FRANCHISE DISCLOSURE DOCUMENT
Premiumdepot.com, Inc.
A Florida corporation
9425 SE Federal Highway
Hobe Sound, Florida 33455
772-545-2154
franchise@premiumpainters.com
www.PremiumPainters.com

The franchise offered is for the operation of a business selling residential and commercial painting and other property maintenance related services under the name Premium Painters®.

The total investment necessary to begin operation of a Premium Painters® business is $$82,500 - $138,500. This includes $35,419 that must be paid to us or our affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in a different format please contact Dave Rizzo at franchise@premiumpainters.com, 9425 SE Federal Highway, Hobe Sound, Florida 33455 or 772-545-2154.

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

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

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

The issuance date of this disclosure document is April 2, 2024:

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Premium Painters® business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Premium Painters® business franchisee?	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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. **Mandatory Minimum Payments.** You must make minimum royalty, advertising 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.

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

TABLE OF CONTENTS

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

To simplify the language in this disclosure document, "we," "us" or "our" means Premiumdepot.com, Inc., the "Franchisor." "You" means the individual, corporation, limited liability company or partnership who enters into the franchise agreement ("Franchisee"). "You" also includes Franchisee's shareholders or members.

The Franchisor:

We are a Florida limited liability company formed on June 16, 2005. We do business under the name "Premium Painters®." Our principal business address is 9425 SE Federal Highway, Hobe Sound, Florida, 33455. Our telephone number is 772-545-2154 and our email address is franchise@premiumpainters.com. Our agents for service of process in the states whose franchise laws require us to name a state agency as agent for service of process are shown on Exhibit A.

Premium Painters® businesses sell residential and commercial painting and other property maintenance related services. In addition, franchisees will conduct assessments and provide estimates for home and property related services such as pressure cleaning, carpentry and other home related services. Our additional services include stucco repair, drywall repair, popcorn removal, wallpaper removal, crown molding installation, baseboard and chair rail installation.

We have offered franchises since September 12, 2023. We have not offered franchises in any other line of business. We do not currently operate any business of the kind described in this disclosure document. We do not operate any other types of businesses.

Our Parents, Predecessors and Affiliates:

Our predecessor and affiliate, A Premium Painters.Com, Inc., is a Florida company formed on January 21, 2003. Its principal place of business is 9425 SE Federal Highway, Hobe Sound, Florida 33455 and it has a telephone number of 772-545-2154. For the period 2014 to 2018, our predecessor offered Premium Painting™ franchises. Effective January 1, 2019, we acquired certain assets of our predecessor, including its rights and obligations under all 8 franchise agreements entered into by our predecessor. A Premium Painters.Com, Inc. operates businesses of the type described in this disclosure document and has done so since 2003. It does not offer franchises in any other line of business.

Franchise Offered:

We grant franchises for the establishment and operation of Premium Painters® businesses ("Business") within a mutually agreed upon geographic area ("Territory") under a franchise agreement ("Franchise Agreement").

The Business is operated under the trade name "Premium Painters®." As a franchisee, you must operate your Business in accordance with our standards and specifications as provided for in our confidential operating manuals ("Manual") and as otherwise provided in writing, and you must sign a Franchise Agreement.

You will operate your Business using the Premium Painters® name and logo and our other related service marks, trademarks or logos ("Marks)" as identified in Item 13 below, and using our comprehensive business system, standards, methods, procedures and specifications, described in this disclosure document ("System").

You will operate on a year-round basis and will be authorized to offer, sell and perform residential painting and related services to the interior or exterior of an individual residential dwelling that contains one, two, three or four units and the interior of an individual's residential apartment, condominium or townhouse not part of a National Account ("Residential Services") located within your Territory. You may only offer, sell or perform Residential Services in your Territory. We may also permit you to offer, sell or provide painting and related services commercial properties not defined as Residential Services ("Commercial Services") if you meet our requirements. Your business may compete with other local painting companies, regional and other franchises, individuals in the painting business and in some areas, student run summer painting businesses and franchises. Notwithstanding our positive assessment of the market for our services, there are many risks and uncertainties associated with this or any new business. You should consider this and other factors in evaluating whether to invest in our franchise system.

Industry Regulations:

Your Business may be subject to state and local laws, rules, regulations and ordinances including those that (a) require a license or permit, (b) set standards pertaining to employee health and safety and (c) otherwise apply. The details of these restrictions may vary from state to state and from locality to locality. These regulations may include those that pertain to contractor licensing or registration, lead paint removal and disposal, asbestos handling and removal, and hazardous waste handling and disposal. Among the federal regulations that are applicable to your franchise are the Federal Hazardous Waste Management laws regulating the handling and disposal of wastewater and Occupational Safety and Health Administration ("OSHA") regulations pertaining to worker safety and health in the workplace. OSHA has also issued regulations pertaining to exposure to airborne concentrations of lead above certain levels. On April 22, 2010, the EPA's Renovation, Repair and Maintenance Final Rule went into effect. This RRP details both information that must be given to certain homeowners, as well as processes and procedures that must be followed in homes and other structures built before 1978. See http://www.epa.gov/opptintr/lead/index.html. Many states and municipalities also have laws regulating the handling and disposal of hazardous materials, including paint and solvents, as well as laws and regulations pertaining to worker safety and health in the workplace. There are also many state and local laws, codes, or ordinances regarding contractor licensing and/or registration requirements.

