHB shall so notify you, who shall have a reasonable time to select another Manager for training.

5.1.3. Supplemental Training. For those individuals having attended a PHB five-day classroom technical training course or five-day field training course, PHB may provide such other supplemental training programs for you, your managers or technicians, as PHB deems appropriate. Such programs may be mandatory or optional. PHB may charge a fee of \$500 for each person attending supplemental training.

5.1.4. Retraining. Upon renewal, PHB may, at its option, require you and/or your Manager to participate in a refresher training program at no additional charge.

5.2. Training for Replacement Managers. Training for replacement or additional Managers will be made available by PHB at its regularly scheduled training dates at the standard charge of \$1,000 to \$2,000 each for five days of classroom technical training, and \$1,000 per week for five days of field training. You and/or your Manager will be responsible for all travel, room, board and incidental expenses associated with training.

5.3. Ownership of Telephone Numbers, Web Addresses, Domain Names and URLs. PHB will obtain the domain name and telephone numbers to be advertised in various marketing programs before the opening of the Franchise Business. In the event that you acquire additional domain names and telephone numbers during the term of this Agreement (for instance, in connection with an acquisition of another garage door business), such domain names and telephone numbers must immediately be assigned to PHB. PHB will own and control the domain names and all of the telephone numbers used in connection with the Franchise Business, but they will be assigned only to you while you are in good standing under this Agreement. You must reimburse PHB for all charges it incurs in obtaining, developing and/or construction of the domain name, website and numbers upon the opening of your business or at such other time as the domain name, website and numbers are acquired. These charges PHB incurs are typically the domain name registration fee, website construction and development, and the first month's telephone number charges that must be paid in advance by PHB. You must pay the registration renewal fees, and continuing monthly website maintenance and telephone number charges for the domain name, website and base line numbers and any long distance charges associated with the telephone numbers directly to your local telephone company.

Under no circumstances do you have the right to assign the telephone numbers owned by PHB to a Competitive Local Exchange Carrier (“CLEC”) or any other telephone entity. Such an action would cause PHB to lose ownership and control of the telephone numbers assigned to you as a part of your Franchise Agreement, your Franchise Agreement shall be terminated immediately without notice and the stipulations and procedures outlined in Section 12 would apply.

In addition, we will obtain, own, approve and control all Website Addresses/Domain Names/URLs (“Websites”) and the content contained therein used in connection with the Franchise Business which you do not have the right to assign to any third-party. The Websites and content will be leased to you and designated exclusively for your use while you are in good standing under this Agreement. If we incur any charges in obtaining, maintaining, designing, building, constructing, upgrading or monitoring these Websites, then you must reimburse us for these amounts. PHB will not reimburse you for any amounts incurred by you maintaining, designing, building, constructing, upgrading or monitoring any Website used in connection with the Franchise Business.

You must execute a Collateral Assignment of Telephone Numbers, Web Addresses/Domain Names/URLs in the form attached as Exhibit 4.

- 5.4. **Continuing Assistance.** PHB shall maintain a staff reasonably available to give you telephonic advice and assistance when requested by you or as deemed necessary by PHB. Extraordinary consultation requested by you will be charged at PHB's then current rate for such services, but not less than \$100 per day plus expenses.

6. FRANCHISE SYSTEM STANDARDS.

- 6.1. **Compliance with Standards.** You acknowledge that the standards for the Precision Door System and the requirements of this Agreement (including its Exhibits) are necessary, reasonable and desirable in order to preserve and enhance the identity, reputation and goodwill built by the Precision Door System and the value of the Marks. You agree to comply with the uniform standards of the Precision Door System for professional appearance, certification of technicians, quality parts, service and promotion established from time to time by PHB. Without limiting the foregoing, you agree that, upon any notice from PHB, you will immediately take all steps necessary to correct any deviation from the standards for the Precision Door System.

- 6.1.1. **Laws and Licenses.** You must comply with all applicable federal, state and local laws and regulations and court orders. You and your employees shall obtain and at all times maintain any and all permits, certificates and licenses necessary for the full and proper operation of the Franchise Business, including contractor licenses where required. You must comply with all privacy laws and privacy policies prescribed by us from time to time.

- 6.1.2. **Manual.** After PHB executes this Agreement, PHB will provide you with an electronic version of one or more manuals relating to the operation of the Franchise Business, as they may be amended provided the amendments do not interfere or are in conflict with the terms and conditions of the Agreement, by PHB from time to time (collectively, the "Manual"), which remains the property of PHB. You agree to operate the Franchise Business in strict compliance with the Manual, as it may be amended from time to time. In the event of a dispute regarding the terms of the Manual, the terms of the master copy maintained by PHB shall be controlling.

- 6.1.3. **Variances.** You acknowledge that because uniformity under many varying conditions may not be possible or practical, PHB may approve exceptions or changes from the

uniform standards which PHB, in its sole determination, believes necessary or desirable under particular circumstances. You understand that you have no right to object to or obtain such variances, and that any exception or change from the uniform standards for your activities must be approved in advance by PHB in writing.

6.1.4. Proprietary Information.

- A. **Definition.** "**Proprietary Information**" means all information and knowledge about the Precision Door System and the business being conducted by PHB and other franchisees, including without limitation operations manuals, trade secrets, information, know-how, ideas, techniques, research, methods, improvements and copyrighted materials, owned or developed by PHB, whether or not published, confidential or suitable for registration or copyright, and the goodwill associated with them, and information relating to System specifications, operating methods, equipment, standards, services, marketing and promotional programs, procedures and techniques which are not in the public domain or generally known in the garage door repair service business, and any other information and material which PHB may designate as confidential.
- B. **Confidentiality.** You acknowledge that the Proprietary Information is and shall remain the sole and exclusive property of PHB, provided or revealed to you in trust and confidence. You agree to be bound by the terms and conditions applicable to the "Agent" as set forth in the Confidentiality and Noncompetition Agreement, attached hereto as Exhibit "3." If you are a corporation or other legal entity, all of your owners, officers, directors, partners and/or managing members, and all of the spouses and immediate family members of all such individuals, must enter into a Confidentiality and Noncompetition Agreement substantially in the form of Exhibit "3" as approved by PHB. You shall also require each of your Managers, key employees and technicians, and any independent contractors performing the same functions, at the time of their employment or contracting with you, to enter into a Confidentiality and Noncompetition Agreement substantially in the form of Exhibit "3" as approved by PHB. At PHB's request, you shall enforce any such Confidentiality and Noncompetition Agreement on PHB's behalf.

6.1.5. Internet Standards. You must comply with all standards and policies that we prescribe from time to time on Internet usage in connection with your Business. You must also comply with any social media policies we prescribe from time to time.

6.2. Marks.

6.2.1. Definition. "**Marks**" means all trade names, service marks, logo types, commercial symbols, emblems, signs, slogans, insignias, trademarks, designs and copyrights which PHB has adopted and designated for use in connection with the Precision Door System, including without limitation the service marks "Precision Door Service," "Precision Overhead Garage Door Service," "Precision Garage Door," and such designs as PHB may hereafter acquire, adopt or develop and designate for use with the Precision Door System, together with all goodwill associated therewith. You must use the trademark designations of ®, ™ or SM, as applicable, when using the Marks.

6.2.2. Ownership. Nothing in this Agreement shall be construed as an assignment or grant to you of any right, title or interest in or to the Marks, it being understood that all rights

relating thereto are reserved by PHB except for this license to use the Marks only as specifically and expressly provided in this Agreement. You recognize the great value of the goodwill associated with the Marks and acknowledge that the Marks and all rights therein and goodwill pertaining thereto belong exclusively to PHB and that the Marks have a secondary meaning in the mind of the public. You hereby agree that your every use of the Marks shall inure to the benefit of PHB, and that you shall not at any time acquire any rights in the Marks by virtue of any use you may make of them. You agree that you will not, while this Agreement is in effect or thereafter, attack the title or any rights of PHB in and to the Marks, or attack the validity of this License for the use of the Marks, or do anything which would jeopardize or diminish PHB's rights to or the value of the Marks.

6.2.3. Infringement. You shall promptly notify PHB of any infringement of the Marks, and PHB shall have the sole right and duty to determine and take whatever action PHB believes is appropriate, with the cooperation and assistance of you. If you become aware of any attack made on the Marks, you shall promptly notify PHB, and PHB shall have the sole right and duty to determine and take whatever action PHB believes is appropriate, with your cooperation and assistance. PHB will defend, indemnify and hold you harmless from any suits, proceedings, demands, obligations, actions or claims, including costs and reasonable attorneys' fees, for any alleged infringement under federal or state trademark law arising solely from your use of the Marks in accordance with this Agreement.

6.2.4. Your Name. You agree not to use the Marks or any individual word in the Marks or any variations thereof as part of the legal name of any corporation or other business entity while this Agreement is in effect and after its termination. You shall conduct business using only the Marks as a trade name. All real and fictitious names used by you must be approved in writing by PHB before use. In conjunction with the Marks, your own full legal name must be displayed conspicuously on all licenses and permits required for the operation of the Franchise Business, on all tax returns, on all stationery and business cards, and on all contractual agreements entered into by you. The format for the display of your own name in conjunction with the Marks must be pre-approved in writing by PHB.

6.2.5. Independent Status. All stationery, business cards and contractual agreements entered into by you must conspicuously state that the Franchise Business is independently owned and operated.

6.3. Inspection. In order to preserve the Marks and insure that you are maintaining the standards of the Precision Door System, PHB shall have the reasonable right, without prior notice, to inspect your records, observe the manner in which you operate and maintain the Franchise Business, and interview customers and your suppliers.

PHB shall have the further right at any time during business hours, and with at least three (3) days' prior notice to You, to inspect and audit, or cause to be inspected or audited, and to make copies of the business records, bookkeeping and accounting records, sales and income tax records and returns and other records of the Franchise Business, and the books and records of any corporation, partnership, limited liability company or other business entity which holds the Franchise Business. You shall fully cooperate with representatives of PHB and independent accounts or other persons engaged to conduct any such inspection or audit. If You fail to provide any such books, records and other materials requested at such inspection/audit in the format

prescribed by PHB, then You shall pay PHB Five Hundred Dollars (\$500.00) for each day any such requested books and other materials are not available to PHB as compensation for such delay, plus PHB's (and/or its representatives') reasonable expenses incurred in connection with such delay. If any such inspection or audit discloses an understatement of the reported Gross Sales (as defined in Exhibit 2, attached hereto) of the Franchise Business, You shall pay PHB, within fifteen (15) days after receipt of the inspection or audit report, advertising contributions and any other payments due on the amount of such understatement. Further, if such inspection or audit is made necessary by Your failure to timely furnish reports, supporting records or other information as herein required, or if an understatement of Gross Sales for the period of any inspection or audit is determined by any such inspection or audit to be greater than two percent (2%) of the amount reported, and You are unable to demonstrate that such understatement resulted from inadvertent error, then You shall reimburse PHB for the cost of such inspection or audit, including, without limitation, the charges of any independent accountants and other professionals and the travel expenses, room and board and compensation of employees of PHB (and/or its representatives). The forgoing remedies shall be in addition to all other remedies and rights of PHB hereunder or under applicable law.

- 6.4. **Modifications.** Components of the Precision Door System and requirements applicable to You by means of Supplements to the Manual or otherwise may be modified from time to time in whole or in part for the intended purpose of making it more effective, efficient, economical and/or competitive, adapting to new conditions, materials, market preferences and/or technology, enhancing the reputation and public appearance of the Precision Door System, and/or better servicing the general public. PHB retains the right to make such changes to the Precision Door System as PHB deems appropriate, including without limitation, altering the products, services, programs, methods, standards, accounting and computer systems, forms, policies and procedures of the System; adding to, deleting from or modifying the products and services which Your Franchised Business is authorized and required to offer; modifying or substituting the equipment, signs, trade dress and other Unit characteristics that you are required to adhere to (subject to the limitations set forth in this Agreement); changes to the Marks, the Proprietary Information and the Manual. If PHB adopts new, additional or modified Marks, you shall adopt, use and display only those Marks specified by PHB and shall promptly discontinue the use and display of outmoded or superseded Marks. You agree to adopt and implement all changes to the Precision Door System and requirements at your own expense as though they were part of the Precision Door System at the time of the execution of this Agreement.

7. **YOUR OBLIGATIONS.**

In addition to the other obligations in this Agreement:

- 7.1. **Best Efforts.** If you are a corporation or other legal entity, you agree that a specific individual will be the "**Manager**" of the Franchise Business. If you are an individual, you may be the Manager, or you may appoint another Manager, if approved by PHB. Whoever manages the Franchise Business must use his best efforts and personally be responsible for management on a day-to-day basis, and you must carefully monitor and be responsible for the performance of any Manager. The appointment or any change of a Manager is subject to the prior approval of PHB. You hereby designate, and PHB hereby approves as Manager of the Franchise Business the person named in Exhibit "1" (subject to such Manager's satisfactory completion of initial training as provided in Section 5.1).

7.1.2 Organizational Documents. Franchisee shall provide its organizational

Documents to Franchisor and shall at all times provide that its activities are confined exclusively to operating the Franchised Business.

7.1.3 **Stop-Transfer Instructions.** Franchisee shall maintain stop-transfer instructions against the transfer on its records of any equity security; and each equity security of Franchisee shall have endorsed on it the following printed legend which shall legibly and conspicuously appear:

The transfer of the [stock] [membership interest] [partnership interest] represented by this certificate is subject to the terms and conditions of a Franchise Agreement with Precision Holdings of Brevard, Inc. dated the day of , . Reference is made to the provisions of the said Franchise Agreement and to the [Articles and Bylaws of this Corporation] [Operating Agreement of this Limited Liability Company] [Partnership Agreement of this Partnership].

7.2. **Office.**

7.2.1. Opening Requirements. You must make arrangements to open an office for the conduct of the Franchise Business in the Territory, by no later than the date specified in Exhibit "1". Prior to opening the office for the Franchise Business, you must have completed the initial training as provided in Section 5.1. Failure to comply with the opening schedule in Exhibit "1" will constitute a material breach of this Agreement, for which PHB may take what action it deems necessary, including without limitation, terminating this Agreement.

7.2.2. Location. Upon request, you must submit to PHB the specifications and three pictures of the proposed site where you wish to locate the office for your Franchise Business. PDS will use its best efforts to respond within five business days to approve or reject any proposed site. You must have PHB approval before operating from or relocating the office for the Franchise Business. You shall conduct the Franchise Business only from the single location approved by PHB.

7.2.2.1 Satellite Locations. A "Satellite" means a location within the Territory, other than your Unit Location, at which you may engage in certain of the activities contemplated by this Agreement with our permission. You must obtain our advance written approval for any Satellite as we otherwise specify in our Manual. You must operate any Satellites according to the requirements governing Satellites in our Manual. We may prohibit certain activities contemplated by this Agreement from being engaged in from any Satellite.

7.2.3. Business Restriction. You shall not conduct any other business from the approved location without the prior written approval of PHB. PHB shall use its best efforts to approve or reject your request within ten business days, but if you have not received PHB's response within ten business days then your request is deemed denied. In addition, because of the confidential nature and business operating procedures of the PDS franchise concept, and its goal of providing superior service, you shall not use or hire an independent service or create on your behalf a Customer Service Call Center or use a telephone answering service that is not managed and/or owned by PHB without PHB's prior written approval.

You may at some point desire to start another business outside of Your Precision Door Service franchise business. New business ventures typically require significant time commitments and financial obligations so there is a concern this new business venture may have a negative impact on the operation and stability of Your Precision Door Service franchise and consequently the Precision brand as a whole. As such, prior to engaging in any other business activities outside of your Precision Door Service business you will need to consult with Us and gain written approval that You may engage in such new business activities which will not be withheld unreasonably.

- 7.2.4 **Facsimile Machine and Number.** You are required to have an active, working and operational facsimile machine (or eFax solution) and phone line.
- 7.3. **Payment of Debts.** You shall pay promptly when due all federal, state, municipal, local, transactional, sales, use and other taxes, rental and lease payments, vendor and other accounts and indebtedness of any kind incurred or suffered by you in the conduct of the Franchise Business, unless being contested actively in good faith and you can verify that you are contesting the debt. Non-payment of debts is considered a material breach of this Agreement.
- 7.4. **Advisory Franchisee Association.** PHB has formed a Precision Door "Advisory Franchisee Association" ("Association") to advise PHB on advertising, marketing and/or other matters. PHB is not bound by the Association's advice. Each franchise location who is in Good Standing is a voting member of the Association.
- 7.5. **Required Attendance.** You must attend any annual Precision Door convention or Regional Meeting sponsored by PHB. Attendance at the convention will be at your expense. Failure to attend the convention or the meetings without PHB's express written permission will be considered a material breach of this Agreement.
- 7.6. **Indemnification.**
- You agree that you will, at your sole cost, at all times defend us, any affiliate of ours, the affiliates, subsidiaries, successors, assigns and designees of each; and, the officers, directors, managers, employees, agents, attorneys, shareholders, owners, members, designees and representatives of all of the foregoing (we and all others referenced above being the "Indemnitees"), and indemnify and hold harmless us and the Indemnitees to the fullest extent permitted by law, from all claims, losses, liabilities and costs incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether any of the foregoing is reduced to judgment) or any settlement of the foregoing, which actually or allegedly, directly or indirectly, arises out of, is based upon, is a result of or is related in any way to any element of your establishment, construction, opening and operation of your Unit and franchised Business, including (without limitation) any personal injury, death or property damage suffered by any customer, visitor, operator, employee, independent contractor or guest of the franchised Unit or Business; crimes committed on or near any of the premises, facilities of your franchised Business or vehicles used by your franchised Business; all acts, errors, neglects or omissions engaged in by you, your contractors or subcontractors, as well as any third party, arising out of or related to the design, construction, conversion, build-out, outfitting, remodeling, renovation or upgrading of your Unit, whether or not any of the foregoing was approved by us; defects in any Unit you construct and/or operate, whether or not discoverable by you or by us; all acts, errors, neglects or omissions of you or the franchised Business and/or the owners, officers, directors, management, employees, agent, servants, contractors, partners, proprietors, affiliates or representatives of you or the franchised Business (or any third party acting on your behalf or at your direction), whether in connection with the

franchised Business or otherwise, including (without limitation) any property damage, injury or death suffered or caused by any delivery person or vehicle serving your franchised Business; all liabilities arising from or related to your offer, sale and/or delivery of products and/or services as contemplated by this Agreement; any action by an employee for violating employment and labor laws and regulations; and, any action by any customer of yours or visitor to your Unit or any other facility of your franchised Business.

As used above, the phrase “claims, losses, liabilities and costs” includes all local, state and federal claims; causes of action; fines; penalties; liabilities; losses; compensatory, exemplary, statutory or punitive damages or liabilities; costs of investigation; lost profits; court costs and expenses; reasonable attorneys’ and experts’ fees and disbursements; settlement amounts; judgments; compensation for damage to our reputation and goodwill; costs of or resulting from delays; travel, food, lodging and other living expenses necessitated by the need or desire to appear before (or witness the proceedings of) courts or tribunals (including arbitration tribunals), or government or quasi-governmental entities (including those incurred by Indemnitees’ attorneys and/or experts); all expenses of recall, refunds, compensation and public notices; and, other such amounts incurred in connection with the matters described, except for claims of infringement arising solely from your use of the Marks in accordance with this Agreement, as provided in Subsection 6.2.3. All such losses and expenses incurred under this indemnification provision will be chargeable to and paid by you pursuant hereto, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of the actions, activity or defense.

Specifically excluded from the indemnity you give hereby is any liability associated with our or the other Indemnitees’ gross negligence, willful misconduct or criminal acts (except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to you).

You agree to give us written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation that could be the basis for a claim for indemnification by any Indemnitee within three days of your actual or constructive knowledge of it. At your expense and risk, we may elect to assume (but under no circumstance will we be obligated to undertake) the defense and/or settlement of the action, suit, proceeding, claim, demand, inquiry or investigation. However, we will seek your advice and counsel and keep you informed with regard to the defense or contemplated settlements. Our undertaking of defense and/or settlement will in no way diminish your obligation to indemnify us and the other Indemnitees and to hold us and them harmless.

We will have the right, at any time we consider appropriate, to offer, order, consent or agree to settlements or take any other remedial or corrective actions we consider expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in our sole judgment, there are reasonable grounds to do so. Under no circumstance will we or the other Indemnitees be required to seek recovery from third parties or otherwise mitigate our or their losses to maintain a claim against you. You agree that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable by us or the other Indemnitees from you. The indemnification obligations of this Section will survive the expiration or sooner termination of this Agreement.

It is the intention of the parties to this Agreement that we shall not be deemed a joint employer with you for any reason; however, if we incur any cost, liability, loss or damage as a result of any actions or omissions of you or your employees, including any that relate to any party making a finding of any joint employer status, you will fully indemnify us for any such cost, liability, loss and damage.

7.7. **Noncompetition and No Solicitation.**

7.7.1. **Covenant.** You recognize that: (a) the garage door repair service business is very competitive; (b) the Precision Door System is currently operated in numerous states throughout the United States and is intended to be national in scope; (c) by virtue of this Agreement and your relationship with PHB, you will have access to and will receive certain confidential and proprietary information regarding the Precision Door System and the business being conducted by PHB for the purpose of maintaining and further developing your business and the business and goodwill of the Precision Door System; (d) for these very reasons, you will have the attendant ability to divert customer trade; and (e) consequently, PHB has strong legitimate interests in obtaining the covenants herein for the protection of the business and goodwill of PHB and the entire Precision Door System. You therefore agree that, without the express prior written consent of PHB, neither you nor any designated Manager as provided in Section 7.1 or other managerial or supervisory employees of you, nor any of your owners, officers, directors, partners and/or managing members, nor any spouses or immediate family members of all such individuals, shall, during the Time Period (as defined in Paragraph A below), directly or indirectly, engage in any Prohibited Conduct (as defined in Paragraph B below) within the Area (as defined in Paragraph C below). You expressly acknowledge, for each individual bound by these covenants, that he or she possesses skills and abilities of a general nature and has other opportunities for exploiting those skills, so that enforcement of the covenants made in this Section will not deprive him or her of an ability to earn a living.

A. **Time Period.** For the purposes of Section 7.7.1 of this Agreement, the term "**Time Period**" shall mean: (a) the period while this Agreement is in effect; and (b) for a period of two (2) years after the transfer, termination or expiration and non-renewal of this Agreement.

B. **Prohibited Conduct.** For the purposes of Section 7.7.1 of this Agreement, the term "**Prohibited Conduct**" shall mean engaging in or owning, or providing assistance, help or support to others, either directly or indirectly, any business that specializes in or derives at least 25% of its revenues from garage door installation and/or repair services.

C. **Area.** For the purposes of Section 7.7.1 of this Agreement, the term "**Area**" shall include: (a) the Territory; and (b) a radius of twenty-five (25) miles from the office from which you conduct or conducted the Franchise Business pursuant to this Agreement; (c) a radius of thirty-five (35) miles from any other Precision Door office at the time this Agreement is transferred, terminated or expires and is not renewed; (d) while this Agreement is in effect, the entire state(s) in which you conduct your business; and (e) while this Agreement is in effect, the entire United States.

7.7.2. **No Solicitation.** While this Agreement is in effect, and for a period of one year thereafter, you shall not, directly or indirectly, solicit any person employed by PHB, for the purpose of employing that person, and you shall not otherwise directly or indirectly induce or attempt to induce such person to leave such employment.

7.7.3. **Modification.** The covenants set forth in Sections 7.7.1 and 7.7.2 shall be construed as independent of any other covenant or provision of this Agreement. PHB reserves the right to reduce the scope of the restrictions under the covenants unilaterally and without

the consent of any other person or entity, effective upon giving notice thereof. In the event that any restriction contained in Sections 7.7.1 or 7.7.2 is found to be unlawful as to scope or duration or otherwise invalid, it is the parties' intention that the covenant not be declared ineffective in its totality, but that the provision be declared invalid only to the extent of the illegality, and that the provision continue, as so revised, in full force and effect. This Agreement shall automatically be deemed amended to restate the limits of the restriction accordingly.

7.7.4. Confidentiality and Noncompetition Agreements. You also agree to be bound by the terms and conditions of the Confidentiality and Noncompetition Agreement attached hereto as Exhibit "3." If you are a corporation or other legal entity, all of your owners, officers, directors, partners and/or managing members, and all spouses and family members employed by you or the business entity, must enter into a Confidentiality and Noncompetition Agreement substantially in the form of Exhibit "3" as approved by PHB. You shall also require each of your Managers, key employees and technicians, and any independent contractors performing the same functions, at the time of their employment or contracting with you, to enter into a Confidentiality and Noncompetition Agreement substantially in the form of Exhibit "3" as approved by PHB. You, on behalf of yourself and each of the other individuals, acknowledge to PHB that this restriction is reasonable to protect the Precision Door Service System, and that this restriction will not prevent anyone from earning a living.

Upon ~~At~~ PHB's request and on its' behalf, you shall enforce any such Confidentiality and Noncompetition Agreement within Your franchise territory as determined under section 4.1 of The Terms Sheet attached as Exhibit 1 to this Agreement ~~on PHB's behalf~~. You shall procure all such Confidentiality/Non-Competition Agreements no later than ten days following the Effective Date (or, if any individual or entity attains any status identified above after the Effective Date, within ten days following such individual or entity's attaining such status) and shall furnish to us copies of all executed Confidentiality/Non-Competition Agreements within ten days following their execution.

You agree to vigorously and vigilantly prosecute to the fullest extent permitted by law breaches of any Confidentiality/Non-Competition Agreement executed by any of the individuals referenced in Section [7.7] of this Agreement, and you acknowledge our right, to be exercised as we alone determine, to ourselves and enforce the terms of any such executed Confidentiality/Non-Competition Agreement. You shall reimburse Us for any and all costs incurred with such enforcement, including reasonable attorneys' fees. If the substantive provisions of our Confidentiality/Non-Competition Agreement have been breached by an individual employed, engaged or otherwise serving your franchised Business who has not executed a Confidentiality/Non-Competition Agreement, you must nevertheless vigorously and vigilantly prosecute such conduct to the fullest extent permitted by law, or reimburse Us for such prosecution.

We will not be obligated under any circumstances to pursue, prosecute or otherwise enforce any Noncompetition Agreement that is between you and your employees, including managers and general managers, or independent contractors hired by you. PHB will retain all rights and authority under this section 7.7 and the separate Confidentiality and Noncompetition Agreement attached hereto as Exhibit "3." enforcing noncompete agreements against current and former franchise owners, officers, directors, partners, managing members, spouses and family members.

- 7.7.5. **Assignment of Improvements.** You agree to disclose promptly to PHB any and all inventions, discoveries and improvements, whether or not patentable or copyrightable, conceived or made by you or your employees or agents and related to the garage door repair service business, and you agree to assign all PHB's interest therein, if any, to PHB without compensation. Whenever requested to do so by PHB, you will execute any and all applications, assignments or other instruments which PHB shall deem necessary to apply for and obtain patents and/or copyrights or to otherwise protect PHB's interest therein. These obligations shall continue beyond the transfer, expiration or termination of this Agreement with respect to inventions, discoveries and improvements conceived or made by you and your employees and agents while this Agreement is in effect.
- 7.8. **Advertising.** Any advertising shall be arranged by either your local representative or by PHBs' approved national vendors. See Section 5.3 of this Agreement. You shall place print and broadcast advertising only in media which circulates predominantly in the Territory.
- We do not require pre-approval of advertising; however, we do require that you send us a copy for awareness and we retain the right requiring changes to your advertisements when it is in the best interest of Precision Door Service or its franchisees.
- 7.9. **Parts and Supplies.**
- 7.9.1. **Quality Control.** You shall only use quality parts and accessories as specified and approved by PHB in the operation of the Franchise Business as detailed in the Manual. If you desire to purchase parts or supplies which are not already approved by PHB, you must submit the specifications for the parts or supplies (and if requested, sample parts or supplies) to PHB. PHB will then have 30 days to evaluate the parts or supplies and respond to your request. PHB shall not unreasonably withhold its approval.
- 7.9.2. **Opening Inventory.** Prior to opening the Franchise Business, and continuously thereafter, you must purchase and maintain the types and quantities of inventory items as specified in the Manual.
- 7.10. **Tools.** You must have one set of approved tools to be used in initial training. All customers of you must be serviced by a technician using an approved set of tools (as set forth in the Manual). PHB recommends that each technician purchase his or her own set of approved tools.
- 7.11. **Trucks.** You must have one or more late model trucks for use in the Franchised Business, depending on the size and population of the Territory. The trucks must meet PHB's minimum specifications as set forth in the Manual.
- 7.11.1 **Truck Wraps.** It is required that all PDS service trucks be identified with the use of the PDS logo and wrapped with full vehicle graphics. Truck graphics must receive written prior approval of the PDS graphics department.
- 7.12. **Insurance.**
- 7.12.1. **Required Coverage.** You shall maintain at all times while this Agreement is in effect, at your expense, for the Franchise Business, such insurance as may be required by law, the terms of the lease for the Franchise Business, all leases of vehicles and equipment used in the Franchise Business and as provided in the Manual. All insurance obtained by you shall be in forms acceptable to PHB, with insurers rated A or better in "Best's Insurance Guide," shall name PHB as co-insured and shall provide for the same advance notice of cancellation or adverse modification to be given to PHB as to you. Certificates of insurance for at least the minimum required coverage specified in the Manual shall be

delivered to and retained by PHB. All insurance policies required by this Section 7.12.1 shall contain a waiver by the insurance carrier of all subrogation rights against PHB. All required insurance policies shall be renewed, and certificates of insurance, together with evidence of payment of premiums, delivered to PHB, at least one month prior to the respective expiration dates of existing policies.

7.12.2. Procurement by PHB. Should you fail to procure or maintain insurance policies as required by this Section 7.12, PHB may, at its option, without waiving its right to declare a material default hereunder, procure the same in your name and bill you for all of its costs, which shall be immediately due and payable upon receipt of invoice.

7.12.3. Adjustments. PHB may, not more frequently than annually, require additional types of coverage and/or adjust coverage minimums and/or adjust deductibles, based on what is then reasonable and customary in the industry.

7.13. Warranties. You shall comply with all garage door warranty programs established by PHB for the Precision Door System from time to time as specified in the Manual. Specifically, you shall: (a) provide your customers with PHB's required written limited warranty; (b) for installations of new garage doors, provide your customers with the manufacturer's written warranty for the garage door and its parts, correct any defective workmanship, and if a part is covered by the manufacturer's warranty, repair or replace that defective part, all no charge for the labor for as long as the manufacturer's warranty continues on the garage door; (c) for garage door repairs, repair (or replace if repair is not possible) any defective new or rebuilt part or workmanship at no charge for materials or labor for as long as the original customer owns the repaired garage door; and (d) honor all requests covered by the warranties when presented to you. You shall be responsible for contacting the seller or the manufacturer of any defective part or door and requesting a replacement part or door or requesting a refund.

7.13.1. Prior Warranties. In the event the market you purchase had a prior Precision Door Service franchisee operating in the territory you shall honor all valid warranties when presented by the customer or PHB.

7.14. Uniform Pricing. Because enhancing the Precision Brand's competitive position and consumer acceptance for the Brand's products and services is a paramount goal of us and our franchisees, and because this objective is consistent with the long-term interest of the System overall, we may exercise rights with respect to the pricing of products and services to the fullest extent permitted by then-applicable law. These rights may include (without limitation) prescribing the maximum and/or minimum retail prices which you may charge customers for the products and/or services offered and sold at your franchised Unit; recommending retail prices; advertising specific retail prices for some or all of the products or services sold by your franchised Unit, which prices you will be compelled to observe; engaging in marketing, promotional and related campaigns which you must participate in and which may directly or indirectly impact your retail prices (such as "buy one, get one free"); and, otherwise mandating, directly or indirectly, the maximum and/or minimum retail prices which your franchised Unit may charge the public for the products and services it offers. We may engage in any such activity either periodically or throughout the term of this Agreement. Further, we may engage in such activity only in certain geographic areas (cities, states, regions) and not others, or with regard to certain subsets of franchisees and not others. You acknowledge and agree that any maximum, minimum or other prices we prescribe or suggest may or may not optimize the revenues or profitability of your franchised Business and you irrevocably waive any and all claims arising from or related to our prescription or suggestion of your franchised Business's retail prices.

Notwithstanding the foregoing, PHB will give due consideration to, and not unreasonably withhold its approval of requests for exceptions to the maximum, minimum or other prices that PHB prescribes or suggests.

- 7.15 Required Use of Office Desktop and Mobile Software Package.** You are required to use the Office Desktop and Mobile Software Package We have licensed which is a system that schedules and books service calls, manages inventory, tracks advertising sources and sales, creating invoices and work estimates, keeps records, is a customer database, and utilizes global positioning map capabilities for jobs and employee locations.
- 7.16 Required Use of Website.** You are required to have a local website which the domain name will be provided to you by PHB. All costs incurred with registration and renewal of the domain name, and website construction and development costs shall be reimbursed by You to PHB prior to opening of the Franchise Business. See paragraph 5.4 of this Agreement.
- 7.17 Customer Information.** You must provide us with an up-to-date customer list, copies of customer invoices, and work order information in the form we prescribe, including, but not limited to, through our intranet system or through our required office desktop and mobile software package, as further described in paragraph 7.15 and the Operations Manual. We have the right to contact the customers to ascertain your quality of work and the level of customer satisfaction. We own the customer list and accounts and license you to use them during the term of this Agreement. You may not use the customer list or account information for any purpose whatsoever other than in the normal conduct of your Business. You may not sell, loan or give the customer list or accounts to anyone without our prior written permission. Upon termination or expiration of this Agreement, you must promptly deliver to us a complete list of current and former customers, said customer's contracts, including name, telephone number, complete mailing address, type of service, price of service and other customer information as we request.
- 7.18 Customer Complaints.** You must promptly respond and satisfactorily resolve all customer complaints in a reasonable time frame. In the event a customer complaint is not resolved satisfactorily within fourteen (14) calendar days after first receiving the complaint you must inform PHB. You are also required to inform PHB within fourteen (14) calendar days whether resolved satisfactorily or not those customer complaints listed under section VI in the Operations Manual.
- Complaints by local, state and federal law enforcement, judiciaries, regulatory agencies, trade associations, trade publications and licensing boards all must be reported to PHB within three (3) days regardless of whether or not they are resolved.
- PHB reserves the right to unilaterally satisfy customer complaints on your behalf, and you will reimburse PHB for any costs incurred and amounts we pay in resolving customer complaints including but not limited to, cost of goods, materials, labor, local, state and federal taxes, PHB corporate employee time and customer refunds.
- 7.19 IDA Membership.** You are required to be a member of the International Door Association which is the lead trade organization for the garage door industry.

8. PAYMENTS.

8.1. Franchise Fee.

8.1.1. Initial Franchise Fee. You agree to pay PHB an initial "**Franchise Fee**" in the amount specified in Exhibit "1," payable as provided in Exhibit "1."

8.1.2. Refund of Franchise Fee. Your Fee shall be fully earned upon the execution of this Agreement and shall be nonrefundable except as provided in Subsection 5.1.2.

8.2. Continuing Fees.

8.2.1. Royalty Amount. In addition to the initial Franchise Fee, you shall pay continuing fees to PHB in the amount specified in Exhibit "1" each week on Friday while this Agreement is in effect. The amount of the continuing fee stated in Exhibit "1" shall be adjusted for changes in the cost of living as provided in Subsection 8.2.2.

8.2.2. Cost of Living Adjustments. The continuing fee stated in Exhibit "1" shall be adjusted upward (but not downward) annually for cost of living adjustments. All such adjustments shall be based on changes in the Consumer Price Index.

8.2.3. Advertising Fund Fee Amount. In addition, you shall pay continuing fees to PHB at the rate of 3% of gross sales each week on Friday for the PDS system Advertising Fund while this Agreement is in effect. The Advertising Fee will be implemented upon approval by a majority of the PDS Franchise Association.

8.2.4. Gross Sales. "Gross Sales" is defined as the total sales of all goods, parts and services provided by you in the operation of its garage door repair service Business and includes all payments received in cash, check, credit card, debit card, gift certificate or any other generally accepted means of payment, without any deduction of any costs or expenses including credit card company service charges. Gross Sales does not include applicable sales taxes that you collect and remit to the appropriate taxing authority.

8.2.5. Taxes. If any sales, income, excise, use, privilege or similar tax or assessment is imposed or levied by any taxing authority based on your payment of royalties to us under this Agreement, you must, in addition to all payments due to us, pay such tax, levy or assessment directly or reimburse us for the payment of such amount. This provision does not apply to any federal or Florida income taxes imposed on us.

8.3. Domain Name, Website, URL, Telephone and Software Charges.

8.3.1. Telephone Number Line Charges. You shall be responsible for the telephone number line charges for all of the telephone numbers used in the Franchise Business. Upon the opening of the Franchised Business, you must reimburse PHB for any charges it incurred in obtaining these numbers, and you will pay the local telephone company and/or phone number issuing company directly for any continuing charges incurred while the Franchise Agreement is in effect.

8.3.2. Website Address/Domain Name/URL Charges. You shall be responsible for any charges in obtaining, maintaining, designing, building, constructing, upgrading or monitoring for all Website Addresses/Domain Names/URLs ("Websites") used in the Franchise Business. Prior to the opening of the Franchised Business, you must reimburse PHB for any charges it incurred in obtaining, maintaining, designing, building, constructing, upgrading or monitoring these Websites, and you will pay PHB directly for any continuing charges incurred while the Franchise Agreement is in effect.

8.3.3 Office Software Package and Mobile Software Charges. You shall be responsible for the office software package and mobile software application licensing fees which PHB incurs on your behalf. You must reimburse PHB for all charges incurred in obtaining and maintaining the licensing rights for your use of the office software package and mobile point-of-sale software package.

8.3.4 Adjustments. The Websites, software and telephone number line charges are subject to adjustment by PHB or its Website and software vendors and the local telephone company, respectively. The Advertising Assessments are subject to change annually by PHBs' approved yellow pages vendor.

8.4. Financial Reporting and Records.

8.4.1. Accounting, Records and Reports.

A. Accounting and Records. You agree, at your expense to maintain and preserve for at least three (3) years from the date of their preparation, or such greater period as may be required by the Operations Manual or applicable law, full, complete and accurate books, records and accounts for the Franchise Business including, without limitation, copies of all customer contracts and lists, employee records, sales, invoices, cash receipts, service records, purchase records, accounts payable, cash disbursement records, inventory records, general ledgers, itemized bank deposit slips and bank statements, copies of sales tax returns, and copies of Your state and federal income tax returns. You further agree that such records shall be prepared and maintained on forms prescribed from time to time by PHB.

B. Reports. At your expense You shall furnish PHB with weekly and monthly sales reports, monthly and quarterly profit and loss reports and balance sheets, and annual operating statements of profit and losses and balance sheets, as requested, all certified by you as complete and accurate, and on forms prescribed by PHB, as further specified in the Manual. Weekly reports shall be for the week Monday through Sunday, and shall be due the following Monday. All other reports shall be due within 30 days following the close of the reporting period. You acknowledge and agree that PHB may disclose data derived from any of these reports in any manner or form, but shall not publicly disclose Your identity in connection with such data without Your prior written consent.

8.4.2. Confidentiality. PHB shall not disclose or communicate to others (including its other franchisees) any confidential financial information it obtains from you except as may be required in defense or prosecution of litigation, in connection with an Assignment by you pursuant to Article 10, by order of court or government agency, to organizations bound by confidentiality agreements with PHB, or otherwise by law. PHB may prepare and disseminate publicly consolidated statements or reports regarding the financial performance or operations of its franchisees so long as such reports do not disclose specific information or data with respect to individual franchisees.

8.5. Payments To Be Net of Taxes.

8.5.1. Franchisor Taxes. All payments made by you under this Agreement shall be made to PHB in the amounts specified hereunder, deducting only Franchisor Taxes (as defined below) if and to the extent any governmental authority legally requires you to withhold and pay such Franchisor Taxes directly to the governmental authority. "**Franchisor Taxes**" shall mean net income taxes, state or local sales taxes, franchise taxes imposed in

lieu of net income taxes, and gross receipts taxes, imposed on PHB as a result of a nexus or connection between PHB and the jurisdiction of the governmental authority imposing the tax (such as PHB owning property, or maintaining an office or having resident employees in the jurisdiction); provided, however, that Franchisor Taxes shall not include any taxes imposed on PHB based solely on PHB having executed, delivered or performed its obligations, or received payments under, or enforced, this Agreement.

- 8.5.2. **Taxes To Be Paid by You.** If any governmental authority imposes any Taxes (as defined below) on the payments made by you to PHB under this Agreement, the amounts payable to PHB by you shall be increased to the extent necessary to yield to PHB, after payment of the Taxes, the amounts specified under this Agreement, which shall be deemed net amounts. "Taxes" shall mean all taxes, including without limitation Franchisor Taxes, income, state or local sales taxes, stamp, receipts, or other taxes, levies, imposts, duties, charges, fees, deductions, or withholdings, imposed, levied, collected, withheld or assessed by any governmental authority.
- 8.6. **Delinquent Interest.** Unpaid sums due and owing to PHB shall bear interest on the unpaid balance from the date such sums become due at the lesser of 2.0% monthly or the highest rate allowed by applicable usury laws, plus costs of collection if any. PHB has the right to apply payments received from you to any sum due and owing to PHB.
- 8.7. **Electronic Funds Transfers.** PHB may elect, at its option, to require that payments owed by you to PHB be paid by electronic funds transfer from your primary bank account to PHB's bank, in which case you must sign and deliver to PHB such documents and authorizations as may be required by your bank and PHB's bank to accomplish such electronic funds transfers.
- 8.8. **Security Agreement.**
- 8.8.1. **Grant of Security Interest in Collateral.** You hereby grant to PHB a security interest in all of your interests in the real estate where the Franchise Business is located, all improvements to that real estate, and in all furniture, furnishings, fixtures, equipment, inventory and supplies located at or used in connection with the Franchise Business, now or hereafter leased or acquired, together with all attachments, accessions, accessories, additions, substitutions and replacements therefor, and all cash and noncash proceeds derived from insurance or the disposition of such collateral, to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, of you under this Agreement.
- 8.8.2. **Authorization of Filings.** You hereby authorize PHB to file and record all financing statements, financing statement amendments, continuation financing statements, fixture filings and other documents necessary or desirable to evidence, perfect and continue the priority of the security interests granted herein. You also agree to execute and deliver any such documents to PHB upon request.
- 8.8.3. **Subordination by PHB.** If you are in Good Standing (as defined below), PHB agrees upon request to execute subordinations of its security interests to suppliers, lenders and/or lessors furnishing the premises, equipment or financing for the Franchise Business. "Good Standing" as used in this Agreement shall mean that you are not in material default under this Agreement or any other agreement with PHB, or any other agreement pertaining to the Franchise Business, and no event shall have occurred and be continuing which, with notice or the passage of time or both, would constitute such a default.
- 8.9. **Guaranties.** If you are a corporation or other legal entity, or if you make an Assignment of your rights under this Agreement to a corporation or other legal entity pursuant to Article 10, at least

one financially responsible owner of the entity, acceptable to PHB, shall furnish such personal financial information reasonably requested by PHB, and execute a personal guaranty of your payments and performance obligations under this Agreement and any agreement executed upon renewal, substantially in the form of Exhibit "2." To the extent required by law for any guaranty to be enforceable, spouses must also sign. "**Guarantor(s)**" means any person(s) who guarantee to PHB of your performance and obligations, including without limitation those who execute Guaranties substantially in the form of Exhibit "2."

9. TERM AND RENEWAL.

- 9.1. Term.** This Agreement, when executed by both you and PHB, shall be effective as of the date specified in Exhibit "1," and shall continue for a term of ten years or until earlier terminated pursuant to Article 11. If PHB is required by law to give you notice prior to the expiration of this Agreement and PHB fails to do so, this Agreement shall remain in effect from month to month until PHB has given the required notice.
- 9.2. Renewal.** If you are in Good Standing and have not been repeatedly in default under this Agreement, you shall have the option to continue the franchise relationship with PHB for two additional terms of ten years each under the following conditions which PHB may require satisfaction of any or all of the following conditions at each renewal:
- 9.2.1. Written Notice.** You must notify PHB in writing, not more than 9 Months nor less than 3 Months before the end of the expiring term, that You wish to renew.
- 9.2.2 No Material Breaches.** You must have no material breaches of this Agreement outstanding at the date You give the notice referred to in Section 9.2.1 or in the period between that date and the expiration of the term.
- 9.2.3 Sign Then-Current Agreement.** You and PHB agree to execute copies of PHB's then-current franchise agreement promptly upon renewal, which agreement may have different terms and conditions, including higher fees and weekly continuing fees.
- 9.2.4. Retraining.** Upon renewal, PHB may, at its option, require you and/or your Manager to participate in a refresher training program at no additional charge. You and/or your Manager will be responsible for all travel, room, board and incidental expenses associated with this training.
- 9.2.5. Releases.** You and PHB shall execute a general mutual release of all claims related to this Agreement, subject to their continuing obligations as listed in Section 12.6.
- 9.2.6. No Renewal Fee.** There is no renewal fee.
- 9.3. New Agreement.** At the end of the two renewal terms as referenced in Section 9.2. Renewal, and if you are in Good Standing and have not repeatedly been in default during the renewal terms, then you shall have the option to enter into a new Franchise Agreement under the terms and conditions of the standard Franchise Agreement then being offered in your state by PHB, which may contain terms and conditions substantially different from the Agreement. Should you not exercise your option to enter into a new Franchise Agreement within thirty (30) days of the expiration of the renewal terms as noted above, then PHB shall have the right to pursue a potential third party to acquire the franchise for the market.

10. ASSIGNMENT.

- 10.1. Assignment by You.** PHB has entered into this Agreement in reliance upon and in consideration of the singular personal skills, qualifications and representations of, and the trust and confidence

reposed in you, and in the case of a franchisee which is a corporation or other legal entity, in your owners, officers, directors, partners and/or managing members. Except as otherwise provided in this Article 10, you may not make any Assignment without the prior written consent of PHB. "Assignment" means the act of assigning, transferring, selling, sharing, pledging, mortgaging, encumbering or hypothecating the Franchise Business or any rights or privileges under this Agreement which includes the domain names, websites, URLs and telephone numbers owned and controlled by PHB, or any of the assets of the Franchise Business, or ownership interests in a franchisee which is a corporation or other legal entity, in whole or in part, directly or indirectly, by operation of law or otherwise, in any manner. Under no conditions may you sublicense, transfer or hypothecate your rights hereunder. Consent to an Assignment shall not be unreasonably withheld; *provided, however*, that you must be in Good Standing, and it shall not be unreasonable for PHB to impose the following conditions precedent to its consent to any such Assignment:

- 10.1.1. Compliance with Law.** The Assignment shall have been conducted in compliance with all applicable laws, and the proposed assignee shall have secured all consents, and all governmental permits and licenses required to operate the Franchise Business.
- 10.1.2. Qualified Assignee.** You shall have demonstrated to PHB's reasonable satisfaction that the proposed assignee, and if applicable, its owners, directors, officers, partners and/or managing members, satisfy all the then current qualifications for new Precision Door franchisees, and possess good moral character and reputation, requisite general business experience, including without limitation management and sales abilities, the aptitude and ability to conduct the Franchise Business, an excellent credit history and rating, and adequate financial resources to fulfill all obligations both with respect to the Franchise Business and to the selling franchisee and PHB. The proposed assignee shall complete the PHB Confidential Questionnaire and meet with PHB at its corporate headquarters as part of the process in determining if the proposed assignee meets then current qualifications of a new Precision Door Service franchisee.
- 10.1.3. Franchise Agreement.** The proposed assignee shall have executed PHB's then current form of Franchise Agreement and all attached exhibits that may contain materially different terms except that the initial franchise fee shall be waived. Section 10.1.3 shall not apply to an Assignment when: (i) an interest in You or the Franchised Business and the Assignment is to a spouse or adult child; (ii) an interest in You or the Franchised Business and solely among current partnership partners, corporation shareholders or LLC members; or (iii) an interest in You or the Franchised Business and solely among entities that are controlled by Your owners for estate planning purposes, however, all other requirements under section 10.1 remain in force for any assignment contemplated under this exception to 10.1.3.
- 10.1.4. Other Obligations.** The proposed assignee shall have expressly assumed in writing all of your obligations, assumed all other agreements pertaining to the Franchise Business (and all third parties to such agreements shall have consented in writing to such assumptions), and shall have complied with Subsection 10.3.1 if applicable and delivered all guaranties as provided for in Section 8.9.
- 10.1.5. Training.** The proposed assignee shall have successfully completed initial training as provided in Section 5.1 which the cost is not included. The proposed assignee shall pay the standard cost of \$1,000 to \$2,000 for five days of classroom technical training, and \$500 for five days of field training, plus travel expenses.

- 10.1.6. Transfer Fee.** With Your application for consent to Assignment, You must pay a nonrefundable application fee, not to exceed \$750, for PHB's costs of investigating the proposed Assignee. You shall have paid PHB a nonrefundable transfer fee, payable upon closing of the transaction transferring any portion of ownership in the franchise business for PHB's legal and other expenses in connection with the Assignment. The amount of the transfer fee is \$7,500.
- 10.1.7. Right of First Refusal.** You shall have first offered to sell the Franchise Business to PHB in accordance with Section 10.5.
- 10.1.8. Releases and Subordination.** You shall have executed a general release of all claims related to this Agreement, and you shall have subordinated your rights to all payments from the assignee so that all obligations of the assignee (the new franchisee) to you are subordinated to any obligations the assignee (the new franchisee) may have to PHB.
- 10.1.9. Debts.** All of your monetary obligations to PHB and to all vendors and suppliers (due and to become due) are to be fully paid and satisfied on or before the closing date of the Assignment, including but not limited to continuing fees, telephone number line charges, Advertising Assessments for yellow page directories, outstanding balances due vendors and suppliers and amounts owed under any promissory note relating to the Franchise Business. PHB has the right to not enter into a new Franchise Agreement with a proposed assignee until adequate assurances have been provided by the seller that all debts of the Franchised Business have been paid and satisfied in full.
- A. **Escrow.** PHB shall retain up to 10% of the purchase price for as long as six months for future warranty claims and unpaid debts.
- 10.2. Your Incorporation.** You may assign this Agreement to a corporation or other legal entity which you control, and in which over 50% of each class of voting and ownership interests are owned by you upon request by You and PHB's written consent which will not be withheld unreasonably. PHB expressly waives its right of first refusal under Section 10.5 and consents to an Assignment of this Agreement pursuant to this Section 10.2 without payment of any transfer fee, provided that you are in Good Standing and ~~that the conditions of Subsections 10.1.1 and 10.1.3 and~~ the following additional conditions have been satisfied:
- 10.2.1. Assumption of Liability.** The corporation or other legal entity shall have executed a document satisfactory to PHB agreeing to assume and be bound by all of the provisions of this Agreement; it shall have assumed all other agreements pertaining to the Franchise Business and all third parties to such agreements shall have consented in writing to such assumptions; and it shall have submitted to PHB a certified copy of a resolution adopted by the entity approving the execution of this Agreement and the assumption of all obligations relating to the Franchise Business.
- 10.2.2. Guaranty.** You (and spouse if applicable) shall remain personally liable in all respects under this Agreement and shall execute a Guaranty substantially in the form of Exhibit "2" and a subordination of your rights to all payments from the corporation or other legal entity to all of its obligations to PHB.
- 10.3. Franchisees Which Are Legal Entities.**
- 10.3.1. Owners.** A franchisee which is a corporation or other legal entity shall provide PHB with a list of all owners (showing the percentage owned by each), and the officers and directors, or managing partners, or managing members, or trustees of the entity, and shall

keep all such information current at all times. All certificates of ownership shall bear a legend stating that transfer is restricted and subject to the terms of this Agreement. Upon PHB's request, each owner and the owner's spouse shall execute an acknowledgment of the restriction on the right to transfer their ownership interests, and a copy of the Confidentiality and Noncompetition Agreement substantially in the form of Exhibit "3" as approved by PHB.

10.3.2. Change of Ownership. If you are a corporation or other legal entity, then while this Agreement is in effect, you shall notify PHB of any Assignment of the ownership interests of any Guarantor or anyone with a 10% or greater interest in you, including without limitation any such Assignment of the legal, beneficial or voting rights therein. Any such Assignment shall constitute an Assignment subject to all conditions of this Article 10.

10.4. Rights of Heirs or Personal Representatives.

10.4.1. Option. In the event of the death or permanent incapacity of an individual franchisee, or any owner of a franchisee that is a corporation or other legal entity, such person's executor, administrator, personal representative, successor, trustee or heir shall have the option as provided in Subsection 10.4.2 to succeed to the interest owned by such individual in accordance with the provisions of his last will and testament, revocable living trust, other estate planning trusts or documents, or any buy-sell agreement controlling the issue of succession on death of an owner.

10.4.2. Conditions. The option shall be exercised by the successor by written notice to PHB within 30 days from the date of death or incapacity and, unless excused by PHB in writing, is further subject to you being in Good Standing and the satisfaction of the conditions of Subsections 10.1.1 through 10.1.5 inclusive. An Assignment made pursuant to this Section 10.4 shall not otherwise be subject to the conditions of Section 10.1.

10.4.3. Failure to Exercise Option or Satisfy Conditions. In the event such successor fails to exercise the option within the time specified, or fails to meet the conditions, then if temporary arrangements for the operation of the Franchise Business are made to the satisfaction PHB, the successor shall have a reasonable period of time, not to exceed six months, in which to sell the Franchise Business, subject to all of the conditions set forth in Sections 10.1 and 10.3, and thereafter if no approved Assignment has occurred, PHB has the right to terminate this Agreement.

10.5. Right of First Refusal. Except as otherwise provided in Section 10.2, if you desire to make an Assignment of your Franchise Business, you shall first give PHB written notice setting forth all of the terms and conditions of the proposed Assignment and all available information concerning the proposed assignee, together with copies of any written offer and all related documentation. Within 15 business days after receipt of such notice and documentation, PHB may, at its option, elect to purchase the Franchise Business for itself or its nominee (which must be no less financially qualified than PHB or proposed buyer) upon the terms and conditions specified in the offer. If PHB declines to exercise its right within the time specified, you may thereafter make the Assignment of the Franchise Business to an approved assignee (but not at more favorable terms than those offered to PHB) provided that all of the conditions of Sections 10.1 and 10.3 are satisfied. If the Assignment of the Franchise Business is not made by you within six months from the date of the offer to PHB, then you must re-offer to PHB prior to making any Assignment.

- 10.6. **Transfer by PHB.** PHB may transfer and/or delegate any or all of its interests, rights and/or obligations under this Agreement, in whole or in part, directly or indirectly, by the transfer of assets, stock, merger, acquisition or otherwise, without notice to you or the consent by you. Any successor or assignee of PHB has the right to enforce all provisions in this Agreement, and the Exhibits hereto, including but not limited to the covenants of confidentiality, noncompetition and no solicitation.

11. **BREACH AND TERMINATION.**

- 11.1. **Failure to Qualify and Expiration.** This Agreement may be terminated by PHB for your failure to complete initial training satisfactorily as provided in Subsection 5.1.2. This Agreement shall terminate automatically at the end of its term as specified in Section 9.1 unless it is renewed pursuant to Section 9.2.

- 11.2. **Breach by PHB.** You may terminate this Agreement for a material default or breach by PHB 30 days after giving PHB written notice of intent to terminate, specifying the default or breach, if the breach remains uncured at the end of the 30 day period; *provided, however*, that if the nature of PHB's obligation is such that more than 30 days are required for performance, then PHB shall not be in default if it commences performance within the 30 day period and thereafter diligently continues and cures the default or breach and *provided, further*, that the default is not due to acts of God or a disaster not within PHB's control. Your termination of the Agreement pursuant to 11.2 is an available remedy when (i) the termination is based solely upon the fault of PHB, mere allegations are insufficient; (ii) after PHB's material default or breach has been determined by a court of competent jurisdiction or arbitrator; (ii) You are not in default under the Agreement or subject to termination pursuant to sections 11.3.1 and 11.3.2; and (iv) You are in good standing.