There are also federal, state and possibly local laws covering how to classify workers, for example, whether as independent contractors or employees, or as exempt or non-exempt, for different purposes, such as tax, wage and hour laws, unemployment compensation and workers' compensation. These laws and regulations can vary from state to state, city to city and at the federal level, and could affect, in some instances materially, the operation of your Business.

You must comply with all local, state, and federal laws and regulations that apply to your Business. It is your sole responsibility to thoroughly investigate the applicable business and licensing rules and regulations in your state before opening your Business. Neither we nor our affiliates are responsible to ascertain your initial and continuing legal responsibilities. We recommend that before signing the franchise agreement, you engage an attorney or other professional advisor to assist you both in determining which laws, ordinances and regulations may affect the establishment or operation of your Business, and the cost of complying with them.

ITEM 2. BUSINESS EXPERIENCE

CEO and President: David Rizzo

David Rizzo is our founder, CEO and President and has been since our formation in 2005. He is also CEO and President of our predecessor and affiliate, A Premium Painters.Com, Inc., and has been since its formation in 2003. Mr. Rizzo is based in Hobe Sound, Florida.

Vice President: Jordyn Rizzo

Jordyn Rizzo is our Vice President and has been since 2017. She is also an elementary school teacher for the Seminole County School District. Ms. Rizzo is based in Hobe Sound, Florida.

Franchise Trainer: Joseph Conticello

Mr. Conticello is our Franchise Trainer and has been since October 2019. For the period October 2017 – October 2019, Mr. Conticello was Sales Advisor for our predecessor and affiliate, A Premium Painters.Com, Inc. Mr. Conticello is based in Hobe Sound, Florida.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

Neither we nor any parent, affiliate, officer or general partner of ours, nor any other person who will have management responsibility relating to the sale or operation of the franchises offered by this disclosure document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code or any foreign bankruptcy laws required to be disclosed in this Item.

ITEM 5. INITIAL FEES

Initial Franchise Fee

You must pay to us an initial franchise fee of $35,000 (“Initial Franchise Fee”) upon execution of the Franchise Agreement. You will pay the Initial Franchise Fee in a lump sum payment. The Initial Franchise Fee is fully earned at the time you make the payment to us and is not refundable. We expect to uniformly impose the Initial Franchise Fee.

Technology Fee.

We charge an annual technology fee which is currently $229 (“Technology Fee”). You must pay the first year’s Technology Fee upon execution of the Franchise Agreement. The Technology Fee may change from time to time upon notice from us. The Technology Fee is deemed fully earned when due and is non-refundable upon payment. We expect to uniformly impose the Technology Fee.

Branded Marketing Materials.

Upon execution of the Franchise Agreement, you must purchase from us the initial inventory of branded marketing materials including brochures and other marketing materials. The cost for the initial inventory of Branded marketing materials is $190.

ITEM 6. OTHER FEES

Name of Fee[1]	Amount	Due Date	Remarks
Royalty[2]	The greater of (i) the Minimum Royalty Fee of $250 per month or (ii) 6% of Gross Sales on the first $1,500,000 in Gross Sales in each calendar year and 5% of Gross Sales over $1,500,000 in each calendar year.	Monthly commencing the earlier of (i) 90 days after the Effective Date of the Franchise Agreement and (ii) the Opening Date	Gross Sales are defined in Note 2 below. Royalties are paid to us.
Brand Fund Contribution[3]	Up to 2% of Gross Sales	At the same time and in the same manner as Royalty payments	If we establish a Brand Fund, you will have to pay a Brand Fund Contribution in an amount up to two percent (2%) of the Gross Sales of your Business.
Local Advertising	5% of Gross Sales	Monthly	You must spend a minimum of 5% of Gross Sales on local advertising.
Grand Opening Marketing	$2,000 - $5,000	15 days prior through 15 days after opening	Expenses for the Grand Opening Marketing are paid to third parties or us.
Transfer Fee	The greater of 25% of the then-current franchise fee or $25,000	A portion of the transfer fee is paid upon application to transfer, the balance is paid on closing	The Transfer Fee is paid to us.
Training Fee[4]	Currently $250 per person per day plus our costs and travel expenses	As incurred	The Training Fee is paid to us.
Successor Agreement Fee[5]	$1,500	Upon signing a successor agreement	The Successor Agreement Fee is paid to us.

Testing or Supplier Approval Fee	Costs and expenses of inspection, evaluation and/or testing and other professional analysis	As incurred	Testing or Supplier Approval fees are paid to us.
Software License Fee[6]	Currently $1,200	Annually	The Software License Fee is paid to third parties.
Management Fee	Five percent (5%) of Gross Sales plus actual costs and expenses in the event we must operate your Business	As incurred	The Management Fee is paid to us.
Accounting Fee[7]	Costs and expenses	As incurred	The Accounting Fee is paid to us.
Legal Fees and Expenses	Costs and expenses, including but not limited to attorneys' fees in connection with your failure to pay amounts when due or failure to comply in any way with the Franchise Agreement	As incurred	Legal Fees and Expenses are paid to us.
Indemnification	The amount of any claim, liability or loss we incur from your Business	As incurred	Costs for Indemnification are paid to us.
Interest and Late Fees	1.5% per month or highest rate allowed by law plus $10 per day that payment is overdue	As incurred	Interest and Late Fees are paid to us from the date of nonpayment or underpayment.
Insufficient Funds Fee	$250 per occurrence	As incurred	The Insufficient Funds Fee is paid to us.
Non-Compliance Fee	Up to $1,000	10 days after notice of violation	The Non-Compliance Fee is paid to us for any violation of the Franchise Agreement and/or the Manual.

System Meeting Fee[8]	Currently $500 per attendee plus costs and expenses	Before attending any mandatory system-wide conference	The System Meeting Fee is paid to us.
Reimbursement of Costs and Expenses[9]	Costs and expenses	As incurred	Reimbursement of costs and expenses are paid to us.
Liquidated Damages	Average monthly Royalty Fees due to us during the 12 months of operation preceding the effective date of termination, multiplied by the lesser of (a) 24 months or (b) the number of months remaining in the Agreement had it not been terminated	10 days after termination	Liquidated damages are paid to us.

Notes

1. The table above provides recurring or isolated fees or payments that you must pay to us or our affiliates or that we or our affiliates impose or collect in whole or in part on behalf of a third party. All fees and expenses described in this Item 6 are nonrefundable and fully earned when due. We intend to uniformly impose all fees and expenses listed above although we reserve the right to not do so in our sole discretion.

2. Royalty payments are paid monthly on the tenth (10th) day of each calendar month unless we designate an alternative period and are due commencing on the earlier of 90 days following singing the Franchise Agreement or the date you commence operations of your Business. You must pay us the greater of the royalty calculated based on the Gross Sales (defined below) of the Business or the Minimum Royalty Fee. All fees are payable to us by ACH or electronic funds transfer ("EFT") from your designated bank account on the date due or such other method as we may designate. If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you. We have the right to increase the Minimum Royalty Fee once per calendar year in an amount not greater than five percent (5%).

Gross Sales means all income that you derive or receive directly or indirectly from, through, by or on account of the operation of the Business, at any time after signing Franchise Agreement in whatever form and from whatever source, but not limited to cash, services, in kind from barter and/or exchange, on credit or otherwise as well as business interruption insurance proceeds, all without deduction. Gross Sales are not reduced by the amount of any discounts to employees or family members. However, the definition of Gross Sales does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities.

3. If we establish a Brand Fund, you will be required to contribute up to two percent (2%) of your Gross Sales to the Brand Fund ("Brand Fund Contribution"). Brand Fund Contributions will be paid directly to the Brand Fund and not to us. Brand Fund Contributions are not income to us.

4. If the franchisee's managing shareholder or member who owns a majority of the voting and

ownership interests in the Franchisee entity ("Operating Principal") fails to satisfactorily pass the initial training and a replacement Operating Principal must attend initial training, you must pay our then-current training fee which is currently $250 per person per day plus our costs and expenses. For all other additional training provided to you or your employees whether requested by you or required by us, you must pay the then-current training fee which is currently $250 per person per day plus our costs and expenses. You are responsible, at your own expense, to pay for all travel, room and board and wages for you and your employees during any training.

5. Three five (5) year successor franchise agreements are available to qualified franchisees under certain circumstances and in accordance with the conditions contained in your Franchise Agreement.

6. The Software License Fee represents the cost for one license for certain required software.

7. We have the right to conduct an audit of the books and records of the Business. If we do so, with an independent auditor or otherwise and it is determined that you underestimated your Gross Sales in any report by two percent (2%) or less, then you must pay within fifteen (15) days of written notice, the underreported amount plus interest and Late Fees. If it is determined that you underestimated your Gross Sales in any report by more than two percent (2%), then you must pay within fifteen (15) days of written notice, the underreported amount along with the cost of conducting the audit, including without limitation travel, lodging, meals, wages, expenses, accountants' fees, attorneys' fees and interest and Late Fees. If you fail to provide any reports, supporting reports or other information as required, you must pay within fifteen (15) days of written notice, the cost of conducting the audit, including without limitation, travel, lodging, meals, wages, expenses, accountants' fees, attorneys' fees and interest.

8. If we hold a system-wide meeting, you must attend, pay our then-current fee and any costs you may incur in connection with your attendance. You will have to pay the System Wide Meeting Fee even if you fail to attend.

9. If after notice, you fail to cure any deficiency in the Business and/or your operation of the Business, we may correct the deficiency. If we elect to correct the deficiency, you will reimburse us for our costs and expenses incurred in correcting the deficiency.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Estimated Amount Low – High	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee	$35,000	Lump sum	When Franchise Agreement is signed	The Initial Franchise Fee is paid to us

Equipment[1]	$8,000 – $14,000	As arranged	As arranged	Suppliers
Sales Vehicle[2]	$7,500 - $20,000	As arranged	As arranged	Suppliers
Job Box	$3,000- $10,000	As arranged	As arranged	Suppliers
Computer Equipment and software[3]	$4,000 - $9,000	As arranged	As arranged	Suppliers
Business Licenses and Permits[4]	$1000 - $1,500	As arranged	As arranged	Government Agencies
Professional Fees[5]	$2,000 – $7,000	As arranged	As arranged	Attorneys, Accountants
Insurance – 3 months[6]	$1,000- $3,000	As arranged	As arranged	Insurance Companies
Training Expenses[7]	$1,000 - $4,000	As arranged	As arranged	Airline, hotel, restaurants
Grand Opening Marketing	$5,000 - $10,000	As arranged	15 days prior through 15 days after opening	Suppliers or us
Real Estate and Improvements[8]	$5,000 - $10,000	As arranged	As Arranged	Landlord
Additional Funds – 3 Months[9]	$10,000 - $15,000	As arranged	As arranged	Various
Total	$82,500 - $138,500			

In general, other than possible security deposits none of the expenses listed in the above chart are refundable. We do not finance any portion of your initial investment. All of our estimates assume that you will purchase the required items. Your costs may be lower if you choose to lease some items.