Only when all above conditions under Section 11.2 are met then Section 12.1 Acceleration of Payments is inapplicable.

- 11.3. **Breach by You.** If you breach or default under this Agreement under the following circumstances (set forth below), PHB shall have all rights and remedies permitted by law or equity, including the right of termination.

- 11.3.1. **Without Notice.** PHB may terminate this Agreement without giving notice and without giving an opportunity to cure for any of the following breaches or defaults:

- A. **Criminal Misconduct.** Your conviction or plea of guilty or no contest to a felony or any criminal misconduct relevant to the operation of the Franchise Business or detrimental to the image and reputation of the Precision Door System.
- B. **Closure.** Closure of the Franchise Business or abandonment of a portion of the assigned territory as described in Exhibit 1 for three or more consecutive days, or for any shorter period in circumstances where it is reasonable for PHB to conclude that You do not intend to promptly resume operations, except with PHB's prior consent or for causes completely beyond your control.
- C. **Unauthorized Assignment.** An attempted Assignment in violation of Article 10 of this Agreement.
- D. **Liens.** Levy of a writ of attachment or execution or the placement of other liens against you or any of your owners, or any Guarantor, or any of their assets, which is not released or bonded against within ten days.

- E. **Bankruptcy of Guarantor or Owner.** The occurrence of any event in Paragraph 11.3.1(d) or 11.3.1(f), or of any bankruptcy involving any of your owners, or any Guarantor, but only if a new owner or Guarantor, approved in writing by PHB, is not submitted by you to PHB for approval within 15 days of said event/s occurring.

WAIVER OF AUTOMATIC STAY

If Franchisee shall (i) file with any bankruptcy court of competent jurisdiction or be the subject of any petition under Title 11 of the U.S. Code, as amended (the “Bankruptcy Code”), (ii) be the subject of any order for relief issued under the Bankruptcy Code, (iii) file or be the subject of any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal or state act or law relating to bankruptcy, insolvency, or other relief to debtors, (iv) have sought or consented to or acquiesced in the appointment of any trustee, receiver, conservator, or liquidator, or (v) be the subject of any order, judgment, or decree entered by any court of competent jurisdiction approving a petition against such party for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any bankruptcy, insolvency, or relief for debtors, then (a) Franchisor shall thereupon be entitled to relief from any automatic stay imposed by § 362 of the Bankruptcy Code, or any similar provision, (b) Franchisee hereby stipulates and agrees that “cause” under § 362 (c) of the Bankruptcy Code exists for relief from the automatic stay, (c) Franchisee hereby expressly waives any protection afforded by the automatic stay and any objection to Franchisor’s relief therefrom, and (d) Franchisee agrees not to oppose or object to such relief.

- F. **Insolvency.** The insolvency of you, or any of your owners, or any Guarantor, in either the bankruptcy or equitable sense.
- G. **Repeated Breaches.** If you materially breach or default under this Agreement three or more times in any twelve-month period, whether or not the prior breaches or defaults were the same or were cured. A breach or default of the following Agreement sections, when considered by themselves will not constitute three or more breaches or defaults during a twelve month period for purposes of immediate termination without an opportunity to cure: 5.2, 6.2.4, 6.2.5, 7.1.2, 7.1.3, 7.2.4, 7.5, 7.8, 7.10 and 7.19; however, any one of the aforementioned breaches or defaults combined with one or more other breaches or defaults under the Agreement is considered a violation of this 11.3.1(G) and you are therefore subject to termination without further notice and an opportunity to cure.
- H. **Death or Incapacity.** The death or substantial incapacity of any individual franchisee, or the death of any owner or Guarantor, but only if a new individual, approved by PHB, is not submitted by you to PHB for approval within 15 days of said event/s occurring.
- I. **Misrepresentation.** Any material misrepresentation to PHB in connection with obtaining this Agreement, or submission to PHB any report or information that

You know or should know to be false or misleading, either in connection with Your application for the Franchise or in connection with its operation

- J. **Breach of Other Agreement.** Any material breach or default by you of another agreement or obligation owed to PHB which is not cured within any permitted period for cure.
- K. **Commence Franchise Operation.** If You fail to commence operation of the Franchise within 6 Months from the date of PHB's execution of this Agreement.
- L. **Unauthorized Websites.** If You obtain or use any Website which is used in connection with the Franchise Business without first receiving prior written authorization from PHB.
- M. **Operating a Competing Business.** Knowingly violating any provision of section 7.7 of this Agreement or the separate Confidentiality and Noncompetition Agreement.
- N. **Non-payment of Financial Obligations.** If any amount payable to PHB or any vendor is overdue, PHB sends you a demand that payment be made, and You fail to pay the overdue amount within 57 days after receiving PHB's demand.
- O. **Operating Outside of Territory.** If You conduct any business outside of the Territory without the prior written consent of PHB, other than as expressly permitted by Section 4.
- P. **Submission of Reports.** If You fail to submit any report or information required by PHB within fifteen days after its original due date.
- Q. **Disclosure of Confidential Information.** If You disclose to any unauthorized person or allow the disclosure of any part of the Operations Manual or other Confidential Information as prescribed by PHB.

11.3.2. **After Notice.** Unless otherwise specified in this Agreement, PHB may terminate this Agreement 30 days after giving you written notice specifying any other default or breach by you if it remains uncured at the end of the 30 day period.

11.3.3. **Statutory Notice.** If any law applicable to this Agreement requires additional notice or a longer notice period than specified herein, this Section 11.3 shall be deemed to be automatically amended to conform to the requirements of such law.

11.4. **PHB's Right To Cure Defaults.** In addition to all other remedies herein granted, if you shall default in any of your obligations related to the operation of the Franchise Business, or if you shall breach any term or condition of this Agreement or any related agreement pertaining to or concerning the Franchise Business, PHB may, at its election, immediately or anytime thereafter, without waiving any claim for breach hereunder, cure such default(s) for the account, and on your behalf, and the cost to PHB thereof shall be due and payable by you to PHB on demand. PHB shall not be responsible to you for any loss or damage resulting in any manner by reason of PHB undertaking in good faith any acts to cure any default(s) by you.

12. **RIGHTS AND DUTIES UPON TRANSFER, EXPIRATION OR TERMINATION.**

In addition to the rights and duties specified elsewhere in this Agreement, immediately upon the Assignment, expiration or termination of this Agreement for any reason:

- 12.1. **Acceleration of Payments.** All monies owed by you to PHB shall be due and payable including but not limited to past and future Weekly Continuing Fees, domain name and website charges, telephone number line charges, Advertising Assessments for yellow pages directories, OPAL and OPAL Mobile licensing fees, Customer Service Center charges, Advertising Fund fees, and amounts owed under any promissory note relating to the Franchised Business. PHB may enforce its security interest granted pursuant to Section 8.8.1 with respect to any unpaid amounts.
- 12.2. **Franchise Revoked.** All rights and licenses granted to you under this Agreement shall terminate.
- 12.2.1. **Use of Marks.** You shall cease using the "Precision Door Service" name and the Marks and all Proprietary Information, and shall cease doing business and advertising as a Franchise Business.
- 12.2.2. **Supplies.** You shall cease using and shall return to PHB or an approved transferee all supplies and items pertaining to the Precision Door System and the Marks, and all copyrighted materials including the Manual.
- 12.2.3. **Telephone.** You shall cease using all telephone numbers and listings used in connection with the Franchise Business, including without limitation those owned by PHB and those advertised as part of the Precision Door System and in any advertising in connection with the Franchise Business. PHB shall arrange for the use of all such telephone numbers and listings to revert to PHB (or its nominee) and PHB or its nominee shall service any customer calls received on such numbers and listings, retaining all service charge amounts collected. PHB may also revise the advertising at the next available opportunity.
- 12.3. **Power of Attorney.** PHB is hereby irrevocably appointed as your attorney-in-fact to execute in your name and on your behalf all documents necessary to discontinue your use of the Marks and any domain names, websites and telephone numbers used in conjunction with the Franchised Business.
- 12.4. **Confidentiality and Noncompetition.** You, and if you are a corporation or other legal entity, your owners, officers, directors, partners and managing members, and all of their spouses and immediate family members, and your Managers, key employees and technicians, and independent contractors performing the same functions for you, shall all continue to be bound by all the provisions of Subsection 6.1.4, Sections 7.6 and 7.7, and Exhibit "3."
- 12.5. **Other Rights.** PHB shall have all other rights and remedies permitted by this Agreement, law and equity.
- 12.6. **Continuing Obligations.** Following the Assignment, termination, or expiration and nonrenewal of this Agreement for any reason, you shall remain fully liable for all obligations which by their terms and nature are intended to survive, and for all obligations incurred by you in the operation of the Franchise Business, including without limitation obligations arising under the following Articles, Sections and Subsections: 6.1.4, 6.2, 7.7, 8.8, 8.9 and 12. Furthermore, the provisions of Sections 6, 7, 8, 11 and 12 shall be enforceable notwithstanding the existence of any claim or cause of action whatsoever by you against PHB.

13. **NOTICES.**

- 13.1. **Addresses.** All communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when delivered personally or by facsimile, or one business day after being sent by overnight commercial courier service for next business day delivery, or five days after being deposited in the United States mail, for certified or registered delivery, return receipt requested, postage prepaid.

Notice to PHB shall be sent to:
Precision Holdings of Brevard, Inc.
2395 S. Washington Avenue, Suite 5
Titusville, Florida 32780
Attention: President

Notice to you may be sent to the office of the Franchise Business, or to your residential address as specified in Exhibit "1." Either party may designate a change of address at any time by written notice to the other. Additionally, all payments and reports required to be made by you under this Agreement shall be given to PHB at the above address, except that regular reports may be sent by regular mail.

- 13.2. Disclosure.** You shall promptly notify PHB of all changes to the addresses referenced in Section 13.1 relating to you. PHB is hereby authorized to disclose and publish the addresses and telephone numbers provided by you to the extent required by law.

14. INTERPRETATION.

14.1. Relationship of Parties.

You understand and agree that you are and will be our independent contractor under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind. None of your employees will be considered to be our employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be our employee 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 or federal governmental agency.

We will not have the power to hire or fire your employees. You expressly agree, and will never contend otherwise, that our authority under this Agreement to certify certain of your employees for qualification to perform certain functions for your franchised Business 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 franchised Business 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 System which you are required to comply with under this Agreement, whether set forth in our 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 franchised Business, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your franchised Business.

You may not, without our prior written approval, have any power to obligate us for any expenses, liabilities or other obligations, other than as specifically provided in this Agreement.

Except as expressly provided in this Agreement, we may not control or have access to your funds or the expenditure of your funds or in any other way exercise dominion or control over your Business. Except as otherwise expressly authorized by this Agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between Us and You is other than that of franchisor and franchisee. We do not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by You which are not

expressly authorized under this Agreement. We will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to Your operation of the franchised Business.

14.2. PHB Approval. In all cases where PHB's approval or consent is required and no other method or timing for obtaining it is prescribed, you shall make your request in writing, and PHB shall notify you in writing of its decision within ten business days after receiving your written request and all supporting documentation. Except as otherwise expressly provided in this Agreement, whenever the consent or approval of PHB is required hereunder, such consent or approval must be in writing and may not be unreasonably withheld. PHB's consent to or approval of any act or request by you shall be effective only to the extent specifically stated, and shall not be deemed to waive or render unnecessary consent or approval of any subsequent similar act or request.

14.3. Time. Time is of the essence of this Agreement with respect to each and every provision in which time is a factor. Wherever this Agreement refers to a period of days, the first day to be counted shall be the first day following the designated action or event. For any period of five or fewer days, only business days (excluding Saturdays, Sundays and national holidays) shall be counted. Unless expressly stated otherwise, periods longer than five days shall be measured by calendar days, except that if the last day of such a period is not a business day, the period shall automatically be extended to the next business day.

14.4. Entire Agreement.

This Agreement, including all exhibits to this Agreement, and all ancillary agreements executed contemporaneously with this Agreement constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, understandings, representations and agreements. Nothing in the preceding sentence, however, is intended to disclaim or require you to waive reliance on any representation that we made in the Franchise Disclosure Document that we provided to you. The Exhibits attached to this Agreement are hereby incorporated herein by this reference.

You acknowledge that you are entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of your own independent investigation of the franchised Business and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors or franchisees which are contrary to the terms set forth in this Agreement or any franchise disclosure document required or permitted to be given to you pursuant to applicable law.

You specifically acknowledge that the only financial performance information we furnish is set forth in Item 19 of our franchise disclosure document; that no officer, director, employee, agent, representative or independent contractor of ours is authorized to furnish you with any [other] financial performance information; that, if they nevertheless do, you will not rely on any such financial performance information given to you by any such individual; and, that if any such individual attempts to or actually does give you any such financial performance information in contravention of this provision, you will immediately communicate such activity to us. For the purpose of this Agreement, "financial performance information" means information given, whether orally, in writing or visually which states, suggests or infers a specific level or range of historic or prospective sales, expenses and/or profits of franchised or non-franchised Units.

- 14.5. **Amendments.** Except as otherwise expressly provided herein, any amendment to this Agreement must be in writing and must be signed by both You and PHB. This limitation on modification is not subject to oral rescission, modification or waiver.
- 14.6. **Waiver and Delay.** No waiver or delay by PHB in requiring strict compliance with respect to any obligation of this Agreement (or in the exercise of any right or remedy provided herein) and no custom or practice at variance with the requirements hereof shall constitute a waiver or modification of any such obligation, requirement, right or remedy, or preclude, affect or impair enforcement of any right or remedy provided herein with respect to any subsequent default. PHB's acceptance of any payments by you shall not be construed to be a waiver of any breach or default of any term, covenant or condition of this Agreement. All remedies, either under this Agreement, at law, in equity, or otherwise afforded to PHB, shall be cumulative and not alternative and may be exercised simultaneously or sequentially in any order.
- 14.7. **Partial Invalidity.** In the event any term or provision of this Agreement is declared to be invalid or unenforceable due to a state/federal legal court ruling, statute and/or regulation, the provision shall be modified to the extent necessary to make it enforceable, or if it cannot be so modified, then severed, and the remaining terms of this Agreement shall remain in full force and effect, and it is hereby declared the intention of the parties that they would have executed this Agreement as so modified; *provided, however*, that if in the sole judgment of PHB such modification shall substantially impair the value of this Agreement to PHB, PHB may terminate this Agreement by written notice to you.
- 14.8. **Interpretation.** The table of contents and captions used in this Agreement are inserted for convenience only and shall not affect the meaning or construction of this Agreement. The language of this Agreement shall be construed simply according to its fair meaning and not strictly for or against either party. If the franchisee consists of two or more persons and/or entities (notwithstanding any agreement, arrangement or understanding between or among such persons or entities) the rights, privileges and benefits granted herein may only be exercised and enjoyed jointly; the liabilities and responsibilities hereunder assumed, however, shall be the joint and several obligation of such persons or entities. Words in this Agreement shall be deemed to refer to whatever number or gender the context requires. It is the intention of the parties hereto that if any provision in this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid. Each term and provision of this Agreement to be performed by you shall be construed to be both a covenant and a condition.
- 14.9. **Successors.** Subject to the restrictions on Assignment in Article 10, this Agreement shall be binding upon and inure to the benefit of the permitted successors, assigns, heirs and personal representatives of the parties.
- 14.10. **Survival of Obligations.** The obligations in this Agreement which, by their terms, require performance after the Assignment, expiration or termination of this Agreement shall be enforceable notwithstanding the Assignment, expiration or termination of this Agreement for any reason whatsoever.

15. **ENFORCEMENT.**

- 15.1. **Execution of Documents.** You and PHB agree to execute and deliver all documents necessary or appropriate to carry out the purposes and intent of this Agreement in a timely manner.
- 15.2. **Governing Law.** This Agreement takes effect upon its acceptance and execution by PHB in Titusville, Brevard County, Florida. You acknowledge the benefits and desirability of having the

entire Precision Door System governed by one body of law applied uniformly and therefore acknowledges that the provisions of this Section 15.2 are reasonable.

- 15.2.1. Applicable Law.** Except to the extent governed by federal trademark, copyright, and arbitration statutes, the existence, validity, construction and sufficiency of performance of this Agreement and all matters relating to it shall be governed by the laws of the State of Florida applicable to agreements made and to be entirely performed in Florida, without regard to, and without giving effect to, the application of any Florida conflict of law rules; *provided, however*, that if any of the provisions of this Agreement would not be enforceable under the laws of Florida, then such provisions shall be governed by the laws of the state where you have your office; *and provided further* that the Franchise Disclosure Document delivered to you contains a State Law Addendum, which is hereby incorporated into this Agreement, referencing and summarizing certain existing local laws of other jurisdictions, and the application of Florida law shall not abrogate or reduce any of your rights provided for under such existing local laws which by their terms apply and supersede Florida law (unless local law conflicts with federal law and is preempted).
- 15.2.2. Venue.** Any mediation or arbitration proceedings shall be held in the City of Titusville, Brevard County, Florida. Any other proceeding brought by PHB against you may be brought and conducted in the federal district court or state judicial circuit court in which PHB has its principal place of business. Any proceeding initiated by you shall be brought and conducted in the federal circuit court or state judicial circuit court in which PHB has its principal place of business. The parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. The provisions of this Section 15.2.2 are subject to applicable superseding law as provided in Section 15.2.1.
- 15.3. Contractual Statute of Limitations.** Any and all claims and causes of action arising out of or relating to this Agreement (including without limitation the offer and sale of this Agreement), the relationship of you and PHB, or your operation of the Franchise Business, by any party hereto against the other, shall be deemed waived, released and barred unless written notice of such claim or cause of action is given, or mediation or an action is commenced upon such claim or cause of action, within two years from the occurrence of the facts giving rise to such claim or cause of action; *provided, however*, that the application of Florida law shall not abrogate or reduce any of your rights provided for under the existing laws of any other jurisdiction which by their terms apply and supersede Florida law; and *provided further* that the foregoing limitation shall not prevent PHB from terminating this Agreement if PHB otherwise has the right to do so.
- 15.4. Injunctive Relief.** You recognize that you are a member of a franchise network and that your acts or omissions may have a positive or negative effect on the success of other businesses operating under and in substantial association with PHB's Marks. Failure on the part of a single franchisee to comply with the terms of a franchise agreement is likely to cause irreparable damage to PHB and to some or all of the other franchisees of PHB. For this reason, you agree that if PHB can demonstrate to a court of competent jurisdiction that there is a substantial likelihood of a breach or threatened breach of any of the terms of this Agreement by you, and that PHB is entitled to injunctive relief under the rules of equity, PHB will be entitled, without posting of a bond, to an injunction restraining the breach and/or to a decree of specific performance, without showing or proving any actual damage, until a final determination is made in arbitration.
- 15.5. Mediation.** In order to make the resolution of any dispute less expensive, quicker and less subject to public notoriety, and to resolve disputes in a less formal and antagonistic means than litigation, as well as to increase the opportunities of the parties to maintain their mutually

beneficial business relationship, the parties agree that in the event of any dispute arising under or related to this Agreement, they will participate in non-binding mediation prior to instituting binding arbitration; provided, however, that PHB shall not be required to mediate any issues relating to the ownership or use of the Marks or the Proprietary Information. Either party may initiate a mediation procedure by making a written request for mediation. Such mediation will be conducted by any mediation service mutually agreed to by the parties and according to the mediator's procedures. The scope of such mediation and the authority of the mediator to act with respect to the dispute is defined by the specific provisions of this Section 15.5. Such mediation shall, in all circumstances, be consistent with the rights and obligations created by this Agreement and shall not be premised on the derogation, diminution or disregard of those rights. The mediation process shall begin promptly and shall be concluded within ten business days of the day the request for mediation is made, unless the parties mutually agree otherwise. Any and all discussions, negotiations, findings or other statements by the mediator and/or the parties made in connection with the mediation shall be privileged and confidential and shall not be admissible into evidence in any arbitration or litigation proceeding. The expenses of the mediation service shall be borne equally by PHB and you, and all other expenses relating to such mediation shall be borne by the party incurring them.

15.6. Arbitration. Any disputes and claims (a "**Claim**") arising out of or in connection with this Agreement, any other agreement entered into between the parties or the relationship of the parties shall be resolved by binding arbitration; provided, however, that PHB shall not be required to arbitrate any Claim with respect to the ownership or use of the Marks or the Proprietary Information. The arbitration shall be governed by the Federal Arbitration Act and conducted by one independent arbitrator who has at least five years of experience in franchise law and has no past or present relationship with either party. The arbitration will be administered by the American Arbitration Association pursuant to its Commercial Arbitration Rules. This arbitration provision will not deprive PHB of any right it may otherwise have to seek provisional injunctive relief from a court of competent jurisdiction. If proper notice of any hearing has been given, the arbitrator will have full power to proceed to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear. You waive any rights you may have to demand trial by jury or to seek punitive damages from PHB. The arbitrator will have no power to (a) stay the effectiveness of any pending termination of this Agreement; (b) assess punitive damages; or (c) make any award that modifies or suspends any lawful provision of this Agreement. The award made by the arbitrator shall be final, binding and conclusive on all parties to the arbitration for all purposes. Judgment upon any award and/or enforcing any order of the arbitrator may be entered by any court of competent jurisdiction.

15.6.1 Costs and Attorneys' Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement will be entitled to recover its reasonable costs and expenses (including attorneys' fees, arbitrators' fees and expert witness fees, costs of investigation and proof of facts, court costs, and other arbitration or litigation expenses) incurred in connection with the claims on which it prevailed. For the purposes of this Agreement in general and this Section specifically, the "Prevailing Party" will be deemed to be that party which has obtained the greatest net judgment or award in terms of money or money equivalent. If money or money equivalent has not been awarded, then the Prevailing Party will be that party, as determined by the arbitrator, which has prevailed on a majority of the material issues decided. The "net judgment" is determined by subtracting the smallest award of money or money equivalent from the largest award. If there is a mixed decision involving an award of money or money equivalent and equitable relief, the arbitrator will award the above fees

to the party that it deems has prevailed over the other party using reasonable business and arbitrator's judgment.

15.6.2. Miscellaneous. The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction. The arbitrator will have subpoena powers limited only by the laws of the state of Florida. The parties to the dispute will have the same discovery rights as are available in civil actions under the laws of the State of Florida. All other procedural matters will be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in Florida.

15.6.3. Individual Proceedings. It is the intent of the parties that any arbitration between PHB and you shall be of your individual claim and that the claim subject to arbitration shall not be arbitrated on a class-wide basis.

15.7. Attorneys' Fees. Should either party be required to enforce its rights hereunder, the prevailing party shall be entitled to recover its reasonable costs and expenses, including without limitation attorneys' fees and costs, and such expenses on any appeal, to be determined by the arbitrator, or by the court and not a jury.

15.7.1 Attorneys' Fees and Costs – Third Party Actions. If we become a party to any action or proceeding commenced or instituted against us by a third party arising out of or relating to this Agreement, any and all related agreements, the franchised Business or your Unit as a result of any claimed or actual act, error or omission of yours (and/or any of your officers, directors, shareholders, management, employees, contractors and/or representatives) or the franchised Business; by virtue of statutory, "vicarious", "principal/agent" or other liabilities asserted against or imposed on us as a result of our status as Franchisor; or if we become a party to any litigation or any insolvency proceeding involving you pursuant to any bankruptcy or insolvency code (including any adversary proceedings in conjunction with bankruptcy or insolvency proceedings), then you will be liable to, and must promptly reimburse us for, the reasonable attorneys' fees, experts' fees, court costs, travel and lodging costs and all other expenses we incur in such action or proceeding regardless of whether such action or proceeding proceeds to judgment. In addition, we will be entitled to add all costs of collection, interest, attorneys' fees and experts' fees to our proof of claim in any insolvency or bankruptcy proceedings you file.

15.8 Withholding of Franchisor Consent. In no event may you make any claim for money damages based on any claim or assertion that we have unreasonably withheld or delayed any consent or approval under the Franchise Agreement. You waive any such claim for damages. You may not claim any such damages by way of setoff, counterclaim or defense. Your sole remedy for the claim will be an action or proceeding to enforce the Agreement provisions, for specific performance or for declaratory judgment.

15.9 Franchisor Business Judgment. Whenever this Agreement or any related agreement grants, confers or reserves to us the right to take action, refrain from taking action, grant or withhold our consent or grant or withhold our approval, unless the provision specifically states otherwise, we will have the right to engage in such activity at our option taking into consideration our assessment of the long-term interests of the Precision Door Service System overall. You and we recognize, and any court or judge is affirmatively advised, that if those activities and/or decisions are supported by our business judgment, neither said court, said judge nor any other person

reviewing those activities or decisions will substitute his, her or its judgment for our judgment. When the terms of this Agreement specifically require that we not unreasonably withhold our approval or consent, if you are in default or breach under this Agreement, any withholding of our approval or consent will be considered reasonable.

16. ACKNOWLEDGMENTS.

- 16.1. Risks.** You acknowledge that you have conducted an independent investigation of the business contemplated by this Agreement and recognize that it involves business risks, and that making a success for the venture is largely dependent upon your own business efforts and abilities. PHB expressly disclaims the making of, and you acknowledge that you have not received nor relied upon any representation, warranty or guaranty, expressed or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement except as expressly set forth in the Franchise Disclosure Document provided to you.
- 16.2. No Other Representations.** You hereby expressly warrant that you have no knowledge of any representation about the Franchise Business, by PHB or its officers, directors, shareholders, employees or agents, that is contrary to the terms of this Agreement or the documents expressly referred to herein. YOU UNDERSTAND AND ACKNOWLEDGE THAT (a) PHB HAS MADE NO REPRESENTATION THAT YOU WILL EARN OR ARE LIKELY TO EARN A PROFIT IN EXCESS OF THE INITIAL CONSIDERATION PAID BY YOU, (b) PHB WILL NOT PROVIDE AN OFFICE LOCATION, OR ASSIST YOU IN FINDING AN OFFICE LOCATION FOR YOUR FRANCHISE BUSINESS, (c) PHB HAS MADE NO REPRESENTATION THAT IT WILL BUY OUT OR ASSUME FROM YOU ANY SUPPLIES OR EQUIPMENT OR REAL ESTATE PURCHASED OR LEASED BY YOU PURSUANT TO THIS AGREEMENT, AND (d) PHB HAS MADE NO REPRESENTATION THAT YOU RELY UPON REGARDING YOUR ABILITY TO PROCURE ANY REQUIRED LICENSE, PERMIT, CERTIFICATE OR TOEHR GOVERNMENTAL AUTHORIZATION THAT MAY BE NECESSARY OR REQUIRED FOR YOU TO CARRY OUT THE ACTIVITIES CONTEMPLATED BY THIS AGREEMENT. You represent to PHB, as an inducement to its entry into this Agreement, that you have made no misrepresentations in obtaining this Agreement.
- 16.3. Advisors.** You acknowledge that you have received at least fourteen calendar days before the execution of this Agreement or at least fourteen calendar days before the payment by you to us of any consideration in connection with the sale or proposed sale of the franchise granted by this Agreement, and have read and understand this Agreement, the Exhibits hereto and all disclosure documents delivered in connection herewith; that you have had ample time and opportunity to review such documents with your own legal counsel, accountant and other advisors of your own choosing and to consult with them about the potential benefits and risks of entering into this Agreement; and that PHB has fully and adequately explained the provisions of such documents to your satisfaction.
- 16.4. Submission of Agreement.** The delivery of this Agreement does not constitute an offer to you, and this Agreement shall become binding and effective only upon execution by both you and an authorized officer of PHB. Applicant understands and agrees that PHB has no obligation to accept this application and may refuse to grant a franchise for any reason, or no reason, without disclosing the basis for its decision. Applicant acknowledges that unless and until PHB notifies applicant in writing that the franchise has been granted, applicant is not a franchisee and may not rely upon becoming a franchisee.
- 16.5 Contact References.** Before executing this Agreement, you have had the opportunity to contact all our existing franchisees.