Notes:

1. **Equipment**. These figures represent the purchase of the necessary equipment for the operation of your Business. Equipment includes but is not limited to a desk, file cabinets, office suppliers; Laser; Measuring Wheel; Tools; Ladders; and Drop Cloths.

2. **Vehicle.** This amount represents the cost associated with financing or purchasing one sales/estimator vehicle and a job box (trailer, pick-up truck or van) permanently lettered in accordance with franchisor's specifications. The specifications for these vehicles are that they must be approved,

permanently lettered vehicles suitable for the operation of your painting franchise. You may need to purchase additional vehicles to keep up with the growth of your Business.

3. **Computer Equipment**. You must purchase or lease the point of sale and computer system that we designate. This amount also includes the cost of the annual Technology Fee.

4. **Business Licenses and Permits**. These are estimates of the costs for obtaining local business licenses which typically remain in effect for one year. The cost of these permits and licenses will vary substantially depending on the location of the Business. Many states and localities require you to obtain a painting or home improvement contractor license or registration before you begin operating your franchise. We strongly recommend that you verify the cost for all licenses and permits required in your jurisdiction before signing the Franchise Agreement.

5. **Professional Fees**. These fees are representative of the costs for engagement of professionals such as attorneys and accountants for the initial review and advisories consistent with the start-up of a Business. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your Business.

6. **Insurance**. These figures are estimates of the cost of three months of premiums for the insurance you must obtain and maintain for your Business. Insurance premiums may be payable monthly, quarterly, semi-annually or annually, based on the insurance company's practices and your creditworthiness.

7. **Training Expenses**. We provide initial training for your Operating Principal and bookkeeper at no additional charge. These estimates include only your out-of-pocket costs associated with attending our initial training program in Hobe Sound, Florida, including travel, lodging, meals and applicable wages. These amounts do not include any fees or expenses for training any other personnel. Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation.

8. **Real Estate and Improvements.** Your office must be located in your Territory. If your home is within your Territory, we may permit you, in our sole discretion, to operate your franchise from your home. If you reside outside of their Territory or we otherwise require, in our sole discretion, you must lease an office space which must be located in your Territory. If we require you to operate your Business from an office outside your home, or you elect to do so, your initial investment will increase by the amount of any deposit you may be required to pay in connection with such rental, build-out costs, or prepaid rent which the landlord may require.

9. **Additional Funds**. You will need capital to support ongoing expenses, such as payroll, utilities and rent as well as the costs for miscellaneous supplies and the Branded Marketing Materials if these costs are not covered by sales revenue for your first three months of operation. Our estimate does not include any sales revenue you may generate. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be three months. This is only an estimate and there is no guarantee that additional working capital will not be necessary during this start-up phase or after. We relied upon the experience of our affiliate operating similar businesses in Florida when preparing these figures. We cannot guarantee that you will not have additional expenses starting your business.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure that you maintain the highest degree of consistency, quality and service, you must obtain certain goods, services, supplies, materials, fixtures, furnishings, equipment (including computer hardware and software) and other products used only from our designated or approved suppliers, vendors, manufacturers, printers, contractors, and distributors ("Suppliers") who demonstrate to our continuing reasonable satisfaction, the ability to meet our then-current standards. We and/or our affiliates may be Suppliers. We will disclose to you in writing in the Manual or otherwise any specifications by designating approved brands, types, compositions, performance qualities or Suppliers. You must sell and offer for sale all products and services required by us in the manner and style we require. You may only sell and offer for sale products and services authorized by us. You must not deviate from our standards and specifications without obtaining our prior written consent. We may direct you in writing at any time to discontinue selling and offering for sale any products or services. We can and expect to modify our standards and specifications, as we deem necessary. We will provide you with notice of any changes as they occur. We may also require you from time to time to participate in the test marketing of products and services at your expense.

Suppliers:

We may have items sourced exclusively from our Suppliers including a single Supplier (which may be us or one of our affiliates) or a limited number of Suppliers, in order to achieve uniformity or better pricing, simplify inventory and purchasing or for other legitimate business reasons. We may require you to purchase or lease certain other products solely from us and/or our affiliates. We and our affiliates may (i) include a markup in the price of any items we or they sell or lease to you; (ii) derive profit from the items we or they sell or lease to you; and (iii) receive rebates, overrides or other consideration from Suppliers as a result of purchases by our franchisees.

As of the issuance date of this disclosure document, we have approved Suppliers for the following items: (i) paint and related materials; (ii) computer software including certain estimating software and customer management software that we designate from time to time and further described below (collectively, the "POS System"); (iii) branded materials; and (iv) bookkeeping services. We are the sole supplier of our branded materials that you must use in the operation of your Business. Currently, we do not profit from the sale of branded materials to you, rather we provide them to you at our cost. However, we reserve the right to earn a profit from the sale of these materials to you. Dave Rizzo owns an interest in us. Neither we nor our affiliate nor any of our officers own any other interest in any Supplier.