16.6 Disclosure. You have received from us a copy of our franchise disclosure document, together with a copy of all proposed agreements relating to the sale of the franchise, at least fourteen calendar days before the execution of this Agreement or at least fourteen calendar days before the payment by you to us of any consideration in connection with the sale or proposed sale of the franchise granted by this Agreement.

16.7 Restrictions Reasonable. You have carefully considered the nature and extent of the restrictions upon you set forth in this Agreement (including, without limitation, the covenants not to compete and the restrictions on assignment) and the rights and remedies conferred upon you and us under this Agreement. Such restrictions, rights and remedies: (a) are reasonable, including, but not limited to, their term and geographic scope; (b) are designed to preclude competition which would be unfair to us; (c) are fully required to protect our legitimate business interests; and, (d) do not confer benefits upon us that are disproportionate to your detriment.

IN AGREEMENT WHEREOF the parties hereto have executed this Agreement.

"FRANCHISOR":

"FRANCHISEE":

PRECISION HOLDINGS OF BREVARD, INC. _____

By: _____
(Signature)

By: _____
(Signature)

Name: _____
(Type or print name)

Name: _____
(Type or print name)

Its: _____
(Title)

Its: _____
(Title)

Date: _____

Date: _____

WITNESS:

(Signature)

(Type or print name)

(Type or print City and State)

EXHIBIT 1

TERMS

TERMS

1. **Effective Date.** The effective date of this Agreement is _____, ~~201~~20.

4.1. **MSA/CSA/Counties/Towns Covered.** Your territory includes the following MSA/CSA/Counties/Towns as their boundaries exist as of the date of this Agreement:

7.1. **Manager.** PHB hereby approves the following Manager for the Franchise Business (subject to such Manager's satisfactory completion of initial training):

_____.

7.2. **Office Opening Requirements.** You agree to open your Precision Door Service office in the community of _____ by _____, 20__.

8.1.1. **Initial Franchise Fee.** You shall pay PHB an initial Franchise Fee of \$_____, payable as follows:

\$_____ payable upon the execution of this Agreement, and

a total deferred balance of \$_____ payable together with ____% annual interest in ____ equal monthly installments of \$_____ beginning on _____, 20__.

8.2.1. **Continuing Fees.** You shall pay PHB weekly continuing fees of \$_____, subject to the following schedule:

From	Sale: To	Maximum Weekly Continuing Fee

* Once the Weekly Continuing Fee is raised pursuant to the above chart it will not be lowered even if subsequent monthly sales are below the corresponding Monthly Sales Bracket.

± Weekly Continuing Fees are subject to adjustment as provided in Subsection 8.2.2.

~ The royalty ramp-up period is for a twenty-four month period wherein if the maximum weekly continuing fee of \$____ has not been reached within twenty-four months of operations beginning then PHB will have the unilateral ability to increase the continuing weekly fee to the maximum allowable amount of \$____.

13.1. Your Residential Address. The residential address and telephone number of an individual franchisee, or of the principal owner of a franchisee which is a corporation or other legal entity, is:

Name: _____

Residential Address: _____ Residential Telephone Number: _____

"FRANCHISOR":

"FRANCHISEE":

PRECISION HOLDINGS OF BREVARD, INC. _____

By: _____ By: _____
(Signature) (Signature)

Name: _____ Name: _____
(Type or print name) (Type or print name)

Its: _____ Its: _____

EXHIBIT 2
GUARANTY

GUARANTY

THIS GUARANTY is given this _____ day of _____, 201~~1~~9, by the undersigned (the "**Guarantor**") in consideration of, and as an inducement to, the execution of that certain Franchise Agreement for a PRECISION DOOR SERVICE FRANCHISE of even date herewith ("**Agreement**") by PRECISION HOLDINGS OF BREVARD, INC. ("**Franchisor**").

Each Guarantor, individually, hereby personally and unconditionally guarantees to PHB, 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 the Guarantor shall be personally bound by, and personally liable for the breach of each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

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

Each Guarantor, individually, consents and agrees that: (1) each direct and immediate liability under this guaranty shall be joint and several; (2) each Guarantor shall render any payment or performance required under the Agreement upon demand if the Franchisee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by PHB of any remedies against the Franchisee or any other person; and (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which PHB may from time to time grant to the 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.

This Guaranty will be construed and interpreted in accordance with the laws of the State of Florida. Venue and jurisdiction will vest solely in the federal district court or state judicial circuit court in which Franchisor has its principal place of business. The provisions of the Agreement providing for mediation and binding arbitration shall also apply to this Guaranty and each Guarantor individually.

IN WITNESS WHEREOF, each of the undersigned Guarantors, individually, has executed this Guaranty to be effective as of the date of the Agreement.

GUARANTOR:

(Signature)

(Print Name)

(Residential Street Address)

(City, State, Zip Code)

(Residential Telephone Number)

(Date)

SPOUSE OF GUARANTOR:

(Signature)

(Print Name)

(Date)

GUARANTOR:

(Signature)

(Print Name)

(Residential Street Address)

(City, State, Zip Code)

(Residential Telephone Number)

(Date)

SPOUSE OF GUARANTOR:

(Signature)

(Print Name)

(Date)

GUARANTOR:

(Signature)

(Print Name)

(Residential Street Address)

(City, State, Zip Code)

(Residential Telephone Number)

(Date)

SPOUSE OF GUARANTOR:

(Signature)

(Print Name)

(Date)

EXHIBIT 3

CONFIDENTIALITY AND NONCOMPETITION AGREEMENT

CONFIDENTIALITY AND NONCOMPETITION AGREEMENT

THIS CONFIDENTIALITY AND NONCOMPETITION AGREEMENT (this "**Agreement**") is entered into as of ~~the~~ _____ day of _____, 201_____, by _____, the undersigned individual (the "**Undersigned**") for the benefit of PRECISION HOLDINGS OF BREVARD, INC. (the "**Franchisor**" or "PHB"), and if applicable, _____, a Franchisee of the PRECISION DOOR SERVICE system (the "**Franchisee**") under that certain Franchise Agreement dated ~~as of the~~ _____ day of _____, 20____ (the "**Franchise Agreement**"), whereby PHB granted a license to Franchisee to use the PRECISION DOOR SERVICE trademark (the "**Mark**") and methods in connection with selling and providing garage door repair services (collectively, the "**System**").

RECITALS:

A. The Undersigned is a prospective purchaser of a PRECISION DOOR SERVICE franchise; or alternatively, is an owner, officer and/or director of Franchisee; as specified below with the Undersigned's signature (the "**Position**"). If the Undersigned is also a director, officer or owner of Franchisee then the Undersigned is sometimes referred to in this Agreement as a "**Controlling Agent**."

B. The Position will place the Undersigned in a position of trust and confidence in which the Undersigned will have access to and will receive certain confidential and proprietary information regarding the System and the business being conducted by PHB, Franchisee and other franchisees, including without limitation operations manuals, trade secrets, information, know-how, ideas, techniques, research, methods, improvements and copyrighted materials, owned or developed by PHB, whether or not published, confidential or suitable for registration or copyright, and the goodwill associated with them, and information relating to System specifications, operating methods, equipment, standards, services, marketing and promotional programs, procedures and techniques which are not in the public domain or generally known in the garage door repair service business, and any other information and material which PHB may designate as confidential (collectively, the "**Information**").

C. The Undersigned consequently agrees that it is reasonable and necessary for the protection of the System and for the benefit of PHB, and if applicable, Franchisee, to keep the Information confidential and not to compete with any PRECISION DOOR garage door repair service business, all pursuant to the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and conditions contained herein, and as an inducement to PHB to divulge Information to the Undersigned as a prospective franchisee, or to enter into a Franchise Agreement with Franchisee, and/or in consideration of the Undersigned's relationship with Franchisee, the Undersigned agrees as follows:

1. Ownership of Information. The Undersigned expressly acknowledges that PHB has sole ownership of the Mark and the Information, including without limitation the operations manual and all information contained therein, and that the Information has been provided to the Undersigned in trust and confidence, and that no ownership in the same or in any goodwill relating to the same shall inure to the Undersigned by virtue of the Position.

2. Confidentiality. The Information, all information and knowledge about the System which is not in the public domain, and such other information and material as PHB may designate as confidential shall be deemed Information for purposes of this Agreement. The Undersigned agrees to keep all of the Information confidential, and to use the Information only for the purposes and in the manner authorized by the Franchisor. The Undersigned agrees that s/he will not, at any time, while holding the Position or thereafter, in any manner or form, directly or indirectly, disclose, duplicate, sell, or otherwise make known any Information, or any portion

thereof, including without limitation Information concerning PHB, Franchisee, the Franchise Agreement, the System, other franchisees of PHB, or customers or suppliers of any of them, to any person or entity other than individuals in the System who have a need for the Information in order to perform their jobs.

3. Usage. The Undersigned agrees that s/he shall not, at any time: (a) use or display any names, marks, color combinations, designs, signs, symbols or other designations which are confusingly similar to the Mark in connection with any other business or activity in which the Undersigned has an interest except as authorized by PHB in writing; (b) engage in any trade practice or other activity which is harmful to the goodwill of, or reflects unfavorably upon the reputation of, PHB, Franchisee or the System, or which is in violation of any applicable law; or (c) directly or indirectly contest the validity or ownership of the Mark or the Information or the license of Franchisee or the rights of PHB thereto.

4. Return of Confidential Material. If the Undersigned ceases to hold a Position as described in Paragraph A above, s/he shall promptly return to you or PHB all copies in any medium of anything containing or relating to the Information, and all property belonging to Franchisee and PHB, or either of them, in the Undersigned's possession, custody or control, including without limitation any of such items produced or prepared by the Undersigned.

5. Noncompetition. The Undersigned recognizes that: (a) the garage door repair service business which includes sale, service, repair, replacement and installation of garage doors and operator/opener systems, is very competitive; (b) the Precision Door System is currently operated in numerous states throughout the United States and is intended to be national in scope; (c) by virtue of his or her Position, the Undersigned will have access to and will receive certain confidential and proprietary information regarding the Precision Door System and the business being conducted by PHB for the purpose of maintaining and further developing Franchisee's business and the business and goodwill of the Precision Door System; (d) for these very reasons, the Position also provides the Undersigned with the attendant ability to divert customer trade; and (e) consequently, PHB and Franchisee have strong legitimate interests in obtaining the covenants herein for the protection of their respective businesses and goodwill. Therefore, without the express prior written consent of PHB and Franchisee, which either may withhold, the Undersigned agrees that, neither the Undersigned, nor any person or entity under the Undersigned's control, nor any spouses or immediate family members of all such individuals, shall, during the Time Period (as defined in Paragraph 5.1 below), directly or indirectly, engage in any Prohibited Conduct (as defined in Paragraph 5.2 below) within the Area (as defined in Paragraph 5.3 below). The Undersigned expressly acknowledges that he or she possesses skills and abilities of a general nature and has other opportunities for exploiting those skills, so that enforcement of the covenants made in this Section will not deprive him or her of an ability to earn a living.

5.1 Time Period. For the purposes of Section 5 of this Agreement, the term "**Time Period**" shall mean: (a) the period that the Undersigned holds any Position with Franchisee; and (b) after the Undersigned no longer holds a Position with Franchisee, for a period of (i) two (2) years if the Undersigned was a Controlling Agent, or (ii) one (1) year if the Undersigned never was a Controlling Agent.

5.2 Prohibited Conduct. For the purposes of Section 5 of this Agreement, the term "**Prohibited Conduct**" shall mean: (a) if the Undersigned is or ever was a Controlling Agent, engaging in, owning, managing, operating, controlling or providing assistance, help or support to others, either directly or indirectly, any business that specializes in or derives 25% or more of its revenues from the sale, repair, replacement and installation of garage doors and opener/operator

systems; or (b) if the Undersigned never was a Controlling Agent, engaging in activities comparable to those Agent engaged in while holding a Position with Franchisee.

5.3 Area. For the purposes of Section 5 of this Agreement, the term "**Area**" shall include: (a) the geographic area in which Franchisee provides or provided garage door repair, maintenance and installation services and sale of new garage doors and operators/openers to customers, including but not limited to the geographical area as specifically described in Exhibit "1" of the Franchise Agreement; (b) a radius of thirty-five (35) miles from the Franchise Territory of Franchisee in which the Undersigned worked; and (c) if the Undersigned is or ever was a Controlling Agent, a radius of thirty-five (35) miles from any other Precision Door Franchise Territory. In addition, for the period that the Undersigned's Position is that of a Controlling Agent, the term Area shall also include: (i) the entire state(s) in which Franchisee conducts its business; and (ii) throughout the entire United States.

6. Non-Solicitation. The Undersigned shall not, while in the Position or a period of two years thereafter, directly or indirectly, solicit any person employed by Franchisee, or PHB, or any other franchisee of PHB, for the purpose of employing that person, and the Undersigned shall not otherwise directly or indirectly induce or attempt to induce such person to leave such employment.

7. Family Members. The Undersigned agrees that his/her obligations hereunder include requiring spouses and other family members who are employed by the Undersigned (or by a business owned by the Undersigned) for the purpose of providing services similar to those provided by a Precision Door Service franchise to execute a Confidentiality and Noncompetition Agreement in a form approved by the Franchisor.

8. Modification. Each of the covenants set forth in this Agreement shall be construed as independent of any other covenant or provision of this Agreement. PHB reserves the right to reduce the scope of the restrictions under any covenant unilaterally and without the consent of any other person or entity, effective upon giving notice thereof. In the event that any restriction contained in this Agreement is found to be unlawful as to scope or duration or otherwise invalid, it is the parties' intention that the provision not be declared ineffective in its totality, but that the provision be declared invalid only to the extent of the illegality, and that the provision continue, as so revised, in full force and effect. This Agreement shall automatically be deemed amended to restate the limits of the restriction accordingly.

9. Injunctive Relief. In the event of an actual or threatened breach by the Undersigned of any of the provisions of this Agreement, the Undersigned, PHB, and Franchisee agree that the remedy at law will be inadequate, and that Franchisee and/or PHB shall immediately be entitled to injunctive relief restraining the Undersigned from such breach without having to show any actual damages. Nothing herein shall be construed as prohibiting you and/or PHB from pursuing any other available remedies for such breach.

10. Survival. The provisions of this Agreement shall survive the expiration or termination of the Franchise Agreement and any agreement or relationship between PHB and/or Franchisee and the Undersigned for any reason, and shall be enforceable notwithstanding the existence of any claim or cause of action of the Undersigned against PHB and/or Franchisee predicated on any contract or other basis whatsoever.

11. No Right to Employment. Nothing contained in this Agreement shall in any way be deemed to confer upon the Undersigned any right to obtain a franchise agreement from PHB, or to employment with PHB or Franchisee.

12. Applicable Law. Except to the extent governed by federal trademark, copyright and arbitration statutes, the existence, validity, construction and sufficiency of performance of this

Agreement and all matters relating to it shall be governed by the laws of the State of Florida applicable to agreements made and to be entirely performed in Florida, without regard to, and without giving effect to, the application of any Florida conflict of law rules; provided, however, that if any of the provisions of this Agreement would not be enforceable under the laws of Florida, then such provisions shall be governed by the laws of the state of where the Undersigned resides; and provided further that if the Undersigned never was a Controlling Agent, this Agreement shall be governed by the laws of the state in which Franchisee's office is or was located; and provided further that the Franchise Disclosure Document delivered to Franchisee prior to entering into the Franchise Agreement contained a State Law Addendum, which is hereby incorporated into this Agreement, referencing and summarizing certain existing local laws of other jurisdictions, and the application of Florida law shall not abrogate or reduce any rights of the Undersigned provided for under such existing local laws which by their terms apply and supersede Florida law (unless local law conflicts with federal law and is preempted).

13. Venue. Any proceeding brought by PHB or Franchisee against the Undersigned may be brought and conducted in the City of Melbourne, Brevard County, Florida. If the Undersigned ever was a Controlling Agent, any proceeding initiated by the Undersigned must be brought and conducted in the City of Melbourne, Brevard County, Florida. The parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. The provisions of this Section 13 are subject to applicable superseding law as provided in Section 12.

14. General. This Agreement contains the entire understanding between the parties with respect to the subjects hereof, and supersedes all prior oral and written negotiations, understandings and agreements. Except as otherwise expressly provided herein, this Agreement may be amended only by an instrument in writing signed by PHB and the Undersigned. The waiver of any breach or violation of this Agreement shall not be deemed to amend this Agreement and shall not constitute a waiver of any other or subsequent breach. Headings are for convenience and shall not limit or control interpretation. Words in this Agreement shall be deemed to refer to whatever number and gender the context requires. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns. ~~Both~~ Franchisee, any Precision Door Service franchisee and PHB shall be third party beneficiaries of this Agreement and entitled to enforce it as though each of them was a signatory.

IN WITNESS WHEREOF, the parties have caused this Confidentiality and Noncompetition Agreement to be executed as of the date first set forth above.

THE "UNDERSIGNED":

_____ (Signature)	_____ (Residential Street Address)
_____ (Print Name)	_____ (City, State, Zip Code)
_____ (Position)	_____ (Residential Telephone Number)
_____ (Date)	

ACCEPTED BY:

PRECISION HOLDINGS OF BREVARD, INC.
(Franchisor)

By: _____

Its: _____

Date: _____

EXHIBIT 4

ASSIGNMENT OF TELEPHONE NUMBERS AND DOMAIN NAMES

Assignment of Telephone Numbers and Websites/Domain Names/URLs

Date: _____

This assignment is effective as of the date of termination or expiration of the Franchise Agreement entered into between Precision Holdings of Brevard, Inc. (“PHB” or “us”) and _____ (“you”). You hereby irrevocably assign to us or our designee the: Web Sites/Domain Names/URLs (“Websites”) and telephone number or numbers and listings issued and/or used to/by you with respect to each and all of your Precision Door businesses (“telephone numbers”). This assignment is for collateral purposes only and we have no liability or obligation of any kind whatsoever arising from this assignment, unless we desire to take possession and control over the Websites and telephone numbers.

We hereby are authorized and empowered upon termination or expiration of the Franchise Agreement and without any further notice to you to notify the Website and telephone companies, as well as any other companies that register and host Websites, and publish telephone directories (“telephone companies”), to transfer the telephone numbers and Websites to us or such other person or entity as we designate. You hereby grant to us an irrevocable power of attorney and appoint us as your attorney-in-fact to take any necessary actions to assign the telephone numbers and Websites, including but not limited to, executing any forms that the telephone and Website companies may require to effectuate the assignment. This assignment is also for the benefit of the telephone and Website companies, and the telephone and Website companies may accept this assignment and our instructions as conclusive evidence of our rights in the telephone numbers and Websites and our authority to direct the amendment, termination or transfer of the telephone numbers and Websites, as if they had originally been issued to us. In addition, you agree to hold the telephone and Website companies harmless from any and all claims against them arising out of any actions or instructions by us regarding the telephone numbers and Websites.

**PRECISION HOLDINGS OF
BREVARD, INC.**

FRANCHISEE:

By: _____

By: _____

Title: _____

Title: _____

EXHIBIT 5

AUTHORIZATION TO RELEASE INFORMATION

Authorization to Release Information

Dated: _____

TO: _____

Franchise Owner: _____
Business Name: _____ DBA: _____
Franchise Location: _____

The undersigned, a Precision Door Service Franchisee of Precision Holdings of Brevard, Inc. TA Precision Door Service (PHB), hereby authorizes you to release information regarding the above-referenced Precision Door Service Franchise to PHB, and/or their agents or assigns.

This form may be duplicated in blank and/or sent via facsimile transmission.

This authorization is a continuing authorization for PHB to receive any and all information requested, including duplicates of any notices sent regarding the account.

FRANCHISEE:

By:
Title:

EXHIBIT 6
ACKNOWLEDGEMENT ADDENDUM

**ACKNOWLEDGMENT ADDENDUM TO
PRECISION DOOR SERVICE® FRANCHISE AGREEMENT**

As you know, you and we are entering into a Franchise Agreement for the operation of a PRECISION DOOR SERVICE® franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations*.

1. Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least (a) 14 calendar days prior to signing the Franchise Agreement (including all attachments and addenda, collectively referred to as the “Franchise Agreement”), **or** (b) if you are a resident of **New York**, at the earlier or the first personal meeting or 10 business days before the execution of the franchise or other agreement or payment of any consideration, **or** (c) if you are a resident of **Michigan**, at the earlier of 10 business days before the execution of any binding agreement or payment of any consideration? Check one: ☐ Yes ☐ No. If no, please comment: _____

2. Have you studied and reviewed carefully our Disclosure Document and Franchise Agreement?
Check one: ☐ Yes ☐ No. If no, please comment: _____

3. If we made any unilateral changes to the Franchise Agreement, did you receive a copy of the complete revised agreement at least seven calendar days prior to the date on which the Franchise Agreement was executed? Check one: ☐ Yes ☐ No. If no, please comment: _____

4. Did you understand all the information contained in both the Disclosure Document and Franchise Agreement? Check one ☐ Yes ☐ No. If no, please comment: _____

5. Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Disclosure Document? Check one: ☐ No ☐ Yes. If yes, please state in detail the oral, written or visual claim or representation: _____

6. Except as stated in Item 19 of the Disclosure Document, did any employee or other person speaking on behalf of Precision Holdings of Brevard, Inc. make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, earnings, income or profit levels at any PRECISION DOOR SERVICE® location or business, or the likelihood of success at your franchised business? Check one: ☐ No ☐ Yes. If yes, please state in detail the oral, written or visual claim or representation: _____

7. Except as stated in Items 6, 7 and 19 of the Disclosure Document, did any employee or other person speaking on behalf of Precision Holdings of Brevard, Inc. make any statement or promise regarding the costs or expenses involved in operating a franchise that is not contained in the

Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document. Check one: () No () Yes. If yes, please comment: _____

8. Do you understand that that the franchise granted is for the right to operate a garage door repair, maintenance and installation service business for the Authorized Territory only and includes no exclusive area or protected territory outside the Authorized Territory, and that we and our affiliates have the right to issue franchises or operate competing businesses for or at locations, as we determine, near or adjacent to your Precision Door Service garage door business as set forth in the Franchise Agreement? Check one: () Yes () No. If no, please comment: _____

9. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Precision Door Service garage door business, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding and you have not received any “side agreements,” options, right-of-first-refusal or otherwise with respect to any matter (including but not limited to advertising, marketing, operational, marketing or administrative assistance, exclusive rights or exclusive or protected franchise territory or otherwise)? Check one: () Yes () No. If no, please comment: _____

10. Do you understand that the success or failure of your garage door business will depend in large part upon your skills and experience, your business acumen, your location, the local market for services under the PRECISION DOOR SERVICE® trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your garage door business may change? Check one: () Yes () No. If no, please comment: _____

11. Have you conducted your own independent investigation of the PRECISION DOOR SERVICE® franchise and not relied solely upon any oral or written representation about the franchise made by Franchisor, including assessing market conditions and investigation of the PRECISION DOOR SERVICE® reputation in your geographic area? Check one: () Yes () No. If no, please comment: _____

132. Do you understand that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting the PRECISION DOOR SERVICE® brand and Marks and to assist you in the operation of your garage door business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages, training, supervision and termination of your employees and all other employment and employee related matters? Check One: () Yes () No. If no, please comment: _____

143. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in Section 7 and EXHIBIT 3 and that an injunction is an appropriate remedy to protect the interests of the PRECISION DOOR SERVICE® system if you violate the covenant(s)? Further,

do you understand that the term “you” for purposes of the non-compete covenants in defined broadly in Section, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? () Yes () No. If no, please comment:

154. Do you understand that our affiliates do not guarantee the performance of our obligations to you and that the Franchise Agreement is a contract just between you and us. Check One: () Yes () No. If no, please comment: _____.

175. No franchise seller, other than _____ (identified by me on the Receipt), was involved in offering the franchise to me, except as follows: _____

(If none, you should write “NONE” in your own handwriting and initial.)

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: _____ Signed: _____

Print Name: _____ Print Name: _____

Date: _____ Date: _____

APPROVED ON BEHALF OF
PRECISION HOLDINGS OF BREVARD, INC.

Signed _____ By: _____

Print Name: _____ Title: _____

Date: _____ Date: _____

*Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law. Except to the extent we have negotiated changes to the Franchise Agreement that differ from the Franchise Disclosure Document, nothing in this Acknowledgement Addendum or in any related agreement is intended to disclaim representations made in Precision Holdings of Brevard, Inc.’s 2018 Franchise Disclosure Document that was furnished to you.

EXHIBIT D

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EXHIBIT E

FRANCHISEES AS OF DECEMBER 31, 201~~8~~⁹;

~~FRANCHISEES WHO LEFT THE SYSTEM DURING 2018~~

FRANCHISEES
As of December 31, 201~~89~~

State	Area Name	Franchisee Name Office Location	Area Number
Alabama	Birmingham	Jeffrey Arno1485 Bayshore Drive Cocoa Beach, Florida 32931	173
	Huntsville	Lowell Wilson 3411 Hwy. 53 Huntsville, AL 35806 (256) 429-2442	203
	Mobile, AL/Gulfport, MS (Note 2)	Robert Boes & Stephanie Sharpe 1606 Industrial Park Mobile AL, 36693 (850) 332-5316	207
Arizona	Phoenix	Charanjit S. Gohlwar 7652 East Greenway, #100 Scottsdale, Arizona 85260 (480) 905-2675	5
	Tucson	Charanjit S. Gohlwar 7652 East Greenway, #100 Scottsdale, Arizona 85260 (480) 905-2675	183
Arkansas	Fayetteville	Patrick Behrens 1907 Town West Drive Rogers, Arkansas 72756 (479) 316-0806	218
	Little Rock	Steve & Jolene Coop 21 Collings Industrial Place 3-C Maumelle, AR 72113 (501) 232-2518	190
California	Bakersfield	Mike Hanson 17975 Sky Park Circle, Suite F Irvine, CA. 92614 (714)565-3101	210

State	Area Name	Franchisee Name Office Location	Area Number
	Fresno-Madera	Mike Hanson 17975 Sky Park Circle, Suite F Irvine, CA. 92614 (714) 565-3102	225
	North Los Angeles County	Chuck White 2550 Corporate Place, Suite C105 Monterey, CA 91754 (323) 264-9500	197
	Orange County	Mike Hanson 17975 Sky Park Circle, Suite F Irvine, CA. 92614 (714)565-3101	14
	Riverside/San Bernardino	Donald Taylor 6236 River Crest Drive, Suite G Riverside, CA. 92507 (951) 296-3890	118
	<u>Sacramento</u>	<u>Pat Prendergast</u> <u>20986 Corsair Blvd.</u> <u>Haywood, CA 94545</u> <u>(510) 785-9195</u>	<u>196</u>
	San Diego	Kevin Spratt 20728 56 th Ave. West Lynnwood, Washington 98036 (425) 712-3701	182
	San Luis Obispo	Mike Hanson 17975 Sky Park Circle, Suite F Irvine, CA. 92614 (714) 565-3102	163
	San Jose	Pat Prendergast 4616 Enterprise Common Fremont, CA 94538 (510) 657-7761	196
	Santa Barbara/Ventura County	Chuck White 2550 Corporate Place, Suite C105 Monterey, CA 91754 (323) 264-	198

State	Area Name	Franchisee Name Office Location	Area Number
	South Los Angeles County	Mike Hanson 17975 Sky Park Circle, Suite F Irvine, CA. 92614 (714) 565-3101	117
Colorado	<u>Colorado Springs</u>	<u>Jayson Zortman</u> <u>2806 Janitell Road</u> <u>Colorado Springs, Co 80906</u> <u>(719) 315-5600</u>	<u>228</u>
	Denver	Ben Nelson 7302 South Altou Way, Unit 4E Centennial, CO 80112 (303) 858-1113	27
	<u>Fort Collins</u> <u>(Note 4)</u>	<u>Tyler and Anna Hockman</u> <u>1305 Duff Dr. # 5</u> <u>Fort Collins, CO. 80524</u> <u>(970) 235-2690</u>	<u>231</u>
Connecticut	Hartford, CT./Springfield, MA	Walt Arvin 15 Bonazzoli Ave., Unit 3 Hudson, MA 01749 (978) 212-3332	162
Delaware	Delaware	Steve Freitas and Rich Booms 250 Corporate Blvd., Suite G Newark, DE 19702 (302) 343-7377	204
Florida	Brevard County	Joy Denton 132 Tomahawk Drive, Suite A Indian Harbor Beach, Florida 32937 (321) 639-6157	67
	Clearwater/St. Petersburg/Tampa	Jim Rapp 13737 Automobile Boulevard Clearwater, FL 33762 (727) 573-7926	152
	Sarasota/Naples/Fort Meyers	Andrew Sell 911 Plum Tree Lane Sarasota Florida 34235 (941) 806-7517	158
	Jacksonville	Jason Shepperd 3551 O'Brien Lane Mims, Florida 32754	170

State	Area Name	Franchisee Name Office Location	Area Number
	Central Florida (Orlando)	Bill Walden 3615 Sparrow Hawk Trail Mims, Florida 32754 (321) 225-3500	172
	<u>Miami</u>	<u>Robert and Sandra Esparragoza</u> <u>12245 SW 128th Street, Unit 307</u> <u>Miami, FL 33186</u>	<u>208</u>
	South Florida	Jim Migani 5401 Haverhill Road, North, Suite 125 West Palm Beach, FL 33407 (561) 515-5339	184
	Pensacola/Panama City	Robert Boes & Stephanie Sharpe 101 W. Ensley Street Pensacola, FL 32534 (850) 332-5316	200
Georgia	<u>Augusta</u> <u>(Note 5)</u>	<u>Doug Kale</u> <u>1810 Wylds Rd</u> <u>Augusta, GA 30909</u> <u>(706) 450-4933</u>	<u>234</u>
	Metro Atlanta	Tim Yeager 3095 Early Street NW Atlanta, GA 30305 (727) 947-2068	180
	Macon	Tim Yeager 3095 Early Street NW Atlanta, GA 30305 (727) 947-2068	222
	Savannah, GA (Note 3)	Tim Yeager 3095 Early Street NW Atlanta, GA 30305 (727) 947-2068	213
Illinois	Chicago Central	Gary (Buck) Maynard 2800 Berville, #17A Lansing, IL 60438 (708) 474-6657	107

State	Area Name	Franchisee Name Office Location	Area Number
	Chicago Southwest	Gary (Buck) Maynard 2800 Bernice, #17A Lansing, Illinois 60438 (708) 474-6657	90
Indiana	Fort Wayne	Jared Belyew 3404 Metro park Dr. North, Suite C Fort Wayne, IN 46818 (317) 428-8124	186
	Indianapolis	Joel Belyew 9402 Iptown Drive, Suite 1800 Indianapolis, IN 46256 (317) 585-4971	115
	South Bend	Steve Freitas and Rich Booms 12131 Wormer Redford, MI 48239 (313) 387-0350	212
Iowa	Des Moines	Eric Taylor 5439 NE 17th Street Unit 11 Des Moines, IA 50313 515-987-4850	220
Kansas	Kansas City	Brian Hennings 10608 Widmer Road Lenexa, KS 66215 (913) 815-6850	202
Kentucky	Lexington	Steve Trotter & Theresa Derenthal 3005 Park Central, Unit Y Nicholasville, KY 40356 (859) 225-0067	63
	Louisville	Dwayne White 4213 Produce Road Louisville, KY 40218 (502) 969-7477	179
Louisiana	Baton Rouge	Robert Boes & Stephanie Sharp 8967 Castille Rd., Suite M Baton Rouge, LA 70809 (225) 412-8300	211

State	Area Name	Franchisee Name Office Location	Area Number
	New Orleans	Robert Boes & Stephanie Sharp 8967 Castille Rd., Suite M Baton Rouge, LA 70809 (225) 412-8300	216
Maryland	Central Maryland	Charan Gohlwar 9125 D Whiskey Bottom Road Laurel, Maryland 20723 (301) 716-0801	214
	Easter Shore Maryland	Steve Freitas and Rich Booms 250 Corporate Blvd., Suite G Newark, DE 19702 (302) 343-6394	206
Massachusetts	Boston	Walt Arvin 158-A Doty Circle West Springfield, MA 01089 (413) 732-7522	161
Michigan	Detroit/Lansing	Steve Freitas and Rich Booms 12131 Wormer Redford, MI 48239 (313) 387-0350	165
	Grand Rapids	Steve Freitas & Rich Booms 12131 Wormer Redford, MI 48239 313-387-0350	185
Minnesota	Minneapolis/St. Paul	Craig & Erica Amundson 80 Little Canada Road E., Suite 5 St. Paul, MN 55117 (651) 348-7846	209
Mississippi	Jackson	Lowell Wilson 113 Layfair Drive Flowood, MS 39232 (601) 488-8200	215
Missouri	St. Louis	Sean Patty, Tim Ewing & Dale Heuvelman 1731 Larkin Williams Road Fenton, Missouri 63026 (636) 305-8181	76

State	Area Name	Franchisee Name Office Location	Area Number
Nebraska	Omaha/Lincoln/Council Bluffs	Randy Ross 4924 135th Street Omaha, Nebraska 68137 (402) 291-1555	128
Nevada	Las Vegas	Tim Veile 6351 Hinson Street, Suite E Las Vegas, NV 89118-6851 (702) 386-0106	77
New Jersey	Atlantic City	Andrew Sell & Anthony Castiglione	227
	Montville	Doug Bencsko & Stephen Homes 220 West Parkway, Unit 9 Pompton Plains, New Jersey 07444 (973) 283-3555	19
	Wall	Steve Skaflestad 440 Herbertsville Road Brick, New Jersey 08724 (732) 836-9090	41
New Mexico	Albuquerque	Gary Lang & K.K. Ma 4500 Anaheim , Bldg. B Suite 6 Albuquerque, NM 87113 (505) 822-0668	219
New York	Buffalo	Anthony Paruta 300 Langner Road Office, Unit 4 West Seneca, NY 14224 (973) 943-7563	188
	Long Island	Douglas A. Bencsko 32 Newton Plaza Plainview, NY 11803 (516) 927-8686	199
	Rochester	Ron Kull 507 West Commercial Street Rochester, NY 14445 (585) 381-0897	87
	<u>Syracuse</u>	<u>Anthony Paruta</u> <u>10 Adler Dr., Ste 112</u> <u>East Syracuse, NY 13057</u> <u>(315) 888-5899</u>	<u>229</u>

State	Area Name	Franchisee Name Office Location	Area Number
	Westchester, NY/ Fairfield, CT (Note 1)	Douglas A. Bencsko 241 Bleakly Ave. Buchana, NY 10511 (973) 831-1738	66
North Carolina	Charlotte	Mark Hawkins <u>Doug Kale</u> 4000-A Sardis Church Road Monroe, NC 28110 (704) 821-1332	159 <u>233</u>
	<u>Goldsboro-Fayetteville</u>	<u>Tim Yeager</u> <u>3095 Early Street NW</u> <u>Atlanta, GA 30305</u> <u>(727) 947-2068</u>	
	Greensboro	Doug Kale <u>Michelle Cromwell</u> 7341 W. Friendly Ave., Suite K Greensboro, NC 27410 (336) 834-8142	145 <u>238</u>
	Raleigh	Tim Yeager <u>Michelle Cromwell</u> 400 Dominion Drive, Suite 105 Morrisville, NC 27560 (919) 460-3014	144 <u>239</u>
	Wilmington	Doug Kale 247 Plumbers Road Columbia, SC 29203 (803) 754-7933	226
Ohio	Akron	Dan DeSantis 603 Parkway View Dr., Bldg. 6 Robinson, PA 15205 412-788-2068	191
	Cleveland	Jim Boland & Jeff Ware 9545 Midwest Avenue, Unit C Garfield Heights, Ohio 44125 (216) 214-1887	148

State	Area Name	Franchisee Name Office Location	Area Number
	Cincinnati	Ferry Joe Loader and Jake Huntress 9105 Sutton Place West Chester, OH. 45011 (513) 714-4001 White and George Shaw 9105 Sutton Place Hamilton, OH 45011 (513) 714-4001	221
	Columbus	<u>Jim Rapp</u> <u>8157-B Greenmeadows Dr. N.</u> <u>Lewis Center, OH 43035</u> <u>(614) 207-2428</u> Beth Huff 8157-B Greenmeadows Drive North Lewis Center, Ohio 43035 (740) 657-3195	<u>23042</u>
	Dayton/Springfield	John Hidy 3583 Commerce Drive Franklin, Ohio 45005 (515) 420-9064	93
Oklahoma	Oklahoma City	Russ Pyle 3980 E-1240 Service Road Oklahoma City, OK 73135 (405) 684-3628	187
Oregon	Portland	Stan and Kim Prosser 14865 Southwest 74th Avenue, #150 Tigard, Oregon 97224 (503) 624-5728	81
Pennsylvania	Harrisburg	Steve Van Dam 17975 Sky Park Circle Suite F Enola PA 92614 714-881-3609	224
	Philadelphia	Tom and Keith Schray 315 Westtown Road, Ste. 10 Westchester, PA. 19382(610) 344-0730	206
	Pittsburgh	Daniel DeSantis 603 Parkway View Drive, Building 6 Robinson, Pennsylvania 15205 (412) 475-0538	140

State	Area Name	Franchisee Name Office Location	Area Number
	<u>Scranton-Wilkes Barre- Williamsport</u>	<u>Tom Schray</u> <u>535 North Keyser Avenue, Scranton, PA</u> <u>18504</u> <u>610-344-0730</u>	<u>236</u>
Rhode Island	Providence	Glenn Nunez 860A Waterman Avenue, Unit 1 East Providence, RI 02914 Local: 401-249-2100	223
South Carolina	Charleston	Doug Kale 4365 Dorchester Road, Suite 207 N. Charleston, SC 29405(803) 754-7933	125
	Columbia	Doug Kale 247 Plumbers Road Columbia, SC 29203 (803) 754-7933	126
	Greenville/Spartanburg	Richard Battistini 4009 Pelham Court Greer, South Carolina 29650 (864) 627-9223	71
	Myrtle Beach	Doug Kale 568 George Bishop Pkwy. Myrtle Beach, SC 29579 (803) 754-7933	217
Tennessee	Chattanooga	Chuck Gatlin 6234 Perimeter Drive, Suite C102 Chattanooga, TN 37451 (865) 692-5187	164
	Knoxville	Chuck Gatlin 10525-C Kingston Pike Knoxville, TN 37922	154
	Memphis	Lowell Wilson 1716 Shelby Oaks drive, Suite 1 Memphis, TN 38134 (901) 380-0291	167
	Nashville	Dan DeSantis 7002 Westbelt Dr. Nashville, TN 37209 (615) 350-8221	153

State	Area Name	Franchisee Name Office Location	Area Number
	Tri-Cities	Rich Battistini 4009 Pelham Court Greer, SC 29650 (864) 627-9223	133
Texas	Austin	Steve Freitas and Rich Booms 1032 Canyon Bend Drive, Suite A Dripping Springs, TX 78620 (512) 280-3700	193
	Dallas	Charan Gohlwar 1609 Hart Ct., Suite 100 South Lake, TX 76092 (817) 203-2700	195
	Fort Worth	Charan Gohlwar 1609 Hart Ct., Suite 100 South Lake, TX 76092 (817) 203-2700	194
	Houston	<u>Ray and Kristi Smith</u> <u>11875 W. Little York Road</u> <u>Suite 401</u> <u>Houston, TX 77041</u> <u>(713) 983-8121</u> Steve Freitas and Rich Booms 11875 W. Little York Road, Suite 401 Houston, TX 77041 (210) 930-5034	204 <u>135</u>
	San Antonio	Martin Behrens 10113 Broadway San Antonio, Texas 78217 (210) 930-5021	102
Utah	Salt Lake City	Kevin Spratt 3608 West 2100 South, Building 1 Salt Lake City, Utah 84120 (425) 712-3701	104
Virginia	Fredericksburg	Charles Moore 1402 Interstate Business Park Fredericksburg, Virginia 22405 (540) 361-4380	123
	Richmond	Scott Kale 320 Cleveland Place, Suite A Virginia Beach, Virginia 23462 (757) 502-4528	192

State	Area Name	Franchisee Name Office Location	Area Number
	Virginia Beach	Scott Kale 320 Cleveland Place, Suite A Virginia Beach, Virginia 23462 (757) 502-4528	155
Washington	Seattle	Kevin Spratt 20728 56 th Ave. West Lynnwood, Washington 98036 (425) 712-3701	83
	Spokane	Kevin Spratt 20728 56th Ave. West Lynnwood, Washington 98036 (425) 712-3667	84
Wisconsin	Milwaukee	Brian & Kelly Hennings N 57 W 13556 Reichert Avenue Menomonee Falls, WI 53052 (262) 946-0199	111

Notes:

1. Designates a franchisee that has offices covering territories located in Westchester, New York and Fairfield, Connecticut. This franchisee has been reflected in this Exhibit and in the Disclosure Document Item 20 franchisee chart as being only in the state of New York because the larger part of the territory is in New York.
2. Designates a franchisee that has offices covering territories located in Mobile, Alabama and Gulfport, Mississippi. This franchisee has been reflected in this Exhibit and in the Disclosure Document Item 20 franchisee chart as being only in the state of Alabama because the larger part of the territory is in Alabama.
3. The franchisee has been reflected in this Exhibit and in the Disclosure Document Item 20 franchisee chart as being only in the state of Georgia because the larger part of the territory is in Savannah, Georgia where the offices will be located, but the territory also stretches into Hilton Head, South Carolina.
4. The franchisee has been reflected in this Exhibit and in the Disclosure Document Item 20 franchisee chart as being only in the state of Colorado because the larger part of the territory is in Fort Collins, Colorado where the offices will be located, but the territory also stretches into Cheyenne, Wyoming.
5. The franchisee has been reflected in this Exhibit and in the Disclosure Document Item 20 franchisee chart as being only in the state of Georgia because the larger part of the territory is in Augusta, Georgia where the offices will be located, but the territory also stretches into Aiken and Edgefield counties, South Carolina.

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

EXHIBIT F
FORMER FRANCHISEES

FRANCHISEES WHO LEFT THE SYSTEM

Included in this Disclosure Document as Exhibit E is a list of the names, addresses and telephone numbers of our franchisees as of December 31, 201~~89~~⁹⁰. Included as Exhibit F is a list of former franchisees who have had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the fiscal year ended December 31, 201~~89~~⁹⁰. No franchisees have failed to communicate with us in the 10 weeks prior to the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience about us.

We sponsor a franchisee advisory council. It does not have its own address or telephone number.

Franchisees whose agreements were terminated, cancelled or not renewed, or who otherwise ceased doing business during the fiscal year ended December 31, 201~~89~~⁹⁰ are listed below:

<u>State</u>	<u>Location</u>	<u>Franchisees Name, City and Telephone Number</u>	<u>Remarks</u>
NM		Craig & Erica Amundson 80 Little Canada Road E. Suite 5 St. Paul, MN 55117 651-348-7846 Office	Transfer; the franchisees still own Minneapolis/St. Paul, MN
OH		John Hidy, John DiMario & Allen Lainhart 3583 Commerce Drive Franklin, OH 45005 513-420-9064 Office	Transfer; the franchisees still own Dayton, OH
<u>AZ</u>	<u>Phoenix</u>	<u>Charan Gohlwar</u> <u>7652 E. Greenway #100</u> <u>Scottsdale, AZ 85260</u> <u>(480) 941-1313</u>	<u>Terminated, see Item 3</u>
<u>AZ</u>	<u>Tucson</u>	<u>Charan Gohlwar</u> <u>920 W. Grant Road</u> <u>Tucson, AZ 85705</u> <u>(480) 998-4519</u>	<u>Terminated, see Item 3</u>
<u>NC</u>	<u>Charlotte</u>	<u>Mark Hawkins</u>	<u>Transfer, stayed on as GM</u>
<u>NC</u>	<u>Greensboro</u>	<u>Michelle Moss</u>	<u>Transfer, stayed on as GM</u>
<u>NC</u>	<u>Raleigh</u>	<u>Michelle Moss</u>	<u>Transfer</u>
<u>OH</u>	<u>Cincinnati</u>	<u>Terry White & George Shaw</u>	<u>Transfer</u>

<u>State</u>	<u>Location</u>	<u>Franchisees Name, City and Telephone Number</u>	<u>Remarks</u>
<u>OH</u>	<u>Columbus</u>	<u>Beth Signor-Flex fka Huff</u>	<u>Transfer</u>
<u>TX</u>	<u>Houston</u>	<u>Steve Freitas</u> <u>12131 Wormer</u> <u>Redford, MI 48239</u> <u>(313) 387-0350</u>	<u>Transfer. Franchisee</u> <u>currently owns six other</u> <u>markets</u>

EXHIBIT G
FINANCIAL STATEMENTS

**PRECISION HOLDINGS
OF BREVARD, INC.**

**FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

PRECISION HOLDINGS OF BREVARD, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

Board of Directors
PRECISION HOLDINGS OF BREVARD, INC.

We have audited the accompanying financial statements of PRECISION HOLDINGS OF BREVARD, INC. ("the Company"), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of income and changes in Stockholders' equity, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PRECISION HOLDINGS OF BREVARD, INC. as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marsocci, Appleby & Company P.A.

Marsocci, Appleby & Company, P.A.
Tampa, Florida
February 6, 2020

PRECISION HOLDINGS OF BREVARD, INC.
BALANCE SHEETS
DECEMBER 31, 2019 AND 2018

ASSETS			
		2019	2018
CURRENT ASSETS:			
Cash and cash equivalents		\$ 2,047,807	\$ 1,603,385
Investment in securities, available-for-sale		3,438,076	2,522,712
Receivables		123,714	180,701
Insurance settlement receivable		363,890	-
Inventory		-	24,210
Notes receivable - current portion		348,533	159,051
Other current assets		55,507	21,603
		<u>6,377,527</u>	<u>4,511,662</u>
Total current assets			
		<u>6,377,527</u>	<u>4,511,662</u>
PROPERTY AND EQUIPMENT, net		<u>533,816</u>	<u>228,513</u>
OTHER ASSETS:			
Notes receivable, net		3,415,073	1,099,337
Due from Stockholders		4,647	38,248
Intangible assets		1,383,103	1,362,351
Investment in land		1,874,483	2,501,762
Security deposits		4,180	4,303
		<u>6,681,486</u>	<u>5,006,001</u>
Total other assets			
		<u>6,681,486</u>	<u>5,006,001</u>
TOTAL ASSETS		<u>\$ 13,592,829</u>	<u>\$ 9,746,176</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable and accrued expenses		\$ 84,765	\$ 126,210
Income taxes payable		15,116	267,044
Line of credit		1,268,715	201,733
		<u>1,368,596</u>	<u>594,987</u>
Total current liabilities			
		<u>1,368,596</u>	<u>594,987</u>
DEFERRED INCOME TAXES		<u>124,000</u>	<u>60,000</u>
		<u>124,000</u>	<u>60,000</u>
Total liabilities		<u>1,492,596</u>	<u>654,987</u>
STOCKHOLDERS' EQUITY:			
Common stock		1,455,780	1,455,780
Preferred stock		42,000	42,000
Additional paid in capital		418,308	418,308
Retained earnings		11,635,412	8,626,368
		<u>13,551,500</u>	<u>10,542,456</u>
Treasury stock, at cost		(1,451,267)	(1,451,267)
		<u>12,100,233</u>	<u>9,091,189</u>
Total Stockholders' equity			
		<u>12,100,233</u>	<u>9,091,189</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u>\$ 13,592,829</u>	<u>\$ 9,746,176</u>

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

PRECISION HOLDINGS OF BREVARD, INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
REVENUES:		
Royalties	\$ 5,940,696	\$ 5,580,620
Customer service center	942,616	1,196,799
Company owned operations	299,054	890,978
Franchise service fees	1,393,333	823,540
Rebates	674,971	588,529
Franchise fees	112,984	64,171
Other operating income	89,128	75,265
Interest income	113,886	59,314
	<u>9,566,668</u>	<u>9,279,216</u>
EXPENSES:		
Selling, general and administrative	5,604,270	5,599,334
Customer service center	12,475	26,450
Company owned operations	91,640	313,535
Depreciation and amortization	73,227	120,121
Interest	72,540	21,733
	<u>5,854,152</u>	<u>6,081,173</u>
OTHER INCOME (EXPENSE):		
Casualty loss	(268,017)	-
Investment gain (loss), net	298,521	(14,054)
Gain (loss) on sale of assets	1,538	(7,530)
	<u>32,042</u>	<u>(21,584)</u>
NET INCOME BEFORE INCOME TAXES	3,744,558	3,176,459
Provision for income taxes	(735,514)	(820,000)
NET INCOME	<u>\$ 3,009,044</u>	<u>\$ 2,356,459</u>

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

PRECISION HOLDINGS OF BREVARD, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Common Stock		Preferred Stock Series A		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Total Stock- holders' Equity
	Shares	Amount	Shares	Amount			Shares	Amount	
BALANCE, DECEMBER 31, 2017	6,300,000	\$ 1,455,780	420,000	\$ 42,000	\$ 418,308	\$ 6,269,909	1,820,000	\$ (451,267)	\$ 7,734,730
Treasury shares purchased	-	-	-	-	-	-	1,800,000	(1,000,000)	(1,000,000)
Net income	-	-	-	-	-	2,356,459	-	-	2,356,459
BALANCE, DECEMBER 31, 2018	6,300,000	1,455,780	420,000	42,000	418,308	8,626,368	3,620,000	(1,451,267)	9,091,189
Treasury shares purchased	-	-	-	-	-	-	-	-	-
Net income	-	-	-	-	-	3,009,044	-	-	3,009,044
BALANCE, DECEMBER 31, 2019	6,300,000	\$ 1,455,780	420,000	\$ 42,000	\$ 418,308	\$ 11,635,412	3,620,000	\$ (1,451,267)	\$ 12,100,233

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

PRECISION HOLDINGS OF BREVARD, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 3,009,044	\$ 2,356,459
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	73,227	120,121
Casualty loss, net	268,017	-
(Gain) loss on disposal of assets	(1,538)	7,530
Changes in operating assets and liabilities:		
Receivables	56,987	(81,592)
Inventory	24,210	16,923
Other current assets	(33,904)	7,263
Security deposits	123	(355)
Accounts payable and accrued expenses	(41,445)	34,960
Income taxes payable	(251,928)	-
Deferred revenues	-	(13,031)
Deferred income taxes	64,000	240,881
Net cash provided by operating activities	3,166,793	2,689,159
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash advances provided under notes receivable, net	(2,505,218)	(437,011)
Due from Stockholders	33,601	(38,248)
Proceeds from insurance settlement for casualty loss	250,000	-
Cash payments for investment in securities, net	(915,364)	(1,449,796)
Cash payments for investment in land, net	(254,628)	(406,499)
Cash payments for intangible assets net	(40,800)	-
Cash payments for purchases of property and equipment	(356,944)	(112,766)
Net cash used in investing activities	(3,789,353)	(2,444,320)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash receipts from line of credit, net	1,066,982	201,733
Cash payments for treasury stock	-	(1,000,000)
Net cash provided by (used in) financing activities	1,066,982	(798,267)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	444,422	(553,428)
CASH AND CASH EQUIVALENTS, beginning of year	1,603,385	2,156,813
CASH AND CASH EQUIVALENTS, end of year	\$ 2,047,807	\$ 1,603,385
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS:		
Cash paid for income taxes	\$ 923,442	\$ 579,119
Cash paid for interest	\$ 72,540	\$ 21,733
Casualty loss receivable	\$ 363,890	\$ -

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

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Company's Activities and Operating Cycle

Precision Holdings of Brevard, Inc. (the Company) was incorporated on August 16, 2004, in the State of Florida. In December 2004, Stockholders of both the Company and Precision Door Service, Inc. (PDS) approved the Agreement and Plan of Merger. In January 2005, PDS merged into the Company in accordance with the State of Florida statutes. The separate existence of PDS ceased and the Company continued as the surviving corporation.

The Company franchises garage door installation and repair services throughout North American under the trade name of "Precision Door Service". Each franchise provides services to residential customers within their assigned market. Each franchise is given exclusive rights to advertise in the Yellow Page directories for their market as designated in their franchise agreement. See Note I for the summary of franchises.

The Company's headquarters is located in Titusville, Florida. To assist in overseeing their franchising operations, the Company has approximately 50 employees.

Revenues and Cost Recognition

Revenues include royalties, franchise fees, sales from Company owned operations, and other revenues, which are recognized when substantially all significant services to be provided have been performed. Franchise fees include initial fees charged when a new market area is first established and transfer fees when ownership of a market area is changed. The initial franchise fee is based upon a formula using the number of single family homes one unit detached ("SFHUD") in your specific market area multiplied by \$.10 for each SFHUD. The number of SFHUD is determined by using the most recent figures from the U.S. Census and typically includes between 100,000 and 1,000,000 SFHUD making the initial franchise fee between \$10,000 and \$100,000. A portion of the initial franchise fee may be received in the form of a note receivable. Royalties, like the initial franchise fee, are based on the size of the market area and are billed on a weekly basis. Historically, the royalties were billed at a flat rate that was subject to annual increases based on increases in the U.S. Consumer Price Index. In 2014, new franchise agreements included royalties using a tiered rate schedule based on the individual franchise's monthly sales. In addition, the Company recognizes any franchise fees and royalty payments received in advance as a deferred revenue liability on the balance sheet. Other revenues include rebates from product vendors for products sold by the franchises, fees generated by the Company Customer Service Center for services provided to the franchises, and licensing fees for use of the Company's internally developed software used for managing the franchisee's operations.

Computer software license revenue is recognized on a month-by-month basis when a non-cancellable license agreement has been executed, the fees are fixed and determinable, and collection of the resulting receivable is deemed probable by management. Fees are based on the number of licenses purchased by the franchisee and are available for desktop and mobile applications. The use of the software is mandated by all new franchise agreements.

There are occasions when the Company will either develop or repossess a franchise in a market and operate it until a permanent franchisee is secured. The revenues from these "Company owned stores" are recognized as the service is provided to the customer.

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Investments

Investment in securities at December 31, 2019 consisted mainly of common shares of publicly traded companies, mutual funds, and corporate bonds. The Company classifies its investments as available-for-sale securities.

Available-for-sale securities are carried in the financial statements at fair value. The fair values of the securities are based on quoted market prices for those or similar investments at the reporting date.

The Company invests in a professionally managed portfolio that contains common shares of publicly traded companies, mutual funds, and corporate bonds. Such investments are exposed to various market risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near-term would materially affect investment balances and the amounts reported in the financial statements.

Receivables

Accounts receivable are recorded when invoices are issued and notes receivable are recorded when the agreement is signed. Both are presented in the balance sheet net of the allowance for doubtful accounts. Interest income on loans is recognized over the term of the loan and is computed using the compound-interest method on principal amounts outstanding. Accounts receivable are not interest bearing. Receivables are written off when they are determined to be uncollectible. Management determines the adequacy of its allowance for doubtful accounts based on the age of the receivables, past collection experience, and the financial stability of its customers. As such, the allowance for doubtful accounts was \$5,000 both years ended December 31, 2019 and 2018.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, ranging from five to forty years. Expenditures for repairs and maintenance are charged to operations as incurred.