If you want to independently source any items from someone other than one of our Suppliers, you must obtain our prior approval. We do not promise to evaluate or approve proposed suppliers, vendors, manufacturers, printers, contractors and/or distributors ("Proposed Suppliers") at your request and we may decline to do so. However, if we elect to evaluate a Proposed Supplier, at your request, you must provide us with adequate information and product samples to evaluate the Proposed Supplier. We will consider the following factors in our evaluation: (1) whether the products or services provided by the Proposed Supplier meet our specifications and standards; (2) the reputation of the Proposed Supplier for quality and reliability; (3) the frequency and method of delivery; (4) competitiveness of pricing offered; and (5) whether the products or services add anything to the range of products or services offered or are redundant of existing approved products. There are currently no other criteria for approval of Proposed Suppliers. We may impose a fee to evaluate

Proposed Suppliers, which may include reimbursement of our actual or estimated costs of evaluating the Proposed Suppliers. If we agree to evaluate a Proposed Supplier, we will provide you with notification of the approval or disapproval within thirty days after we receive notice and all information and samples necessary to process your request. We may revoke approval of any Supplier for reasonable cause upon written notice to you.

We have negotiated purchasing terms for franchisees from certain Suppliers. However, we cannot guarantee that any Supplier will offer or continue any particular pricing, warranty or other terms of sale. We will attempt to negotiate a continued supply of products from various Suppliers but cannot guarantee a continuing supply from any particular Supplier. We are not under any obligation to you with respect to the terms negotiated or the terms of any Supplier. We cannot guarantee that Suppliers will offer or continue to offer you any trade credit terms as that is solely up to the Supplier and their credit standards.

We and our affiliates may derive revenue or other consideration from required purchases or leases by franchisees. Currently, certain of our approved paint suppliers pay us varying amounts on certain franchisee purchases, ranging from 1% to 2%. We will provide you with the current list of these paint suppliers, upon request, after you sign the Franchise Agreement. We have not received any other rebates, overrides or other consideration from any other Suppliers as a result of purchases by our franchisees; however, we may do so in the future. In our prior fiscal year, we received $30,000 from required purchases or leases by franchisees which was 9% of our total revenues of $344,428 as reported in our annual audited financial statements. Our affiliates did not receive any revenue during the last fiscal year for purchases or leases from franchisees.

We estimate that your leases or purchases from Suppliers (including us or our affiliates) or otherwise in accordance with our specifications will represent approximately 80% to 90% of your total purchases in establishing the Business and approximately 60% to 80% in the continuing operation of the Business (exclusive of your expenditures for rent and overhead).

We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchases of particular products or services or use of particular Suppliers. There currently are no purchasing or distribution cooperatives.

Computer Hardware, Software and POS Systems:

You must use the specific computer hardware, software and accessories which meet our criteria for design, function and capabilities and we may require you to utilize specific Internet service providers or communications software and other information technology, including back office administrative programs. You must also acquire other software and technology that we prescribe from time to time. We may require you to maintain service support contracts and/or maintenance service contracts and implement and periodically make upgrades and changes to the computer hardware and software, and credit card, debit card and other non-cash payment systems. We may designate the vendor(s) for these support service contracts and maintenance service contracts. Currently, we require that use the following software in the operation of your Business: (i) Joist estimating software; (ii) Pipeline CRM; and (iii) Quickbooks bookkeeping software. You may be required to execute a subscription or other software agreement with these suppliers.

Insurance Coverage:

Before you open your Business, you must obtain insurance coverage for your Business in at least the amounts set forth in the Manual. This insurance coverage must be maintained during the term of the Franchise Agreement and must be obtained from a responsible carrier or carriers rated “A” or better by A.M. Best & Company, Inc. and be approved by us. As of the issuance date of this disclosure document, we require the following insurance: (i) comprehensive general liability insurance, including broad form contractual liability, broad form property damage, personal injury, completed operations, products liability and fire damage coverage in the amount of $1,000,000, combined single limit per occurrence, $2,000,000 general aggregate, or any greater amount required by the lessor; (ii) automobile liability coverage of owned, non-owned and hired vehicles, with coverage in amounts not less than $1,000,000, combined single coverage; (iii) an “umbrella” policy providing excess coverage in amounts not less than $1,000,000 which must be in excess of general liability, auto and employers liability; (iv) worker’s compensation insurance in amounts required by applicable law; (v) personal property insurance coverage in the amount of $75,000; (vi) business interruption insurance in an amount which is the greater of the actual loss sustained or $50,000; (vii) stop gap coverage where applicable; (viii) stretch endorsements for crime, employee dishonesty and accounts receivable; and (ix) any other insurance required by state or locality in which the Business is located. Minimum insurance limits may be modified, as conditions require, by written notice to you.

You may with our prior written consent, elect to have reasonable deductibles under the coverage required above. All of the policies must name us, our parent, affiliates and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional insureds and must include a waiver of subrogation in favor of all parties.

You must provide us with written proof of your purchase of the above required insurance policies no later than seven (7) business days before you commence operations of your Business. You must provide us with written proof of your continued insurance coverage no later than thirty (30) days before the expiration of your insurance policies. In the event that you fail to purchase or maintain the required insurance policies, we may pay for the required insurance policies for you and charge you for reimbursement of our expenditures. The insurance purchased by you will in no way be limited by any insurance policy or policies we may maintain.

We may revise our insurance requirements for franchisees. We may require you to obtain additional or different insurance policies in accordance with our then-current insurance requirements for franchisees.

You may not reduce any insurance limit, restrict any insurance coverage or cancel any insurance policy without our written consent. You may upgrade any insurance policy without our written consent provided that you maintain the minimum insurance required and you provide us with notice of such upgrade to the insurance coverage upon the issuance of such insurance.