<u>Assets</u>	<u>Years</u>
Vehicles	5-10
Furniture and equipment	5-10
Leasehold improvements	5-40

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Intangible Assets

Intangible assets consist of goodwill, trade name, and trademark. These items represent the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed. The Company does not amortize the goodwill, trade name, or trademark and this value will not be deductible for income tax purposes. The Company accounts for its goodwill, trade name, and trademark in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 350, Goodwill and Other Intangible Assets, which requires the Company to test goodwill, etc. for impairment annually or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. At December 31, 2019 and 2018, respectively, management determined that there were no indicators of impairment of goodwill based on quantitative and qualitative business performance measures. Therefore, the reported values of the intangible assets of \$1,383,103 and \$1,362,351 at December 31, 2019 and 2018, respectively, did not require a reduction for impairment of value.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC 740, Income Taxes, which requires the recognition of deferred income taxes for temporary differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate principally to using the cash basis method of accounting for income tax reporting purposes, depreciation of property, and valuation of property. Deferred tax assets and liabilities represent the future tax consequence for those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are reflected at income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

The provisions of FASB ASC 740, Income Taxes, also prescribe a recognition threshold and measurement attribute of the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Management evaluates the Company's deferred tax assets and liabilities on an annual basis for any uncertain tax positions, both past and current. If management determines that a past or current tax position is uncertain then a valuation allowance is calculated to adjust the deferred tax assets and liabilities to a value that is determined to be more likely than not realizable and sustainable upon examination.

The Company has no uncertain tax positions that it has taken and believes that it can defend its tax return in any jurisdiction. With few exceptions, the Company is no longer subject to income tax examinations by the U.S., federal, state or local tax authorities for years before 2016.

Compensated Absences

The Company's employees are entitled to paid vacations, sick days, and personal days off, depending on the job classification, length of service, and other factors. The Company's policy is to recognize the costs of compensated absences in the year when actually paid to these employees. As such, the accrual cannot be reasonably estimated, and accordingly, no liability has been recorded in the accompanying financial statements.

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Advertising Costs

The Company expenses advertising as incurred except for those amounts that have been prepaid. Advertising expenses were \$300,590 and \$314,171 at December 31, 2019 and 2018, respectively.

Reclassification

Certain accounts relating to the prior year have been reclassified to current year presentation with no effect on previously reported net income.

NOTE B - CONCENTRATIONS OF CREDIT RISK:

The Company maintains several depository accounts with a single financial institution that at times may exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation. The Company believes there is not a significant risk with respect to these deposits. The Company has not experienced any losses on its deposits with financial institutions.

The Company also maintains balances in a brokerage institution. Accounts at certain brokerage institutions are insured by the Securities Investor Protection Corporation up to \$500,000 (\$250,000 for cash claims). The Company at times may exceed amounts covered by such insurance.

NOTE C - FAIR VALUE MEASUREMENTS:

FASB ASC 820, Fair Value Measurements and Disclosures, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- | | |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the company has the ability to access. |
| Level 2 | Inputs to the valuation methodology include <ul style="list-style-type: none">• Quoted prices for similar assets or liabilities in active markets;• Quoted prices for identical or similar assets or liabilities in inactive markets;• Inputs other than quoted prices that are observable for the asset or liability;• Inputs that are derived principally from or corroborated by observable market data by correlation or other means. |

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- | | |
|---------|---|
| Level 3 | Inputs to the valuation methodology are unobservable and significant to fair value. |
|---------|---|

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE C - FAIR VALUE MEASUREMENTS (CONTINUED):

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018, respectively.

Investment in securities, available-for-sale: Valued using quoted market prices in an active market.

Investment in land: Valued using a market approach.

Notes receivable: Valued at the amortized value at the stated interest rate or the value of the underlying collateral value if the loan is impaired.

Goodwill: Valued using the income approach and the multi-period excess earnings method.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Company's assets at fair value as of December 31, 2019:

	Level 1	Level 2	Level 3	Total
Investment in securities	\$ 3,438,076	\$ -	\$ -	\$ 3,438,076
Investment in land	-	1,874,483	-	1,874,483
Notes receivable	-	-	3,763,606	3,763,606
Goodwill	-	-	1,343,601	1,343,601
	<u>\$ 3,438,076</u>	<u>\$ 1,874,483</u>	<u>\$ 5,107,207</u>	<u>\$ 10,419,766</u>

The following table sets forth a summary of changes in fair value of the Company's Level 3 assets for the year ended December 31, 2019:

	Notes Receivable	Goodwill	Total
Balance, beginning of year	\$ 1,258,388	\$ 1,343,601	\$ 2,601,989
Plus: notes receivable advances made	2,804,439	-	2,804,439
Less: notes receivable payments received	(299,221)	-	(299,221)
Balance, end of year	<u>\$ 3,763,606</u>	<u>\$ 1,343,601</u>	<u>\$ 5,107,207</u>

The following table sets forth by level, within the fair value hierarchy, the Company's assets at fair value as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Investment in securities	\$ 2,522,712	\$ -	\$ -	\$ 2,522,712
Investment in land	-	2,501,762	-	2,501,762
Notes receivable	-	-	1,258,388	1,258,388
Goodwill	-	-	1,343,601	1,343,601
	<u>\$ 2,522,712</u>	<u>\$ 2,501,762</u>	<u>\$ 2,601,989</u>	<u>\$ 7,626,463</u>

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE C - FAIR VALUE MEASUREMENTS (CONTINUED):

The following table sets forth a summary of changes in fair value of the Company's Level 3 assets for the year ended December 31, 2018:

	Notes Receivable	Goodwill	Total
Balance, beginning of year	\$ 821,377	\$ 1,343,601	\$ 2,164,978
Plus: notes receivable advances made	558,725	-	558,725
Less: notes receivable payments received	(121,714)	-	(121,714)
Balance, end of year	\$ 1,258,388	\$ 1,343,601	\$ 2,601,989

NOTE D - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

	2019	2018
Vehicles	\$ 348,558	\$ 256,250
Furniture and equipment	99,335	94,758
Leasehold improvements	223,867	65,261
	671,760	416,269
Less: accumulated depreciation	(137,944)	(187,756)
	\$ 533,816	\$ 228,513

Depreciation expense charged to operations was \$53,179 and \$45,121 for years ended December 31, 2019 and 2018, respectively.

NOTE E - NOTES RECEIVABLE, NET:

Notes receivable, net consists of the following:

	2019	2018
Notes receivable - related party	\$ 2,498,751	\$ 1,106,361
Notes receivable - other	1,274,855	162,027
	3,773,606	1,268,388
Less: current portion	(348,533)	(159,051)
	3,425,073	1,109,337
Less: allowance for doubtful accounts	(10,000)	(10,000)
	\$ 3,415,073	\$ 1,099,337

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE E - NOTES RECEIVABLE, NET (CONTINUED):

Maturities of note receivables for the years ended December 31 are as follows:

<u>YEARS</u>	<u>AMOUNT</u>
2020	\$ 348,533
2021	437,397
2022	289,225
2023	261,660
2024	781,556
Thereafter	1,655,235
	\$ 3,773,606

Notes receivable - related party consisted of the following:

A promissory note for \$950,318 with a real estate venture owned by a Stockholder. This note is secured by the real property of the related party and matures in December 2029 with monthly payments of \$8,456, including interest at 4.5% per annum. The outstanding balance of this note receivable was \$811,900 and \$891,361 at December 31, 2019 and 2018, respectively.

A promissory note for \$ 215,000 with a Stockholder for the purchase of personal property. This note is secured by the real property and it matures in December 2020 with monthly payments of \$19,064, including interest at 4% per annum. The outstanding balance of this note receivable was \$215,000 at both years ended December 31, 2019 and 2018, respectively.

A promissory note for \$1,471,851 with a real estate venture owned by a Stockholder. This note is secured by the real property of the related party and matures in March 1, 2040 with monthly payments of \$8,456, including interest at 3.5% per annum. The outstanding balance of this note receivable was \$1,471,851 and \$0 at December 31, 2019 and 2018, respectively.

Notes receivable - other consisted of the following:

A promissory note for \$150,000 with an unrelated individual for the purchase of a parcel of investment property owned by the Company. This note is secured by the real property and matures in October 2021 with monthly payments of \$2,000, including interest at 5.0% per annum. There was no outstanding balance on this note receivable at December 31, 2019. The outstanding balance of this note receivable was \$112,428 at December 31, 2018.

A promissory note for the purchase of a parcel of investment property owned by the Company. This note is secured by the real property and matures in May 2023 with monthly payments of \$622 including interest at 8% per annum. The outstanding balance of this note receivable was \$35,767 and \$41,490 at December 31, 2019 and 2018, respectively.

A promissory note for the sale of a new market. The note matures in April of 2019 with a payment of \$8,595, including interest at 6% per annum. There was no outstanding balance on this note receivable at December 31, 2019. The outstanding balance of this note receivable was \$8,109 at December 31, 2018.

A promissory note for commercial business purposes relating to the franchise. The note matures in February 2024 with a payment of \$11,611, including interest at 7% per annum. The outstanding balance of this note receivable was \$940,685 at December 31, 2019. There was no outstanding balance on this note receivable at December 31, 2018.

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE E - NOTES RECEIVABLE, NET (CONTINUED):

Notes receivable - other consisted of the following (continued):

A promissory note for commercial business purposes relating to the franchise. The note matures in April 2022 with a payment of \$284, including interest at 7% per annum. The outstanding balance of this note receivable was \$8,015 at December 31, 2019. There was no outstanding balance on this note receivable at December 31, 2018.

A promissory note for commercial business purposes relating to the franchise. The note matures in March 2022 with a payment of \$3,148, including interest at 7% per annum. The outstanding balance of this note receivable was \$89,934 at December 31, 2019. There was no outstanding balance on this note receivable at December 31, 2018.

A promissory note for commercial business purposes relating to the franchise. The note matures in June 2024 with a payment of \$2,955, including interest at 7% per annum. The outstanding balance of this note receivable was \$139,401 at December 31, 2019. There was no outstanding balance on this note receivable at December 31, 2018.

A promissory note for commercial business purposes relating to the franchise. The note matures in March 2022 with a payment of \$1,924, including interest at 7% per annum. The outstanding balance of this note receivable was \$54,654 at December 31, 2019. There was no outstanding balance on this note receivable at December 31, 2018.

A promissory note for commercial business purposes relating to the franchise. The note matures in June 2020 with a payment of \$937, including interest at 7% per annum. The outstanding balance of this note receivable was \$6,399 at December 31, 2019. There was no outstanding balance on this note receivable at December 31, 2018.

NOTE F - INTANGIBLE ASSETS:

Intangible assets consists of the following:

	2019	2018
Goodwill	\$ 1,343,601	\$ 1,343,601
Computer software, net	39,502	18,750
	<u>\$ 1,383,103</u>	<u>\$ 1,362,351</u>

Goodwill is an asset considered to have an infinite life and not amortized (see Note A). Goodwill is tested periodically for impairment and no adjustment was required in 2019 and 2018, respectively.

The computer software will be amortized over the life of the license agreement. Amortization expense charged to operations was \$20,048 and \$75,000 for the years ended December 31, 2019 and 2018, respectively.

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE G - INCOME TAXES:

The provision for income taxes consists of the following:

	2019	2018
Federal	\$ 581,056	\$ 555,000
State	154,458	265,000
	<u>\$ 735,514</u>	<u>\$ 820,000</u>

NOTE H - TREASURY STOCK:

The following shares were held in treasury at December 31, 2019 and 2018, respectively:

	2019	2018
Common stock, 200,000 shares at \$.333333/share	\$ 66,667	\$ 66,667
Common stock, 1,200,000 shares at \$.1875000/share	225,000	225,000
Preferred stock, 420,000 shares at \$.380000/share	159,600	159,600
Common stock, 1,800,000 shares at \$.555555/share	1,000,000	1,000,000
	<u>\$ 1,451,267</u>	<u>\$ 1,451,267</u>

NOTE I - SUMMARY OF FRANCHISE ACTIVITY:

The following is a summary of changes in the number of franchises:

	2019	2018
Franchises:		
Beginning of year total	92	88
Converted to franchises	6	4
	<u>98</u>	<u>92</u>
End of year total		
	<u>98</u>	<u>92</u>
Company owned stores:		
Beginning of year total	1	1
Franchises purchased or incepted	-	-
Converted to franchises	1	-
	<u>-</u>	<u>1</u>
End of year total		
	<u>-</u>	<u>1</u>

The Company's revenues include fees charged to the franchisees for the use of the customer service center. The total revenues for this service totaled \$942,616 and \$1,196,799 for the years ended December 31, 2019 and 2018, respectively.

A Company owned store represents a franchise that has been reacquired or founded and operated by the Company. There was a single company owned store in operation in 2019 and 2018, respectively.

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE J - RELATED PARTY TRANSACTIONS:

The following were related party transactions:

Consulting fees were paid to a former Stockholder for his services in the amount of \$30,000 and \$32,823 for the years ended December 31, 2019 and 2018, respectively. These were charged to selling, general and administrative expenses.

Rent was paid to an entity owned by a Stockholder in the amount of approximately \$233,000 and \$164,000 for the years ended December 31, 2019 and 2018, respectively. These were charged to selling, general and administrative expenses.

\$813,817 was loaned to an entity owned by a Stockholder in November 2014. The loan matures in November 2029 and is receivable in monthly payments of \$7,224, including interest at 6.8% per annum. During 2018 the loan was increased by the Company in the amount of \$254,996, including interest at 4.5% per annum. The outstanding balance of this note receivable was \$811,900 and \$891,361 for the years ended December 31, 2019 and 2018, respectively. (see Note E)

A promissory note for \$215,000 with a Stockholder for the purchase of personal property. This note is secured by the real property and it matures in December 2020 with monthly payments of \$19,064, including interest at 4% per annum. The outstanding balance of this note receivable was \$215,000 as of December 31, 2019 and 2018, respectively. (see Note E)

A promissory note for \$1,471,851 with a real estate venture owned by a Stockholder. This note is secured by the real property of the related party and matures in March 1, 2040 with monthly payments of \$8,456, including interest at 3.5% per annum. The outstanding balance of this note receivable was \$1,471,851 and \$0 at December 31, 2019 and 2018, respectively. (see Note E)

In July 2011, the Company sold a company owned store to an entity owned by a Stockholder. In accordance with the franchise agreement, the entity has paid the following fees and incurred the following expenses of the Company for the years ended December 31, 2019 and 2018:

	2019	2018
Royalties	\$ 72,934	\$ 71,551
Customer service center fees	\$ 10,265	\$ 45,800
OPAL software fees	\$ 31,600	\$ 24,100
Live chat charges	\$ 1,650	\$ 3,690

The Company provided advances to its Stockholders with no stated repayment terms. The outstanding balance on the due from Stockholders amounted to \$4,647 and \$38,248 at December 31, 2019 and 2018, respectively.

NOTE K - RETIREMENT PLAN:

The Company has a retirement plan covering substantially all of its employees under Internal Revenue Code Section 401(k). The plan allows for the employees to defer compensation subject to certain limitations and permits the employer to make matching and profit sharing contributions. The plan covers all employees who have met certain age and service requirements. Company contributions to the plan are at the discretion of the board of directors. Retirement plan contributions, including administration fees, charged to operations were \$41,920 and \$58,418 for the year ended December 31, 2019 and 2018, respectively.

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE L - FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION:

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, Other Assets and Deferred Costs-Contracts with Customers, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. Collectively, we refer to the new Topic 606 and Subtopic 340-40 as the "new guidance."

We adopted the requirements of the new guidance as of January 1, 2019, utilizing the full retrospective method of transition. Adoption of the new guidance resulted in changes to our accounting policies for revenue and cost recognition, previously described.

The difference to revenue and cost recognition-related account balances at December 31, 2018, under the new guidance as opposed to the prior revenue recognition guidance for that contract was determined to be immaterial. Accordingly, no adjustment to beginning retained earnings was necessary.

NOTE M - RELATED PARTY LEASE

Precision Holdings of Brevard has entered a lease with Dard LLC (Landlord Related Party) dated February 01, 2019. The premise is an 11,000 square feet office building located at 2395 S Washington Ave. Titusville Fl. 32780. The lease term will begin February 01, 2019 and will terminate January 31, 2025. The monthly lease installments are \$20,000 payable in advance on the first of the month. The future minimum rental commitments including common area maintenance and insurance as of December 31, 2019 are as follows:

<u>YEARS</u>	<u>AMOUNT</u>
2020	\$ 240,000
2021	240,000
2022	240,000
2023	240,000
2024	240,000
Thereafter	20,000
	\$ 1,220,000

NOTE N - SUBSEQUENT EVENTS:

Management has assessed subsequent events through February 6, 2020 the date on which the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. There were no material subsequent events that require recognition or additional disclosure.

Precision
Holdings
of
Brevard,
Inc.

December 31,

2017 and 2016

Financial
Statements

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WHITTAKER COOPERTM
FINANCIAL GROUP

*Certified Public Accountants and Consultants
A Professional Association*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
Precision Holdings of Brevard, Inc.
Titusville, Florida

We have audited the accompanying financial statements of Precision Holdings of Brevard, Inc. (a Florida corporation), which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Precision Holdings of Brevard, Inc. as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Whittaker Cooper Financial Group

Whittaker Cooper Financial Group

Melbourne, Florida

March 8, 2018

PRECISION HOLDINGS OF BREVARD, INC.

BALANCE SHEETS

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,156,813	\$ 1,875,918
Investment in securities, available-for-sale	1,072,916	634,920
Receivables	99,109	205,249
Inventory	41,133	17,361
Other current assets	<u>105,337</u>	<u>201,816</u>
	<u>3,475,308</u>	<u>2,935,264</u>
PROPERTY & EQUIPMENT, NET	<u>168,398</u>	<u>200,451</u>
OTHER ASSETS		
Notes receivable, net	744,906	954,108
Intangible assets	1,437,351	1,343,601
Investment in land	2,095,263	2,069,097
Security deposits	<u>3,948</u>	<u>3,985</u>
	<u>4,281,468</u>	<u>4,370,791</u>
	<u>\$ 7,925,174</u>	<u>\$ 7,506,506</u>

See accompanying notes.

PRECISION HOLDINGS OF BREVARD, INC.

BALANCE SHEETS

December 31, 2017 and 2016

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2017</u>	<u>2016</u>
CURRENT LIABILITIES		
Payables - Trade	\$ 15,660	\$ 23,273
Accrued payroll expenses	61,630	270,865
Other accrued expenses	13,960	10,070
Income taxes payable	26,163	-
Deferred revenue	13,031	72,228
Deferred income taxes	<u>14,000</u>	<u>-</u>
	<u>144,444</u>	<u>376,436</u>
LONG-TERM LIABILITIES		
Deferred income taxes	<u>46,000</u>	<u>35,000</u>
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock	1,455,780	1,455,780
Preferred stock	42,000	42,000
Unrealized gain (loss) on investments	45,974	(281)
Additional paid-in capital	418,308	365,268
Retained earnings	<u>6,223,935</u>	<u>6,019,419</u>
	8,185,997	7,882,186
Treasury stock, at cost	<u>(451,267)</u>	<u>(787,116)</u>
	<u>7,734,730</u>	<u>7,095,070</u>
	<u>\$ 7,925,174</u>	<u>\$ 7,506,506</u>

See accompanying notes.

PRECISION HOLDINGS OF BREVARD, INC.

STATEMENTS OF INCOME

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
REVENUES		
Royalties	\$ 5,121,715	\$ 4,794,978
Customer service center	1,270,404	1,286,229
Company owned operations	752,129	311,053
Franchise service fees	450,374	260,425
Rebates	398,461	366,165
Franchise fees	72,465	104,797
Other operating income	60,096	25,660
Interest income	67,908	65,188
Investment income, net	30,870	16,881
Gain on sale of assets	<u>11,702</u>	<u>10,000</u>
	<u>8,236,124</u>	<u>7,241,376</u>
EXPENSES		
Selling, general and administrative	5,438,122	4,924,825
Customer service center	20,900	14,250
Company owned operations	256,553	93,877
Depreciation and amortization	100,964	22,102
Loss on disposal of investments	-	16,216
Interest	<u>-</u>	<u>3,704</u>
	<u>5,816,539</u>	<u>5,074,974</u>
NET INCOME BEFORE INCOME TAXES	2,419,585	2,166,402
Provision for income taxes	<u>920,686</u>	<u>872,019</u>
NET INCOME	<u>\$ 1,498,899</u>	<u>\$ 1,294,383</u>

See accompanying notes.

PRECISION HOLDINGS OF BREVARD, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Years Ended December 31, 2017 and 2016

	Common Stock		Preferred Stock - Series A		Additional Paid in Capital	Unrealized Gains (Losses)	Retained Earnings	Treasury Stock		Total stock- holders' equity
	Shares	Amount	Shares	Amount				Shares	Amount	
Balance, December 31, 2015	6,300,000	\$ 1,455,780	420,000	\$ 42,000	\$ 365,268	\$ (14,519)	\$ 5,655,036	2,520,000	\$ (787,116)	\$ 6,716,449
Unrealized losses on investments	-	-	-	-	-	14,238	-	-	-	14,238
Net income	-	-	-	-	-	-	1,294,383	-	-	1,294,383
Dividends	-	-	-	-	-	-	(930,000)	-	-	(930,000)
Balance, December 31, 2016	6,300,000	1,455,780	420,000	42,000	365,268	(281)	6,019,419	2,520,000	(787,116)	7,095,070
Unrealized gains on investments	-	-	-	-	-	46,255	-	-	-	46,255
Treasury shares sold	-	-	-	-	53,040	-	-	(700,000)	335,849	388,889
Net income	-	-	-	-	-	-	1,498,899	-	-	1,498,899
Dividends	-	-	-	-	-	-	(1,294,383)	-	-	(1,294,383)
Balance, December 31, 2017	<u>6,300,000</u>	<u>\$ 1,455,780</u>	<u>420,000</u>	<u>\$ 42,000</u>	<u>\$ 418,308</u>	<u>\$ 45,974</u>	<u>\$ 6,223,935</u>	<u>1,820,000</u>	<u>\$ (451,267)</u>	<u>\$ 7,734,730</u>

Common stock, no par value, 10,000,000 shares authorized, 6,300,000 shares issued, and 4,200,000 outstanding.

Preferred stock - Series A, \$.10 par value, 1,000,000 shares authorized, 420,000 shares issued and no shares outstanding.

See accompanying notes.

PRECISION HOLDINGS OF BREVARD, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,498,899	\$ 1,294,383
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	100,964	22,102
Noncash stockholder compensation	398,889	10,000
Deferred income tax benefit	73,000	18,000
Loss on disposal of investments	-	16,216
Investment income	(30,870)	(75,768)
Gain on sale of assets	(11,702)	(10,000)
Investment expenses	-	4,965
(Increase) decrease in assets:		
Receivables	106,140	(117,441)
Inventory - supplies	(23,773)	(17,361)
Prepaid expenses	(7,017)	(7,533)
Franchise notes receivable	(7,534)	47,212
Prepaid income taxes	11,981	(11,981)
Security deposits	37	(3,093)
Increase (decrease) in liabilities:		
Payables	(7,614)	13,084
Accrued expenses	(205,346)	88,003
Deferred revenue	(57,495)	57,495
Income taxes payable	26,163	(2,026)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,864,722</u>	<u>1,326,257</u>

See accompanying notes.

PRECISION HOLDINGS OF BREVARD, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash receipts from sale of securities, available-for-sale	728,110	1,565,141
Cash receipts for repayment of stockholder advances	200,000	-
Cash receipts from related party notes receivables	38,739	55,975
Cash receipts of dividends from investments	25,644	75,768
Cash receipts from sale investment property	17,020	52,673
Cash receipts from franchise working capital loans	4,556	48,384
Cash payments for purchases of securities, available-for-sale	(1,106,524)	(1,307,769)
Cash payments for computer software	(150,000)	-
Cash payments for improvements to investment property	(26,166)	(26,541)
Cash payments for purchases of property and equipment	(12,661)	(149,619)
Cash payments for investment expenses	(8,099)	(4,965)
Cash payments for employee advances	(63)	-
Cash payments for loan to officer	-	(200,000)
Cash payments for investment property	-	(180,000)
NET CASH USED IN INVESTING ACTIVITIES	<u>(289,444)</u>	<u>(70,953)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash payments for stockholder dividends	(1,294,383)	(930,000)
Cash payments on note payable	-	(749,123)
NET CASH USED IN FINANCING ACTIVITIES	<u>(1,294,383)</u>	<u>(1,679,123)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	280,895	(423,819)
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,875,918</u>	<u>2,299,737</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,156,813</u>	<u>\$ 1,875,918</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW		
Cash paid for income taxes	<u>\$ 810,015</u>	<u>\$ 680,464</u>
Cash paid for interest	<u>\$ -</u>	<u>\$ 3,704</u>
SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES		
Noncash compensation to stockholders	<u>\$ 398,889</u>	<u>\$ 10,000</u>

See accompanying notes.

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Precision Holdings of Brevard, Inc. (the Company) was incorporated on August 16, 2004, in the State of Florida. In December 2004, shareholders of both the Company and Precision Door Service, Inc. (PDS) approved the Agreement and Plan of Merger. In January 2005, PDS merged into the Company in accordance with the State of Florida statutes. The separate existence of PDS ceased and the Company continued as the surviving corporation.

The Company franchises garage door installation and repair services throughout North America under the trade name of “Precision Door Service”. Each franchise provides services to residential customers within their assigned market. Each franchise is given exclusive rights to advertise in the Yellow Page directories for their market as designated in their franchise agreement. See Note 10 for the summary of franchises.

The Company’s headquarters is located in Titusville, Florida. To assist in overseeing their franchising operations, the Company leases approximately 50 employees from a human resources management company.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could vary from the estimates that were used.

Revenue Recognition

Revenue includes royalties, franchise fees, sales from Company owned operations, and other revenues, which are recognized when substantially all significant services to be provided have been performed. Franchise fees include initial fees charged when a new market area is first established and transfer fees when ownership of a market area is changed. The initial franchise fee is based upon a formula using the number of single family homes one unit detached (“SFHUD”) in your specific market area multiplied by 10¢ for each SFHUD. The number of SFHUD is determined by using the most recent figures from the U.S. Census and typically includes between 100,000 and 1,000,000 SFHUD making the initial franchise fee between \$10,000 and \$100,000. A portion of the initial franchise fee may be received in the form of a note receivable. Royalties, like the initial franchise fee, are based on the size of the market area and are billed on a weekly basis. Historically, the royalties were billed at a flat rate that was subject to annual increases based on increases in the U.S. Consumer Price Index. In 2014, new franchise agreements included royalties using a tiered rate schedule based on the individual franchise’s monthly sales. In addition, the Company recognizes any franchise fees and royalty payments received in advance as a deferred revenue liability on the balance sheet. Other revenues include rebates from product vendors for products sold by the franchises, fees generated by the Company Customer Service Center for services provided to the franchises, and licensing fees for use of the Company’s internally developed software used for managing the franchisee’s operations.

Computer software license revenue is recognized on a month-by-month basis when a non-cancelable license agreement has been executed, the fees are fixed and determinable, and collection of the resulting receivable is deemed probable by management. Fees are based on the number of licenses purchased by the franchisee and are available for desktop and mobile applications. The use of the software is mandated by all new franchise agreements.

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

There are occasions when the Company will either develop or repossess a franchise in a market and operate it until a permanent franchisee is secured. The revenues from these “company owned stores” are recognized as the service is provided to the customer.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Investments

Investment in securities at December 31, 2017 and 2016 consisted mainly of common shares of publicly traded companies, mutual funds, and corporate bonds. The Company classifies its investments as available-for-sale securities.

Available-for-sale securities are carried in the financial statements at fair value. The fair values of the securities are based on quoted market prices for those or similar investments at the reporting date. Unrealized gains and losses on available-for-sale securities are excluded from earnings and are reported as a separate component of other comprehensive income until the underlying securities are sold. Realized gains and losses from the sale of available-for-sale securities are included in earnings and are determined on a specific identification basis.

The company invests in a professionally managed portfolio that contains common shares of publicly traded companies, mutual funds, and corporate bonds. Such investments are exposed to various market risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near-term would materially affect investment balances and the amounts reported in the financial statements.

Receivables

Accounts receivable are recorded when invoices are issued and notes receivable are recorded when the agreement is signed. Both are presented in the balance sheet net of the allowance for doubtful accounts. Interest income on loans is recognized over the term of the loan and is computed using the compound-interest method on principal amounts outstanding. Accounts receivable are not interest bearing. Receivables are written off when they are determined to be uncollectible. Management determines the adequacy of its allowance for doubtful accounts based on the age of the receivables, past collection experience, and the financial stability of its customers. As such, the allowance for doubtful accounts was \$15,000 (2017) and \$52,500 (2016).

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, ranging from five to fifteen years. Expenditures for repairs and maintenance are charged to operations as incurred.

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets consist of goodwill, trade name, and trademark. These items represent the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed. The Company does not amortize the goodwill, trade name, or trademark and this value will not be deductible for income tax purposes. The Company accounts for its goodwill, trade name, and trademark in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 350, *Goodwill and Other Intangible Assets*, which requires the Company to test goodwill, etc. for impairment annually or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. At December 31, 2017 and 2016, management determined that there were no indicators of impairment of goodwill based on quantitative and qualitative business performance measures. Therefore, the reported values of the intangible assets of \$1,343,601 (2017 and 2016) did not require a reduction for impairment of value.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC 740, *Income Taxes*, which requires the recognition of deferred income taxes for temporary differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate principally to using the cash basis method of accounting for income tax reporting purposes, depreciation of property, and valuation of property. Deferred tax assets and liabilities represent the future tax consequence for those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are reflected at income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

The provisions of FASB ASC 740, *Income Taxes*, also prescribe a recognition threshold and measurement attribute of the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Management evaluates the Company's deferred tax assets and liabilities on an annual basis for any uncertain tax positions, both past and current. If management determines that a past or current tax position is uncertain then a valuation allowance is calculated to adjust the deferred tax assets and liabilities to a value that is determined to be more likely than not realizable and sustainable upon examination.

Tax years ended December 31, 2014 through 2017 remain subject to possible examination by the Internal Revenue Service.

Compensated Absences

The Company's leased employees are entitled to paid vacations, sick days, and personal days off, depending on the job classification, length of service, and other factors. The Company's policy is to recognize the costs of compensated absences in the year when actually paid to these leased employees. As such, the accrual cannot be reasonably estimated, and accordingly, no liability has been recorded in the accompanying financial statements.

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Costs

The Company expenses advertising as incurred except for those amounts that have been prepaid. Advertising expenses were \$276,295 (2017) and \$228,259 (2016).

Reclassifications

Certain amounts in 2016 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2017 financial statements.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

The Company maintains cash balances at several financial institutions. Accounts at certain institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2017, the Company's uninsured cash balance was \$1,633,087. Bank cash balances differ from the cash balances reflected on the financial statements due to reconciling items.

The Company also maintains balances in a brokerage institution. Accounts at certain brokerage institutions are insured by the Securities Investor Protection Corporation up to \$500,000 (\$250,000 for cash claims). At December 31, 2017, The Company's uninsured balance was \$371,309.

NOTE 3 – FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- | | |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the company has the ability to access. |
| Level 2 | <p>Inputs to the valuation methodology include</p> <ul style="list-style-type: none">▪ Quoted prices for similar assets or liabilities in active markets;▪ Quoted prices for identical or similar assets or liabilities in inactive markets;▪ Inputs other than quoted prices that are observable for the asset or liability;▪ Inputs that are derived principally from or corroborated by observable market data by correlation or other means. <p>If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.</p> |

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 – FAIR VALUE MEASUREMENTS (continued)

Level 3 Inputs to the valuation methodology are unobservable and significant to fair value.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

Investment in securities, available-for-sale: Valued using quoted market prices in an active market.

Investment in land: Valued using a market approach.

Notes receivable: Valued at the amortized value at the stated interest rate or the value of the underlying collateral value if the loan is impaired.

Goodwill: Valued using the income approach and the multi-period excess earnings method.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Company's assets at fair value as of December 31, 2017 and 2016:

Assets at fair value as of December 31, 2017

	Level 1	Level 2	Level 3	Total
Investment in securities	\$ 1,072,916	\$ -	\$ -	\$ 1,072,916
Investment in land	-	2,095,263	-	2,095,263
Notes receivable	-	-	821,377	821,377
Goodwill	-	-	1,343,601	1,343,601
	<u>\$ 1,072,916</u>	<u>\$ 2,095,263</u>	<u>\$ 2,164,978</u>	<u>\$ 5,333,157</u>

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 – FAIR VALUE MEASUREMENTS (continued)

Assets at fair value as of December 31, 2016

	Level 1	Level 2	Level 3	Total
Investment in securities	\$ 634,920	\$ -	\$ -	\$ 634,920
Investment in land	-	2,069,097	-	2,069,097
Notes receivable	-	-	1,074,158	1,074,158
Goodwill	-	-	1,343,601	1,343,601
	<u>\$ 634,920</u>	<u>\$ 2,069,097</u>	<u>\$ 2,417,759</u>	<u>\$ 5,121,776</u>

Level 3 Gains and Losses

The following table sets forth a summary of changes in the fair value of the Company's level 3 assets for the year ended December 31, 2017:

	Loans receivable	Goodwill	Total
Balance, beginning of year	\$ 1,074,158	\$ 1,343,601	\$ 2,417,759
Plus loan advances made	17,123	-	17,123
Plus reduction of collection allowance	27,500	-	27,500
Less loan payments received	297,404	-	297,404
Balance, end of year	<u>\$ 821,377</u>	<u>\$ 1,343,601</u>	<u>\$ 2,164,978</u>

NOTE 4 – OTHER CURRENT ASSETS

Other current assets consisted of the following:

	<u>2017</u>	<u>2016</u>
Notes receivable (Note 6)	\$ 76,471	\$ 120,050
Deferred tax asset	-	48,000
Prepaid expenses	28,866	21,785
Prepaid taxes	-	11,981
	<u>\$ 105,337</u>	<u>\$ 201,816</u>

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 5 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	<u>2017</u>	<u>2016</u>
Vehicles	\$ 167,333	\$ 201,399
Furniture and equipment	89,945	89,945
Leasehold improvements	46,225	46,225
Leased equipment	<u>27,385</u>	<u>27,385</u>
	330,888	364,954
Less accumulated depreciation	<u>162,490</u>	<u>164,503</u>
	<u>\$ 168,398</u>	<u>\$ 200,451</u>

Depreciation expense charged to operations was \$44,714 (2017) and \$22,102 (2016).

NOTE 6 – NOTES RECEIVABLE, NET

Notes receivable, net consisted of the following:

	<u>2017</u>	<u>2016</u>
Notes receivable - Franchise fees	\$ 17,123	\$ 37,088
Less current portion	<u>17,123</u>	<u>37,088</u>
	-	-
Notes receivable - Franchise working capital	-	4,556
Less current portion	<u>-</u>	<u>4,556</u>
	-	-
Notes receivable - Related party (Note 11)	683,947	922,686
Less current portion	<u>41,457</u>	<u>61,386</u>
	<u>642,490</u>	<u>861,300</u>
Notes receivable - Other	130,307	147,328
Less current portion	<u>17,891</u>	<u>17,020</u>
	<u>112,416</u>	<u>130,308</u>
	754,906	991,608
Less allowance for doubtful accounts	<u>10,000</u>	<u>37,500</u>
	<u>\$ 744,906</u>	<u>\$ 954,108</u>

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 – NOTES RECEIVABLE, NET (CONTINUED)

The future maturities of notes receivable, for each of the remaining years, and in the aggregate, are as follows:

Year ended December 31:	
2018	\$ 76,471
2019	63,172
2020	67,247
2021	124,652
2022	54,375
Thereafter	<u>445,460</u>
	<u>\$ 831,377</u>

“Notes receivable – Franchise fees” consists of various notes receivable from franchisees. These notes primarily relate to the payment of the initial franchise fees. Additionally, some of the notes are related to the satisfaction of royalty and other payments due to the Company. The original principal balances on these notes receivable ranged from \$30,000 to \$50,000, with interest rates ranging from 5.00% to 6.00%, receivable in monthly installments of principal and interest and/or lump-sum balloon payments, with due dates through April 2018. All notes are secured by the respective franchise contract rights.

“Notes receivable – Franchise working capital” consists of various notes receivable from franchisees. These notes are short-term working capital loans to provide assistance to qualifying franchises. The original principal balances on these notes receivable ranged from \$30,000 to \$53,000, with interest rates ranging from 6.00% to 10.00%, receivable in single lump-sum payments of all outstanding principal and accrued interest, with due dates through February 2017. All notes are secured by the respective franchise contract rights.

“Notes receivable from related parties” consisted of the following:

- A promissory note for \$813,817 with a real estate venture owned by a stockholder. This note is secured by the real property of the related party and matures in November 2029 with monthly payments of \$7,224, including interest at 6.8% per annum. The outstanding balance of this note receivable was \$683,947 (2017) and \$722,686 (2016).
- A promissory note for \$200,000 with an entity owned by a stockholder. The note is secured by real property and matures in December 2021 with monthly payments of \$2,667, including interest at 5.0% per annum. The note was paid in full during 2017. The outstanding balance of this note receivable was \$0 (2017) and \$200,000 (2016).

“Notes receivable - Other” consisted of a note for \$150,000 with an unrelated individual for the purchase of a parcel of investment property owned by the Company. This note is secured by the real property and matures in October 2021 with monthly payments of \$2,000, including interest at 5.0% per annum. The outstanding balance of this note receivable was \$130,307 (2017) and \$147,328 (2016).

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 7 – INTANGIBLE ASSETS

Intangible assets consisted of the following:

	<u>2017</u>	<u>2016</u>
Goodwill	\$ 1,343,601	\$ 1,343,601
Computer software, net	<u>93,750</u>	<u>-</u>
	<u>\$ 1,437,351</u>	<u>\$ 1,343,601</u>

Goodwill is an asset considered to have an infinite life and not amortized (see Note 1). Goodwill is tested periodically for impairment and no adjustment was required in 2017.

The computer software was purchased during 2017 and will be amortized over the life of the license agreement. Amortization expense charged to operations was \$56,250 (2017) and \$0 (2016).

NOTE 8 – INCOME TAXES

The provision for income taxes consisted of the following:

	<u>2017</u>	<u>2016</u>
Current:		
Federal	\$ 721,239	\$ 704,367
State	<u>126,447</u>	<u>149,652</u>
	<u>847,686</u>	<u>854,019</u>
Deferred:		
Federal	60,200	27,600
State	<u>12,800</u>	<u>(9,600)</u>
	<u>73,000</u>	<u>18,000</u>
	<u>\$ 920,686</u>	<u>\$ 872,019</u>

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 8 – INCOME TAXES (CONTINUED)

The difference between the provision for income taxes and the amount computed by applying the combined US federal and state income tax rates (approx. 38%) in effect for the years ended December 31, 2017 and 2016 consists of the following:

	<u>2017</u>	<u>2016</u>
Expected provision (taxes on income before taxes)	\$ 888,472	\$ 815,333
Effect of:		
Non-deductible tax items	28,898	42,938
Tax-exempt income	(4,551)	(4,888)
Cash settlements of uncertain tax positions	-	26,914
Rounding	<u>7,867</u>	<u>(8,278)</u>
	<u>\$ 920,686</u>	<u>\$ 872,019</u>

The significant components of the net deferred tax liabilities at December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Net current deferred tax asset:		
Conversion of accrual basis of accounting to the cash basis of accounting for taxes	<u>\$ -</u>	<u>\$ 48,000</u>
Net current deferred tax liability:		
Conversion of accrual basis of accounting to the cash basis of accounting for taxes	<u>\$ (14,000)</u>	<u>\$ -</u>
Net noncurrent deferred tax liability:		
Depreciation	\$ (52,000)	\$ (50,000)
Capital loss carryforward	<u>6,000</u>	<u>15,000</u>
	<u>\$ (46,000)</u>	<u>\$ (35,000)</u>

The Company has the following capital loss carry-forwards available at December 31, 2017:

<u>Amount</u>	<u>Expires</u>
\$ 7,118	2019
2,283	2020
16,216	2021

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 9 – TREASURY STOCK

The following shares were held in treasury at December 31, 2017:

Common stock, 200,000 shares at \$.333333/share	\$ 66,667
Common stock, 1,200,000 shares at \$.1875000/share	225,000
Preferred stock, 420,000 shares at \$.380000/share	<u>159,600</u>
	<u>\$ 451,267</u>

In May 2017, an existing stockholder was awarded 700,000 common shares from treasury in lieu of compensation totaling \$388,889 for consulting services (Note 11). The shares were reissued on a first-in first-out basis.

NOTE 10 – SUMMARY OF FRANCHISE ACTIVITY

The following is a summary of changes in the number of franchises:

	<u>2017</u>	<u>2016</u>
Franchises:		
Beginning of year totals	83	80
New franchises sold	<u>5</u>	<u>3</u>
End of year totals	<u>88</u>	<u>83</u>
Company owned stores:		
Beginning of year totals	1	-
Franchises purchased or incepted	-	1
Converted to franchises	<u>-</u>	<u>-</u>
End of year totals	<u>1</u>	<u>1</u>

The Company's revenues include fees charged to the franchisees for the use of the customer service center. The total revenues for this service totaled \$1,270,404 (2017) and \$1,286,229 (2016).

A company owned store represents a franchise that has been reacquired or founded and operated by the Company. There was a single company owned store in operation in 2017 and 2016.

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 11 – RELATED PARTY TRANSACTIONS

The following were related party transactions:

- Consulting fees were paid to a former stockholder for his services in the amount of \$30,000 (2017 and 2016). This was charged to selling, general and administrative expenses.
- Rent was paid to an entity owned by a stockholder in the amount of \$164,141 (2017) and \$163,374 (2016). This was charged to selling, general and administrative expenses.
- In May 2017, an existing stockholder was awarded 700,000 common shares from treasury in lieu of compensation totaling \$388,889 for consulting services rendered.
- In January 2017, an existing stockholder purchased a truck valued at \$10,000 from the Company. The value of the truck was included in the stockholder's reported compensation in lieu of a cash payment.
- Two loans were made to entities owned by a stockholder as follows:
 - \$813,817 was loaned to an entity owned by a stockholder in November 2014. The loan matures in November 2029 and is receivable in monthly payments of \$7,224, including interest at 6.8% per annum. The outstanding balance of this note receivable was \$683,947 (2017) and \$722,686 (2016).
 - \$200,000 was loaned to an entity owned by a stockholder in December 2016. The note is unsecured and matures in December 2021 with monthly payments of \$2,667, including interest at 5.0% per annum. The balance was repaid in full during 2017. The outstanding balance of this note receivable was \$0 (2017) and \$200,000 (2016).

Interest income earned in connection with these notes was \$54,401 (2017) and \$50,715 (2016).

- In July 2011, the Company sold a company owned store to an entity owned by a stockholder. In accordance with the franchise agreement, the entity has paid the following fees and incurred the following expenses of the Company for the years ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Royalties	\$ 70,132	\$ 69,976
Customer Service Center fees	\$ 57,190	\$ 47,975
OPAL software fees	\$ 3,702	\$ 5,643
Live Chat charges	\$ -	\$ 2,680

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 12 – RETIREMENT PLAN

The Company has a retirement plan covering substantially all of its leased employees under Internal Revenue Code Section 401(k). The plan allows for the employees to defer compensation subject to certain limitations and permits the employer to make matching and profit sharing contributions. The plan covers all employees who have met certain age and service requirements. Company contributions to the plan are at the discretion of the board of directors. Retirement plan contributions, including administration fees, charged to operations were \$49,096 (2017) and \$46,972 (2016).

NOTE 13 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 8, 2018, the date on which the financial statements were available to be issued, and is unaware of any subsequent events requiring disclosure.

2015

PRECISION HOLDINGS OF BREVARD, INC.

Financial Statements

December 31, 2015 and 2014



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WHITTAKER COOPERTM
FINANCIAL GROUP

*Certified Public Accountants and Consultants
A Professional Association*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
Precision Holdings of Brevard, Inc.
Titusville, Florida

We have audited the accompanying financial statements of Precision Holdings of Brevard, Inc. (a Florida corporation), which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Precision Holdings of Brevard, Inc. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Whittaker Cooper Financial Group

Whittaker Cooper Financial Group

Melbourne, Florida

February 15, 2016

PRECISION HOLDINGS OF BREVARD, INC.

BALANCE SHEETS

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,299,737	\$ 1,443,188
Investment in securities, available-for-sale	899,539	1,095,234
Receivables	147,397	124,740
Other current assets	<u>117,447</u>	<u>157,997</u>
	<u>3,464,120</u>	<u>2,821,159</u>
PROPERTY & EQUIPMENT, NET	<u>72,934</u>	<u>223,547</u>
OTHER ASSETS		
Notes receivable, net	735,616	834,562
Intangible assets	1,343,601	1,343,601
Investment in land	2,042,556	2,039,994
Deferred income taxes	11,000	-
Security deposits	<u>892</u>	<u>3,443</u>
	<u>4,133,665</u>	<u>4,221,600</u>
	<u>\$ 7,670,719</u>	<u>\$ 7,266,306</u>

See accompanying notes.

PRECISION HOLDINGS OF BREVARD, INC.

BALANCE SHEETS

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Payables - Trade	\$ 10,189	\$ 16,511
Accrued payroll expenses	192,932	187,273
Income taxes payable	2,026	47,526
Deferred revenue	-	41,657
Note payable	749,123	813,817
Current portion of long-term capital lease obligations	-	5,344
Current portion of long-term debt	-	9,959
	<u>954,270</u>	<u>1,122,087</u>
LONG-TERM LIABILITIES		
Deferred income taxes	-	52,000
Long-term debt	-	17,991
	<u>-</u>	<u>69,991</u>
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock	1,455,780	1,455,780
Preferred stock	42,000	42,000
Unrealized loss on investments	(14,519)	(10,865)
Additional paid-in capital	365,268	365,268
Retained earnings	<u>5,655,036</u>	<u>5,009,161</u>
	7,503,565	6,861,344
Treasury stock, at cost	<u>(787,116)</u>	<u>(787,116)</u>
	<u>6,716,449</u>	<u>6,074,228</u>
	<u>\$ 7,670,719</u>	<u>\$ 7,266,306</u>

See accompanying notes.

PRECISION HOLDINGS OF BREVARD, INC.

STATEMENTS OF INCOME

Years Ended December 31, 2015 and 2014

	2015	2014
REVENUES		
Royalties	\$ 4,364,106	\$ 4,048,873
Customer service center	1,175,825	1,316,131
Other income	648,691	394,477
Franchise fees	48,485	201,900
Interest	66,117	14,964
Dividends	22,563	34,774
Gain on sale of assets	<u>14,054</u>	<u>8,615</u>
	<u>6,339,841</u>	<u>6,019,734</u>
EXPENSES		
Selling, general and administrative	3,508,013	3,247,418
Customer service center	1,074,799	1,096,667
Litigation settlement	-	135,000
Depreciation	59,892	53,102
Loss on disposal of investments	55,303	26,191
Interest	<u>25,310</u>	<u>1,423</u>
	<u>4,723,317</u>	<u>4,559,801</u>
NET INCOME BEFORE INCOME TAXES	1,616,524	1,459,933
Provision for income taxes	<u>686,561</u>	<u>582,576</u>
NET INCOME	<u><u>\$ 929,963</u></u>	<u><u>\$ 877,357</u></u>

See accompanying notes.

PRECISION HOLDINGS OF BREVARD, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Years Ended December 31, 2015 and 2014

	Common Stock		Preferred Stock - Series A		Additional Paid in Capital	Unrealized Gains (Losses)	Retained Earnings	Treasury Stock		Total stock- holders' equity
	Shares	Amount	Shares	Amount				Shares	Amount	
Balance, December 31, 2013	6,300,000	\$ 1,455,780	420,000	\$ 42,000	\$ 365,268	\$ 901	\$ 4,199,214	2,520,000	\$ (787,116)	\$ 5,276,047
Unrealized losses										
on investments	-	-	-	-	-	(11,766)	-	-	-	(11,766)
Net income	-	-	-	-	-	-	877,357	-	-	877,357
Dividends	-	-	-	-	-	-	(67,410)	-	-	(67,410)
Balance, December 31, 2014	6,300,000	1,455,780	420,000	42,000	365,268	(10,865)	5,009,161	2,520,000	(787,116)	6,074,228
Unrealized losses										
on investments	-	-	-	-	-	(3,654)	-	-	-	(3,654)
Net income	-	-	-	-	-	-	929,963	-	-	929,963
Dividends	-	-	-	-	-	-	(284,088)	-	-	(284,088)
Balance, December 31, 2015	<u>6,300,000</u>	<u>\$ 1,455,780</u>	<u>420,000</u>	<u>\$ 42,000</u>	<u>\$ 365,268</u>	<u>\$ (14,519)</u>	<u>\$ 5,655,036</u>	<u>2,520,000</u>	<u>\$ (787,116)</u>	<u>\$ 6,716,449</u>

See accompanying notes.

PRECISION HOLDINGS OF BREVARD, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 929,963	\$ 877,357
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	59,892	53,102
Noncash stockholder compensation	120,000	-
Deferred income tax benefit	(57,000)	(84,000)
Loss on disposal of investments	55,303	26,191
Investment income	(84,520)	(41,663)
Gain on sale of assets	(14,054)	(8,615)
Investment expenses	9,666	11,038
(Increase) decrease in assets:		
Receivables	(22,657)	195,363
Other current assets	(453)	(3,326)
Other assets	71,227	(20,022)
Increase (decrease) in liabilities:		
Payables	(6,322)	(7,667)
Accrued payroll expenses	5,659	35,059
Deferred revenue	(41,657)	41,657
Income taxes payable	(45,500)	(68,550)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>979,547</u>	<u>1,005,924</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash receipts for repayment of stockholder advances	3,057	28,733
Cash receipts from related party notes receivables	35,156	13,624
Cash receipts from sale of property and equipment	-	8,615
Cash receipts of earnings on investments	81,580	41,663
Cash receipts from franchise working capital loans	30,000	-
Cash receipts from sale of securities, available-for-sale	2,631,123	2,246,949
Cash payments for purchases of securities, available-for-sale	(2,494,384)	(2,468,892)
Cash payments for improvements to investment property	(2,562)	(123,605)
Cash payments for investment expenses	(9,666)	(8,997)
Cash payments for franchise working capital loans	-	(80,000)
Cash payments for purchases of property and equipment	(15,225)	(63,068)
Cash advances for loan to officer	-	(31,790)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>259,079</u>	<u>(436,768)</u>

See accompanying notes.

PRECISION HOLDINGS OF BREVARD, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash payments on long-term debt	(92,645)	(2,430)
Cash payments on capital leases	(5,344)	(6,349)
Cash payments for stockholder dividends	<u>(284,088)</u>	<u>(67,410)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(382,077)</u>	<u>(76,189)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	856,549	492,967
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,443,188</u>	<u>950,221</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,299,737</u>	<u>\$ 1,443,188</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW		
Cash paid for income taxes	<u>\$ 565,628</u>	<u>\$ 735,126</u>
Cash paid for interest	<u>\$ 25,310</u>	<u>\$ 1,423</u>
 SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES		
Noncash compensation to stockholders	<u>\$ 120,000</u>	<u>\$ -</u>
Vendor credits utilized to purchase advertising services	<u>\$ 37,086</u>	<u>\$ -</u>
Accrued investment income	<u>\$ 2,940</u>	<u>\$ -</u>
Debt through portfolio loan agreement for related party note	<u>\$ -</u>	<u>\$ 813,817</u>
Debt incurred to purchase vehicle	<u>\$ -</u>	<u>\$ 30,381</u>
Franchise fees bartered for training services	<u>\$ -</u>	<u>\$ 40,485</u>

See accompanying notes.

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Precision Holdings of Brevard, Inc. (the Company) was incorporated on August 16, 2004, in the State of Florida. In December 2004, shareholders of both the Company and Precision Door Service, Inc. (PDS) approved the Agreement and Plan of Merger. In January 2005, PDS merged into the Company in accordance with the State of Florida statutes. The separate existence of PDS ceased and the Company continued as the surviving corporation.

The Company franchises garage door installation and repair services throughout North America under the trade name of “Precision Door Service”. Each franchise provides services to residential customers within their assigned market. Each franchise is given exclusive rights to advertise in the Yellow Page directories for their market as designated in their franchise agreement. See Note 13 for the summary of franchises.

The Company’s headquarters is located in Titusville, Florida. To assist in overseeing their franchising operations, the Company leases approximately 40 employees from a human resources management company.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could vary from the estimates that were used.

Revenue Recognition

Revenue includes royalties, franchise fees, sales from Company owned operations, and other revenues, which are recognized when substantially all significant services to be provided have been performed. Franchise fees include initial fees charged when a new market area is first established and transfer fees when ownership of a market area is changed. The initial franchise fee ranges from \$15,000 for a “small” local market area with a population up to 500,000, \$25,000 for a “medium” size market ranging in population from 500,000 to 1,250,000, and \$50,000 for a “large” market encompassing a major metropolitan area ranging in population from 1,250,000 to 2,500,000. A portion of the initial franchise fee may be received in the form of a note receivable. Royalties, like the initial franchise fee, are based on the size of the market area and are billed on a weekly basis. Historically, the royalties were billed at a flat rate that was subject to annual increases based on increases in the U.S. Consumer Price Index. In 2014, new franchise agreements included royalties using a tiered rate schedule based on the individual franchise’s monthly sales. In addition, the Company recognizes any franchise fees and royalty payments received in advance as a deferred revenue liability on the balance sheet. Other revenues include rebates from product vendors for products sold by the franchises, fees generated by the Company Customer Service Center for services provided to the franchises, and licensing fees for use of the Company’s internally developed software used for managing the franchisee’s operations.

Computer software license revenue is recognized on a month-by-month basis when a non-cancelable license agreement has been executed, the fees are fixed and determinable, and collection of the resulting receivable is deemed probable by management. Fees are based on the number of licenses purchased by the franchisee and are available for desktop and mobile applications. The use of the software is mandated by all new franchise agreements.

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

There are occasions when the Company will either develop or repossess a franchise in a market and operate it until a permanent franchisee is secured. The revenues from these “company owned stores” are recognized as the service is provided to the customer.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Investments

Investment in securities at December 31, 2015 and 2014 consisted mainly of common shares of publicly traded companies, mutual funds, and corporate bonds. The Company classifies its investments as available-for-sale securities.

Available-for-sale securities are carried in the financial statements at fair value. The fair values of the securities are based on quoted market prices for those or similar investments at the reporting date. Unrealized gains and losses on available-for-sale securities are excluded from earnings and are reported as a separate component of other comprehensive income until the underlying securities are sold. Realized gains and losses from the sale of available-for-sale securities are included in earnings and are determined on a specific identification basis.

The company invests in a professionally managed portfolio that contains common shares of publicly traded companies, mutual funds, and corporate bonds. Such investments are exposed to various market risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near-term would materially affect investment balances and the amounts reported in the financial statements.

Receivables

Accounts receivable are recorded when invoices are issued and notes receivable are recorded when the agreement is signed. Both are presented in the balance sheet net of the allowance for doubtful accounts. Interest income on loans is recognized over the term of the loan and is computed using the compound-interest method on principal amounts outstanding. Accounts receivable are not interest bearing. Receivables are written off when they are determined to be uncollectible. Management determines the adequacy of its allowance for doubtful accounts based on the age of the receivables, past collection experience, and the financial stability of its customers. As such, the allowance for doubtful accounts was \$52,500 (2015 & 2014).

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, ranging from five to fifteen years. Expenditures for repairs and maintenance are charged to operations as incurred.

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets consist of goodwill, trade name, and trademark. These items represent the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed. The Company does not amortize the goodwill, trade name, or trademark and this value will not be deductible for income tax purposes. The Company accounts for its goodwill, trade name, and trademark in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 350, *Goodwill and Other Intangible Assets*, which requires the Company to test goodwill, etc. for impairment annually or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. At December 31, 2015 and 2014, management determined that there were no indicators of impairment of goodwill based on quantitative and qualitative business performance measures. Therefore, the reported values of the intangible assets of \$1,343,601 (2015 and 2014) did not require a reduction for impairment of value.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC 740, *Income Taxes*, which requires the recognition of deferred income taxes for temporary differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate principally to using the cash basis method of accounting for income tax reporting purposes, depreciation of property, and valuation of property. Deferred tax assets and liabilities represent the future tax consequence for those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are reflected at income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

The provisions of FASB ASC 740, *Income Taxes*, also prescribe a recognition threshold and measurement attribute of the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Management evaluates the Company's deferred tax assets and liabilities on an annual basis for any uncertain tax positions, both past and current. If management determines that a past or current tax position is uncertain then a valuation allowance is calculated to adjust the deferred tax assets and liabilities to a value that is determined to be more likely than not realizable and sustainable upon examination.