ITEM 9. FRANCHISEE’S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Item in FDD
a. Site selection and acquisition/lease	Section 1	Item 11
b. Pre-opening purchases/leases	Section 5	Items 5, 6, 7 and 8
c. Site development and other pre-opening requirements	Section 5	Item 11
d. Initial and on-going training	Section 4	Items 6, 7 and 11
e. Opening	Section 5	Item 11
f. Fees	Section 3	Items 5, 6 and 7
g. Compliance with standards and policies/Manual	Section 5	Items 8 and 11
h. Principal trademarks and proprietary information	Sections 9 and 10	Items 13 and 14
i. Restrictions on products/services offered	Section 5	Items 8 and 16
j. Warranty and customer service requirements	Not Applicable	Item 11
k. Territorial development and sales quota	Section 1	Item 12
l. Ongoing product/service purchases	Section 5	Item 8

m. Maintenance, appearance and remodeling requirements	Section 5	Item 11
n. Insurance	Section 12	Items 6, 7 and 8
o. Advertising	Section 6	Items 6, 7 and 11
p. Indemnification	Section 12	Items 6, 8 and 13
q. Owner's participation/ management/staffing	Section 4	Item 15
r. Records and reports	Section 7	Items 6 and 11
s. Inspections and audits	Section 7	Items 6 and 11
t. Transfer	Section 8	Items 6 and 17
u. Renewal	Section 2	Items 6 and 17
v. Post termination obligations	Section 13	Item 17
w. Non-competition covenants	Section 11	Item 17
x. Dispute resolution	Section 19	Item 17
y. Personal guaranty	Section 1 and Exhibit 1	Item 15
z. Licensing and legal compliance	Section 1 and 5	Item 9

ITEM 10. FINANCING

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

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

Except as listed below, the Franchisor is not required to provide you with any assistance.

Pre-Opening Obligations

Before you commence operations of open your Business, we will:

1. Grant you the right to operate one Premium Painters® franchise offering the Services described in the Franchise Agreement within a specific territory (Franchise Agreement Section 1).

2. Designate your Territory. This information is gathered from third-parties and we do not guarantee the accuracy of any such information (Franchise Agreement Section 1).

3. Provide you with a list of Suppliers, as revised from time to time (Franchise Agreement Section 4).

4. Provide an initial training program as described below. You must be trained to operate the Business (Franchise Agreement Section 4).

5. Loan you a copy of the Manual, handbooks and other related materials in hard copy, electronic copy or other versions at our option (Franchise Agreement Section 4).

6. Specify minimum policy limits for certain types of insurance coverage required to meet our minimum standards. You will submit for our approval, which will not be unreasonably withheld, any insurance policy prior to purchasing such policy. We may revise our insurance requirements for franchisees and we may require you to obtain additional or different insurance policies (Franchise Agreement Section 12).

7. Establish standards and specifications for the System and may enforce those standards and specifications (Franchise Agreement Section 4).

Pre-Opening Optional Assistance:

Before you commence operating your Business, we may:

1. Conduct advertising, marketing, Digital Marketing, promotional and/or public relations activities in local, regional and national print publications and develop and use Marketing Materials. We may design all Marketing Materials used in the System. We may provide you with standards for all Marketing Materials, Digital Marketing and marketing activities. We may make available to you approved Marketing Materials for use by franchisees (Franchise Agreement Section 6).

2. Review Marketing Materials developed by you and all requests to engage in marketing activities including Digital Marketing (Franchise Agreement Section 6).

3. If we require that you lease an office space, or you choose to do so, we will review for our approval, your lease or contract of sale for your office location. You may not enter into a lease or

contract of sale for your office location without our prior written consent (Franchise Agreement Section 4.)

4. Provide guidance as to: (a) new products, suppliers, services and/or methods developed for the System; (b) the purchase and use of supplies, uniforms, equipment and products; (c) the formation and implementation of marketing, advertising and promotional programs; and (d) other general operating issues (Franchise Agreement Section 4).

5. We will provide one of our representatives to provide you with 10 business days of on-site, pre-opening and opening training, assistance and supervision for your Business as part of our initial training program. For all other training provided to you at your request or as required by us, you must pay our then-current Training Fee for each day of assistance and you must reimburse the out-of-pocket expenses our representative incurs, including travel, lodging and meals (See Franchise Agreement Section 4).

<u>Post- Opening Assistance</u>

After you commence operations of your Business, we will:

1. Establish standards and specifications for the System and we may enforce those standards and specifications (Franchise Agreement Section 4).

2. Invite you to attend any meetings with our personnel and other franchisees. If and when these meetings occur will be determined in our discretion (Franchise Agreement, Section 4).

<u>Post-Opening Optional Assistance</u>

After you commence operations of your Business, we may:

1. Provide you with additional training (Franchise Agreement Section 4).

2. Provide guidance as to (a) new products, suppliers, services and/or methods developed for the System; (b) the purchase and use of supplies, uniforms, equipment and products; (c) the formation and implementation of marketing, advertising and promotional programs; and (d) other general operating issues (Franchise Agreement Section 4).

3. If you request and we agree to provide telemarketing services to you, we will charge you our then-current hourly telemarketing service (Franchise Agreement Section 6).

4. Conduct advertising, marketing, Digital Marketing, promotional and/or public relations activities in local, regional and national print publications and develop and use Marketing Materials. We may design all Marketing Materials used in the System. We may provide you with standards for all Marketing Materials, Digital Marketing and marketing activities. We may make available to you approved Marketing Materials for use by franchisees (Franchise Agreement Section 6).