Tax years ended December 31, 2012 through 2015 remain subject to possible examination by the Internal Revenue Service.

During 2015, the Internal Revenue Service (IRS) completed its examination of the Company's 2012 U.S. income tax return. As a result of this examination, the IRS proposed an adjustment related to the Company's deduction of nonbusiness bad debt, which was accepted by Company management. The IRS adjustment resulted in an additional income tax payment of \$32,228 in 2015.

Compensated Absences

The Company's leased employees are entitled to paid vacations, sick days, and personal days off, depending on the job classification, length of service, and other factors. The Company's policy is to recognize the costs of compensated absences in the year when actually paid to these leased employees. As such, the accrual cannot be reasonably estimated, and accordingly, no liability has been recorded in the accompanying financial statements.

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Costs

The Company expenses advertising as incurred except for those amounts that have been prepaid. Advertising expenses were \$141,086 (2015) and \$104,000 (2014).

Reclassifications

Certain amounts in 2014 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2015 financial statements.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

The Company maintains cash balances at several financial institutions. Accounts at certain institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2015, the Company's uninsured cash balance was \$1,575,211. Bank cash balances differ from the cash balances reflected on the financial statements due to reconciling items.

The Company also maintains balances in a brokerage institution. Accounts at certain brokerage institutions are insured by the Securities Investor Protection Corporation up to \$500,000 (\$250,000 for cash claims). At December 31, 2015, The Company's uninsured balance was \$399,540.

NOTE 3 – FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- | | |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the company has the ability to access. |
| Level 2 | <p>Inputs to the valuation methodology include</p> <ul style="list-style-type: none">▪ Quoted prices for similar assets or liabilities in active markets;▪ Quoted prices for identical or similar assets or liabilities in inactive markets;▪ Inputs other than quoted prices that are observable for the asset or liability;▪ Inputs that are derived principally from or corroborated by observable market data by correlation or other means. <p>If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.</p> |

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 3 – FAIR VALUE MEASUREMENTS (continued)

Level 3 Inputs to the valuation methodology are unobservable and significant to fair value.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

Investment in securities, available-for-sale: Valued using quoted market prices in an active market.

Investment in land: Valued using a market approach.

Notes receivable, related party: Valued at the amortized value at the stated interest rate or the value of the underlying collateral value if the loan is impaired.

Goodwill: Valued using the income approach and the multi-period excess earnings method.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Company's assets at fair value as of December 31, 2015 and 2014:

Assets at fair value as of December 31, 2015				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment in securities	\$ 899,539	\$ -	\$ -	\$ 899,539
Investment in land	-	2,042,556	-	2,042,556
Notes rec. - Related party	-	-	778,661	778,661
Goodwill	-	-	1,343,601	1,343,601
	<u>\$ 899,539</u>	<u>\$ 2,042,556</u>	<u>\$ 2,122,262</u>	<u>\$ 5,064,357</u>

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 3 – FAIR VALUE MEASUREMENTS (continued)

Assets at fair value as of December 31, 2014

	Level 1	Level 2	Level 3	Total
Investment in securities	\$ 1,095,234	\$ -	\$ -	\$ 1,095,234
Investment in land	-	2,039,994	-	2,039,994
Notes rec. - Related party	-	-	813,817	813,817
Goodwill	-	-	1,343,601	1,343,601
	<u>\$ 1,095,234</u>	<u>\$ 2,039,994</u>	<u>\$ 2,157,418</u>	<u>\$ 5,292,646</u>

Level 3 Gains and Losses

The following table sets forth a summary of changes in the fair value of the Company's level 3 assets for the year ended December 31, 2015:

	Loans receivable	Goodwill	Total
Balance, beginning of year	\$ 813,817	\$ 1,343,601	\$ 2,157,418
Less loan payments received	35,156	-	35,156
Balance, end of year	<u>\$ 778,661</u>	<u>\$ 1,343,601</u>	<u>\$ 2,122,262</u>

NOTE 4 – RECEIVABLES

Receivables consisted of the following:

	<u>2015</u>	<u>2014</u>
Accounts receivable, net of allowance for doubtful accounts of \$15,000 (2015 & 2014)	\$ 87,808	\$ 94,066
Notes receivable - franchise fees, current portion (Note 8)	<u>59,589</u>	<u>30,674</u>
	<u>\$ 147,397</u>	<u>\$ 124,740</u>

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 5 – OTHER CURRENT ASSETS

Other current assets consisted of the following:

	<u>2015</u>	<u>2014</u>
Notes receivable - Franchise working capital (Note 8)	\$ 48,384	\$ 80,000
Notes receivable - Related party (Note 8)	34,811	35,141
Deferred tax asset	20,000	26,000
Prepaid expenses	14,252	13,799
Advances to stockholder	<u>-</u>	<u>3,057</u>
	<u>\$ 117,447</u>	<u>\$ 157,997</u>

NOTE 6 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	<u>2015</u>	<u>2014</u>
Vehicles	\$ 90,100	\$ 240,603
Furniture and equipment	89,999	134,391
Leasehold improvements	46,225	46,225
Leased equipment	<u>27,385</u>	<u>27,385</u>
	253,709	448,604
Less accumulated depreciation	<u>180,775</u>	<u>225,057</u>
	<u>\$ 72,934</u>	<u>\$ 223,547</u>

Depreciation expense charged to operations was \$59,892 (2015) and \$53,102 (2014).

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 7 – CAPITAL LEASES

The Company leases certain equipment under a capital lease. The economic substance of this lease is that the company is financing the acquisition of the equipment through the lease and accordingly, the equipment is recorded as an asset and the lease is recorded as a liability.

The following is an analysis of the lease asset included in property and equipment.

	<u>2015</u>	<u>2014</u>
Equipment under capital lease	\$ -	\$ 27,385
Less accumulated depreciation	<u>-</u>	<u>11,639</u>
	<u>\$ -</u>	<u>\$ 15,746</u>

As of December 31, 2015, the lease agreement concluded with the purchase of the equipment for one dollar. Amortization of assets held under capital leases is included with depreciation expense.

NOTE 8 – NOTES RECEIVABLE, NET

Notes receivable, net consisted of the following:

	<u>2015</u>	<u>2014</u>
Notes receivable - Franchise fees	\$ 84,299	\$ 124,060
Less current portion	<u>59,589</u>	<u>30,674</u>
	<u>24,710</u>	<u>93,386</u>
Notes receivable - Franchise working capital	52,940	80,000
Less current portion	<u>48,384</u>	<u>80,000</u>
	<u>4,556</u>	<u>-</u>
Notes receivable - Related party (Note 14)	778,661	813,817
Less current portion	<u>34,811</u>	<u>35,141</u>
	<u>743,850</u>	<u>778,676</u>
	773,116	872,062
Less allowance for doubtful accounts	<u>37,500</u>	<u>37,500</u>
	<u>\$ 735,616</u>	<u>\$ 834,562</u>

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 8 – NOTES RECEIVABLE, NET (CONTINUED)

The future maturities of notes receivable, for each of the remaining years, and in the aggregate, are as follows:

Year ending December 31:	
2016	\$ 142,784
2017	66,520
2018	39,867
2019	42,664
2020	45,658
Thereafter	<u>578,407</u>
	<u>\$ 915,900</u>

“Notes receivable – Franchise fees” consists of various notes receivable from franchisees. These notes primarily relate to the payment of the initial franchise fees. Additionally, some of the notes are related to the satisfaction of royalty and other payments due to the Company. The original principal balances on these notes receivable ranged from \$30,000 to \$50,000, with interest rates ranging from 5.00% to 6.00%, receivable in monthly installments of principal and interest and/or lump-sum balloon payments, with due dates through November 2017. All notes are secured by the respective franchise contract rights.

“Notes receivable – Franchise working capital” consists of various notes receivable from franchisees. These notes are short-term working capital loans to provide assistance to qualifying franchises. The original principal balances on these notes receivable ranged from \$30,000 to \$53,000, with interest rates ranging from 6.00% to 10.00%, receivable in single lump-sum payments of all outstanding principal and accrued interest, with due dates through February 2017. All notes are secured by the respective franchise contract rights.

“Notes receivable from related parties” consisted of a note for \$814,817 with a real estate venture owned by a stockholder. This note is secured by the real property of the related party and matures in November 2029 with monthly payments of \$7,224, including interest at 6.8% per annum. The outstanding balance of this note receivable was \$778,661 (2015) and \$813,817 (2014).

NOTE 9 – NOTE PAYABLE

In December 2014, the Company entered into a Portfolio Loan Account Agreement with a bank in which the Company is permitted to borrow against the value of its investments so long as the collateral maintained in the account meets the requirements of the bank and the funds are not used for any purposes specifically prohibited by the agreement. The investments in the account consist of cash, money market funds, municipal bonds, mutual funds, and other securities and are classified by the Company as available-for-sale securities.

The note is payable in monthly installments of interest only. Interest is charged at a variable rate, which was 3.01% per annum at December 31, 2015. The loan is payable upon demand at the discretion of the bank.

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 9 – NOTE PAYABLE (CONTINUED)

The following balances are related to the note payable as of December 31st of each year or for the year then ended:

	<u>2015</u>	<u>2014</u>
Outstanding balance	\$ 749,123	\$ 813,817
Collateral value	\$ 1,386,408	\$ 1,426,516
Interest expense charged to operations	\$ 21,905	\$ -

NOTE 10 – LONG-TERM DEBT

Long-term debt consisted of the following:

	<u>2015</u>	<u>2014</u>
Note payable with a finance company, Due September 2017, payable in monthly installments of \$875 with interest at 2.298% per annum, secured by a vehicle.	\$ -	\$ 27,951
Less current portion	-	9,960
	<u>\$ -</u>	<u>\$ 17,991</u>

Interest expense charged to operations for long-term debt was \$163 (2015) and \$195 (2014). The debt was extinguished during 2015 in advance of its maturity date.

NOTE 11 – INCOME TAXES

The provision for income taxes consisted of the following:

	<u>2015</u>	<u>2014</u>
Current:		
Federal	\$ 641,389	\$ 570,640
State	102,172	95,936
	<u>743,561</u>	<u>666,576</u>
Deferred:		
Federal	(47,400)	(71,800)
State	(9,600)	(12,200)
	<u>(57,000)</u>	<u>(84,000)</u>
	<u>\$ 686,561</u>	<u>\$ 582,576</u>

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 11 – INCOME TAXES (CONTINUED)

The difference between the provision for income taxes and the amount computed by applying the combined US federal and state income tax rates (approx. 38%) in effect for the years ended December 31, 2015 and 2014 consists of the following:

	<u>2015</u>	<u>2014</u>
Expected provision (taxes on income before taxes)	\$ 608,298	\$ 549,373
Effect of:		
Non-deductible tax items	53,978	43,013
Tax-exempt income	(6,765)	(8,368)
Cash settlements of uncertain tax positions	32,228	-
Rounding	<u>(1,178)</u>	<u>(1,442)</u>
	<u>\$ 686,561</u>	<u>\$ 582,576</u>

The significant components of the net deferred tax liabilities at December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Net current deferred tax asset:		
Conversion of accrual basis of accounting to the cash basis of accounting for taxes	\$ 20,000	\$ 18,000
Capital loss carryforward	<u>-</u>	<u>8,000</u>
	<u>\$ 20,000</u>	<u>\$ 26,000</u>
Net noncurrent deferred tax asset:		
Depreciation	\$ 2,000	\$ -
Capital loss carryforward	<u>9,000</u>	<u>-</u>
	<u>\$ 11,000</u>	<u>\$ -</u>
Net noncurrent deferred tax liability:		
Depreciation	<u>\$ -</u>	<u>\$ (52,000)</u>

At December 31, 2015 and 2014, the Company had net capital losses of \$3,000 and \$22,145, respectively, available for carryforward to future years. These capital losses begin to expire in 2019.

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 12 – TREASURY STOCK

The following shares were held in treasury:

Common stock, 300,000 shares at \$.282667/share	\$ 84,800
Common stock, 300,000 shares at \$.725720/share	217,716
Common stock, 300,000 shares at \$.333333/share	100,000
Common stock, 1,200,000 shares at \$.1875000/share	225,000
Preferred stock, 420,000 shares at \$.380000/share	<u>159,600</u>
	<u>\$ 787,116</u>

NOTE 13 – SUMMARY OF FRANCHISE ACTIVITY

The following is a summary of changes in the number of franchises:

	<u>2015</u>	<u>2014</u>
Franchises:		
Beginning of year totals	78	74
New franchises sold	<u>2</u>	<u>4</u>
End of year totals	<u>80</u>	<u>78</u>

The Company's revenues include fees charged to the franchisees for the use of the customer service center. The total revenues for this service totaled \$1,122,375 (2015) and \$1,316,131 (2014).

A company owned store represents a franchise that has been reacquired or founded and operated by the Company. There were no company owned stores in operation in 2015 or 2014.

NOTE 14 – RELATED PARTY TRANSACTIONS

The following were related party transactions:

- Consulting fees were paid to a former stockholder for his services in the amount of \$10,000 (2015) and \$30,000 (2014). This was charged to selling, general and administrative expenses.
- Rent was paid to an entity owned by a stockholder in the amount of \$161,330 (2015) and \$150,400 (2014). This was charged to selling, general and administrative expenses.
- A total of \$813,817 was loaned to an entity owned by a stockholder in November 2014. The loan matures in November 2029 and is receivable in monthly payments of \$7,224, including interest at 6.8% per annum. Interest income earned in connection with this note was \$51,534 (2015) and \$0 (2014).

PRECISION HOLDINGS OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 14 – RELATED PARTY TRANSACTIONS (CONTINUED)

The outstanding balances were as follows:

	<u>2015</u>	<u>2014</u>
Current assets, current portion	\$ 34,811	\$ 35,141
Other assets, long-term portion	<u>743,850</u>	<u>778,676</u>
	<u>\$ 778,661</u>	<u>\$ 813,817</u>

- In July 2011, the Company sold a company owned store to an entity owned solely by a stockholder. In accordance with the franchise agreement, the entity has paid the following fees and incurred the following expenses of the Company for the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Royalties	<u>\$ 67,447</u>	<u>\$ 66,429</u>
Customer Service Center fees	<u>\$ 41,325</u>	<u>\$ 41,550</u>
OPAL software fees	<u>\$ 4,295</u>	<u>\$ 3,843</u>
Training Expenses	<u>\$ -</u>	<u>\$ 5,000</u>
Live Chat charges	<u>\$ 2,150</u>	<u>\$ -</u>

NOTE 15 – RETIREMENT PLAN

The Company has a retirement plan covering substantially all of its leased employees under Internal Revenue Code Section 401(k). The plan allows for the employees to defer compensation subject to certain limitations and permits the employer to make matching and profit sharing contributions. The plan covers all employees who have met certain age and service requirements. Company contributions to the plan are at the discretion of the board of directors. Retirement plan contributions, including administration fees, charged to operations were \$39,059 (2015) and \$38,928 (2014).

NOTE 16 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 15, 2016, the date on which the financial statements were available to be issued, and is unaware of any subsequent events requiring disclosure.

EXHIBIT H

RECEIPT OF COMPLETED DOCUMENTS

RECEIPT FOR COMPLETED DOCUMENTS

IF PRECISION HOLDINGS OF BREVARD, INC. OFFERS YOU A FRANCHISE, IT MUST PROVIDE YOU WITH COMPLETED COPIES OF THE FRANCHISE AGREEMENT AND ALL RELATED AGREEMENTS TO BE EXECUTED BY THE PARTIES AT LEAST FIVE BUSINESS DAYS BEFORE YOU SIGN THE AGREEMENTS.

I have received one copy of each of the following agreements (check those that apply):

- ☐ Exhibit C — Franchise Agreement and its Exhibits:
Exhibit 1 – Terms (with blanks filled in)
Exhibit 2 – Guaranty & Assumption of Obligations (form with blanks)
Exhibit 3 – Confidentiality and Noncompetition Agreement (form with blanks)
Exhibit 4 – Assignment of Telephone Numbers and Websites/Domain Names/URLs (form with blanks)
Exhibit 5 - Authorization to Release Information
Copy(ies) of Exhibit 2 - the Guaranty & Assumption of Obligations of the Franchise Agreement (with blanks filled in) for the following individuals:
☐ _____
☐ _____
Copy(ies) of Exhibit 3 - the Confidentiality and Noncompetition Agreement (with blanks filled in) for the following individuals:

Copy(ies) of Exhibit 4 - Assignment of Telephone Numbers and Websites/Domain Names/URLs (with blanks filled in) for the following individuals:
☐ _____
☐ _____
Copy(ies) of Exhibit 5 – Authorization to Release Information:
☐ _____
☐ _____
☐ Copy(ies) of Exhibit 6 – Acknowledgement Addendum
☐ _____
☐ Exhibit I — Confirmation of sales Procedures (form with blanks to be filled in by Franchisee at closing)

I received these completed documents on _____, 201____. Precision Holdings of Brevard, Inc. has provided these documents to me for informational purposes. My signing this receipt does not obligate me in any way, and does not obligate Precision Holdings of Brevard, Inc. to grant me a franchise.

Individually and, if applicable, as an officer, partner or manager of and on behalf of _____

a _____ corporation
a _____ partnership
a _____ limited liability company.

Dated: _____, 201____

SUBSCRIBED AND SWORN to before me this _____ day of _____, ____.

Notary Public

My Commission Expires:

EXHIBIT I

CONFIRMATION OF SALES PROCEDURE

CONFIRMATION OF SALES PROCEDURES

IN CERTAIN STATES FRANCHISEES ARE PROTECTED BY SPECIFIC LAWS. THESE STATE LAWS ARE REFERENCED AND SUMMARIZED IN THE STATE LAW ADDENDUM WHICH IS EXHIBIT B TO YOUR DISCLOSURE DOCUMENT. IF THE LAWS OF A PARTICULAR STATE GOVERN YOUR FRANCHISE, ITS STATUTES AND REGULATIONS AUTOMATICALLY APPLY TO YOUR FRANCHISE, AND AMEND BOTH THIS CERTIFICATE AND YOUR OTHER AGREEMENTS WITH THE FRANCHISOR.

I hereby confirm the following facts to Precision Holdings of Brevard, Inc. and to its Officers, Directors and Management, on behalf of myself personally, and if applicable, as an Officer or Partner of a corporation or partnership and on its behalf:

- | | | |
|----|--|------------------|
| 1. | Date I received a copy of the Franchise Disclosure Document of Precision Holdings of Brevard, Inc. dated March 31, 2019 and the following Exhibits attached thereto: | _____
Date |
| | Exhibit A — Agents for Service of Process | |
| | Exhibit B — State Law Addendum | _____
Initial |
| | Exhibit C — Franchise Agreement and its Exhibits | |
| | 1 Terms | |
| | 2 Guaranty & Assumption of Obligations | |
| | 3 Confidentiality & Noncompetition Agreement | |
| | 4 Assignment of Telephone Numbers and Websites/Domain Names/URLs | |
| | 5 Authorization to Release Information | |
| | 6. Acknowledgement Addendum | |
| | Exhibit D — Tables of Contents of Manual | |
| | Exhibit E — Franchisees | |
| | Exhibit F — Former Franchisees | |
| | Exhibit G — Financial Statements | |
| | Exhibit H — Receipt for Completed Documents | |
| | Exhibit I — Confirmation of Sales Procedures | |
| | | |
| 2. | Date I received copies of the following Supplemental Disclosures to the Disclosure Document of Precision Holdings of Brevard, Inc. dated: | _____
Date |
| | _____ | |
| | _____ | _____
Initial |
| | _____ | |
| | | |
| 3. | I have read and understand the entire Disclosure Document and all the Exhibits, and the supplemental disclosures (if any). | _____
Initial |
| | | |
| 4. | Precision Holdings of Brevard, Inc. has recommended that I consult with professional advisors with respect to this transaction. | _____
Initial |

5. Date I received copies of the Franchise Agreement with Exhibits: Exhibit 1 — Terms, Exhibit 2 — Guaranty & Assumption of Obligations and Exhibit 3 — Confidentiality & Noncompetition Agreement, Exhibit 4 – Assignment of Telephone Numbers and Websites/Domain Names/URLSs, each completed (except for signatures) with all blanks filled in.

Date

Initial
6. Date I actually signed the Franchise Agreement:

Date

Initial
7. Date that an officer of Precision Holdings of Brevard, Inc. signed the Franchise Agreement.

Date

Initial
8. Date first payment was made to Precision Holdings of Brevard, Inc.:

Date

Initial
9. No oral, written or visual claim or representation which contradicted the Disclosure Document was made to me or, to the best of my knowledge, to anyone associated with me, except:

Initial

10. No oral, written or visual claim or representation was used to calculate, state or suggest any sales, income or profit levels, to me or, to the best of my knowledge, to anyone associated with me, except:

Initial

11. I understand that the Precision Door Service’s business involves inherent risks, that there is no assurance of success, and that my business can fail.

Initial

Dated: _____, 201____.

_____ _____ _____ _____	Signature as an Individual and on Behalf of: _____ a _____ corporation a _____ partnership or a _____ limited liability company
----------------------------------	---

City, State, Zip

NOTE: The representations and acknowledges contained in this confirmation of Sales Procedures are not intended nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Registration and Disclosure Law.

EXHIBIT J

SAMPLE RELEASE OF CLAIMS

SAMPLE RELEASE OF CLAIMS

THIS IS A CURRENT FORM THAT IS SUBJECT TO CHANGE OVER TIME.

For and in consideration of the Agreements and covenants described below, Precision Holdings of Brevard, Inc. ("Franchisor") and _____ ("Franchisee") enter into this Release of Claims ("Agreement").

RECITALS

A. ~~Franchisor and Franchisee entered into Precision Door Franchise Agreement dated _____.~~ Franchisees are 100% owners/member owners of [enter corporation, LLC, partnership etc.] (the "Company"). The Company's corporate purpose was executing a Precision Door Service Franchise Agreement and operate a Precision Door Service garage door repair, installation and service franchise business (the "Franchise Business").

B. ~~[NOTE: Described the circumstances relating to the release.].~~ Franchisor and Franchisee entered into Precision Door Franchise Agreement dated _____ (the "Franchise Agreement") to operate a Franchise Business in the [enter location] area.

C. [NOTE: Described the circumstances relating to the release.].

D. This release is pursuant to section 10.1.8 of the Franchise Agreement.

E. Subject to and as addressed with greater specificity in the terms and conditions set forth below, Franchisor and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

AGREEMENT

1. **Consideration.** [NOTE: Describe the consideration paid.]

2-3. [NOTE: Detail other terms and conditions of the release.]

4. **Release of Claims by Franchisor.** In consideration of, and only upon full payment of \$_____ to Franchisor, and the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisor, for itself and for each of its affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of its past and present directors, officers, employees, attorneys, agents, assigns and representatives does hereby release and forever discharge Franchisee and each of his heirs, executors, successors, and assigns of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney's fees), complaints, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, disclosed or undisclosed, related to the Franchise Agreement. This release does not release Franchisee from any obligations he/she may have under this Agreement herein.

5. **Release of Claims by Franchisee.** In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisee, for himself and for each of his heirs, executors, administrators, insurers, attorneys, agents, representatives, successors, and assigns, does hereby release and forever discharge Franchisor and each of its respective affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together

with all of their past and present directors, officers, employees, attorneys, agents, assigns and representatives in their capacities as such, of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney's fees), complaints, charges, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, related to the Franchise Agreement.

6. **Reservation of Claims Against Non-Settling Parties.** Franchisor and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.

7. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

8. **Voluntary Nature of Agreement.** The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms.

9. **Governing Law and Jurisdiction.** This Agreement will be construed and enforced in accordance with the law of the state of _____.

10. **Attorneys' Fees.** All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorneys' fees and costs incurred by reason of the breach.

Dated: _____, 20~~12~~

PRECISION HOLDINGS OF BREVARD, INC.

By _____
Its _____

Dated: _____, 20~~12~~

FRANCHISEE: _____

By _____
Its _____

STATE EFFECTIVE DATES

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

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

<u>State</u>	<u>Effective Date</u>
<u>California</u>	
<u>Hawaii</u>	
<u>Illinois</u>	
<u>Indiana</u>	
<u>Maryland</u>	
<u>Michigan</u>	
<u>Minnesota</u>	
<u>New York</u>	
<u>North Dakota</u>	
<u>Rhode Island</u>	
<u>South Dakota</u>	
<u>Virginia</u>	
<u>Washington</u>	
<u>Wisconsin</u>	

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.

RECEIPTS

RECEIPT

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

If Precision Holdings of Brevard, Inc. offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Iowa, Oklahoma and Rhode Island law, if applicable, we must provide this Disclosure Document to you at your first personal meeting to discuss the franchise; under New York law we must provide the Franchise Disclosure Document at the earliest of either the first in-person meeting discussing the franchise, or 10 business days before execution of the franchise or other agreements or payment of any consideration relating to the franchise relationship.

If Precision Holdings of Brevard, 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 law and state law may be occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is: George Payor_____, Precision Holdings of Brevard, Inc., 2395 Washington Avenue, Suite 5, Titusville, Florida 32780, telephone (321) 225-3500 and Sunbelt Referral Program Development Company, LLC dba Franstop and Sunbelt Business brokers, 3210 Rice Street, Saint Paul, MN 55126.

Issuance Date: March 31, 20~~19~~20

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Disclosure Document (See State Effective Dates) that included the following Exhibits:

- A. Agents for Service of Process
- B. State Law Addendum
- C. Franchise Agreement and its Exhibits
 - 1. Terms
 - 2. Guaranty
 - 3. Confidentiality and Noncompetition Agreement
 - 4. Assignment of Telephone Numbers and Domain Names
 - 5. Authorization to Release Information
 - 6. Acknowledgement Addendum
- D. Tables of Contents of Operations Manual
- E. Franchisees
- F. Former Franchisees
- G. Financial Statements
- H. Receipt for Completed Documents
- I. Confirmation of Sales Procedures
- J. Sample Release of Claims

Date

Franchisee

RECEIPT

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

If Precision Holdings of Brevard, Inc. offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Iowa, Oklahoma and Rhode Island law, if applicable, we must provide this Disclosure Document to you at your first personal meeting to discuss the franchise; under New York law we must provide the Franchise Disclosure Document at the earliest of either the first in-person meeting discussing the franchise, or 10 business days before execution of the franchise or other agreements or payment of any consideration relating to the franchise relationship.

If Precision Holdings of Brevard, 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 law and state law may be occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is: George Payor_____, Precision Holdings of Brevard, Inc., 2395 Washington Avenue, Suite 5, Titusville, Florida 32780, telephone (321) 225-3500 and Sunbelt Referral Program Development Company, LLC dba Franstop and Sunbelt Business brokers, 3210 Rice Street, Saint Paul, MN 55126.

Issuance Date: March 31, 20~~19~~20

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Disclosure Document (See State Effective Dates) that included the following Exhibits:

- A. Agents for Service of Process
- B. State Law Addendum
- C. Franchise Agreement and its Exhibits
 - 1. Terms
 - 2. Guaranty
 - 3. Confidentiality and Noncompetition Agreement
 - 4. Assignment of Telephone Numbers and Domain Names
 - 5. Authorization to Release Information
 - 6. Acknowledgement Addendum
- D. Tables of Contents of Operations Manual
- E. Franchisees
- F. Former Franchisees
- G. Financial Statements
- H. Receipt for Completed Documents
- I. Confirmation of Sales Procedures
- J. Sample Release of Claims

Date

Franchisee