5. Review Marketing Materials developed by you and all requests to engage in marketing activities including Digital Marketing (Franchise Agreement Section 6).

6. If we require that you lease an office space, or you choose to do so, we will review for our approval, your lease or contract of sale for your office location. You may not enter into a lease or contract of sale for your office location without our prior written consent (Franchise Agreement

Section 4.)

Opening and Business Location:

We estimate that the time from the signing of the Franchise Agreement to the opening of your Business will be approximately 60 days to 90 days. This timeline may be shorter or longer depending upon the time necessary to complete training and obtain any financing and/or licensing. The Franchise Agreement requires you start training within 30 days of signing the Franchise Agreement and that you commence operations of your Business no later than 90 days after signing the Franchise Agreement, unless you obtain a written extension of this time period from us.

We will assign you a Territory as we determine appropriate for your Business. If you live outside your Territory, you must obtain an office ("Commercial Office") within your Territory prior to commencing operation of your Business. If you live within your Territory, we may require you to secure a Commercial Office in your Territory from which to operate your Business. If you live within your Territory and we require you to operate your Business from a Commercial Office, we will provide you with written notice that you must do so ("Commercial Office Notice"). You will have 90 days from the date of the Commercial Office Notice to obtain our approval for a site and a lease or contract of sale for the Commercial Office. If you fail to do so, we have the right to terminate your Franchise Agreement and retain your initial franchise fee. Whether we require you to operate from a Commercial Office or you elect to do so, you may not enter into a lease or contract of sale for your Commercial Office without our prior written consent. You are responsible for locating, securing constructing and equipping your office. We do not select a site for your office. We will consult with you on our current site selection guidelines and provide other site selection counseling as we deem advisable. Factors that we consider in approving a site may include the general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings and lease terms. We are not required to provide you with any assistance to conform the premises of your office to comply with local ordinances, building codes or in connection with obtaining any permits. We do not generally own the premises for your Business.

The lease for any Commercial Office must have an initial term (or an initial term along with any renewal terms) of no less duration than the initial term of your Franchise Agreement. Unless we consent in writing to exclude any required provision, any lease or amendment thereto must include the landlord's consent to our Lease Rider attached to the Franchise Agreement as Exhibit 4. We may (but have no obligation to) provide you with guidance or assistance relating to the lease for your Commercial Office and its negotiation. Our approval of your site or lease or contract of sale is not a guarantee that your Commercial Office or Business will be successful as a Premium Painters® business. Our review of the lease or contract of sale does not constitute an approval of any legal, economic or rental terms. Our approval is solely for our benefit and is only provided to ensure that your location meets our minimum standards. We recommend that you work with your own independent advisors in determining if the location of your Commercial Office meets your standards as well as ours. We will require you to hold us harmless from any claim arising from the lease.

Website:

We may but are not required to maintain a website that provides information about the System and Premium Painting™ franchises ("System Website"). We may, but are not required to, include an interior page containing additional information about your Business on any System Website. You must give us any information and materials that we request from time to time to develop, update and modify such webpage, but we shall have final approval rights over any content. We may discontinue or modify the System Website in our sole discretion. You may not establish or maintain any other website for your Business or use the Marks or other proprietary information in any way other than as provided in the Franchise Agreement and Manual, including on the Internet. You will have no rights to market any products or services on the Internet without our permission.

Digital Marketing:

We may, in our sole discretion, establish and operate websites (including the System Website), social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, keyword or ad word purchasing programs, mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, "Digital Marketing") that are intended to promote the Marks and System. We may require you to participate in Digital Marketing as we determine in our sole discretion. You cannot participate in Digital Marketing without our consent.

Except as set forth above, unless we consent otherwise in writing, you, your employees, and any third- party representatives or digital marketing agencies may not, directly or indirectly, conduct or be involved in any Digital Marketing that uses the Marks or that relate to the Business or Premium Painting™ network. You may not establish or maintain any social media accounts utilizing any usernames, or otherwise associating with the Marks, without our advance written consent which we may withhold in our sole and absolute discretion. You will have no rights to market any products or services on the Internet without our permission.

If we do permit you or your employees or representatives to conduct Digital Marketing, we may designate from time to time regional or territory-specific usernames/handles that you must maintain. You must provide us with full administrator access to all Digital Marketing accounts. You must provide ownership-level access to any Google My Business Center and/or similar profiles. You must provide, in writing, a list of all brand-related social media accounts that you, your employees, or any third-party representatives control, along with log-in information. If you conduct any e-mail marketing, you must use marketing templates that we have approved and must adhere to all requirements that we specify in the Standards. These policies are subject to change. You will be required to adhere to any social media policies that we establish from time to time and will require all of your employees to do so, as well. You will be required to ensure that none of your owners, managers or employees use our Marks on the Internet or any electronic communications network, except in strict compliance with these social media policies. Use of social media, including any pictures that may be posted through one or more social media sites, must be in compliance with the Manual and standards, including our then-current take-down policy.

Brand Fund:

We intend to institute a separate fund for advertising, marketing, promotional or public relations programs and for Digital Marketing, as we deem necessary, to enhance, promote and protect the goodwill and public image of the System ("Brand Fund").

If we institute a Brand Fund, we will maintain and administer the Brand Fund and direct all such programs and decisions, including: (1) the creative concepts, materials, endorsements and media used in connection with such programs (which may include television, radio, print, maintenance of a website as well as the use of Digital Marketing, as funds permit); (2) the source of the advertising, marketing, promotional or public relations efforts (which may be in-house or through an outside agency located locally, regionally or nationally); (3) the placement and allocation of such programs (which will be local, regional or national); and (4) the composition of all geographic territories and market areas for the development and implementation of such programs.

The Brand Fund may be used in any of the following ways: (1) to create and implement marketing materials in any form and to engage in Digital Marketing as we determine; (2) to assist franchisees in developing Marketing Materials (defined below) and engaging in marketing including Digital Marketing; (3) in connection with radio, television, print, sports and cable programs, other forms of production and media; (4) to review any and all locally produced Marketing Materials; (5) for website design and maintenance and to conduct search engine optimization; (6) for paid Digital Marketing in markets as we determine; (7) to conduct market research; (8) to undertake sponsorships; (9) to pay related retainers; (10) to conduct customer surveys, customer interviews and to retain mystery shoppers to conduct inspections of the System as well as competitors; (11) to retain celebrities for endorsement purposes; (12) to pay for membership dues to associations, including but not limited to the International Franchise Association; (13) to establish a third-party facility to customize marketing materials including for use in Digital Marketing; and (14) to reimburse us or our affiliates for salaries, overhead and administrative expenses relating to advertising and marketing programs intended to benefit the System.

All franchisees with franchise agreements signed in the same year will make the same Brand Fund Contribution. We are responsible for administering the Brand Fund. Marketing Materials, if developed, may be sold to franchisees at a reasonable cost. We may receive payment for providing goods or services to the Brand Fund. We are not required to spend any amount on advertising, marketing or promotional programs or Digital Marketing directly in the Territory or to spend pro rata with your individual Brand Fund Contributions. Any unused portion of the Brand Fund in any calendar year or earnings on sales of Marketing Materials will be applied to the following year's Brand Fund. The Brand Fund may periodically be used to assist franchisees to maintain high quality standards through customer surveys, interviews, mystery shoppers, etc. As indicated in Item 6 above, you will be required to contribute up to two percent (2%) of Gross Sales to the Brand Fund.

There is no requirement for the Brand Fund to be independently audited. We will make an unaudited annual account available to you once a year upon request within one hundred twenty (120) days after the fiscal year ends of the Brand Fund.

Company and/or affiliate-owned units may but are not required to contribute to the Brand Fund. If the Brand Fund Contribution percentage for the System is reduced at any time, we may reduce Brand Fund Contributions from company and or affiliate-owned locations to the rate specified for Businesses. We may discontinue the Brand Fund but not until all monies have been expended. We will have no fiduciary duty with respect to Brand Fund proceeds and are administering these funds as an accommodation to franchisees and the System only.

We do not use any monies from the Brand Fund to principally solicit new franchise sales.

Local Advertising:

You must expend at least five percent (5%) of Gross Sales per month on local advertising within your Territory. All business stationery, business cards, advertising plans and materials, marketing plans and materials, public relations programs, sales materials, signs and decorations (such materials whether created by Franchisor, Franchisee or any third-party, including any such materials for use in Digital Marketing, are collectively defined as "Marketing Materials") and other items we designate must bear the Marks in the form, color, location and manner we prescribe. In addition, all your advertising, marketing and promotional activities in any medium, including any Digital Marketing must be conducted in a dignified manner and must conform to the standards and requirements in the

Manual or otherwise approved by us in writing. You must obtain our approval before you engage in any advertising or Digital Marketing or use any Marketing Materials.

You are required at your expense to obtain and maintain Marketing Materials of the kind and size as we may, from time to time, require for comparable Businesses. If you request our consent to permit you to engage in any advertising activities, Digital Marketing or to use any Marketing Materials. We will approve or disapprove such request within ten (10) days after submission. If you do not receive written approval within ten (10) days after submission of your request for approval, your request is deemed denied. We may withhold our approval of your use of any advertising activities, Marketing Materials or Digital Marketing for any reason or no reason at all. You may not use any unapproved Marketing Materials or engage in any advertising activities or Digital Marketing. You must promptly discontinue use of any Marketing Materials, advertising activities or Digital Marketing, whether or not previously approved, on notice from us. We may require you to stop, revise, delete or remove any objectionable advertising activities, Marketing Materials or Digital Marketing, as determined by us. We may access your Digital Marketing accounts to stop, revise, delete or remove any objectionable material as determined by us, including but not limited to any previously approved material. You are required to give us ownership level access to all Digital Marketing accounts as well as your usernames, passwords, account information and all other information we may require immediately upon our request. All Marketing Materials and use of Digital Marketing must indicate that you operate the Business as an independent franchisee of us. You will not employ any person to act as your representative in connection with local promotion of the Business in any public media without our prior written approval.

You are required to spend between $2,000 and $5,000 for your Grand Opening Marketing program in addition to your local advertising requirement. The Grand Opening Marketing program requires you to present your Business to the community through the execution of a plan of scheduled advertising, marketing and public relations. The Grand Opening Marketing program will be instituted 15 days prior to opening through 15 days after opening your Business, in our discretion. We may assist you in developing your Grand Opening Marketing program which may include advertising requirements, program and product sampling, public relations plans, community involvement activities, premium or promotional item giveaways, brand awareness programs, Digital Marketing, “guerilla” or “four walls” marketing programs and direct mail.

There are currently no advertising cooperatives in our System though we reserve the right to establish advertising cooperatives and require you to participate. If we do so, your contributions to such advertising cooperatives will count towards your local advertising requirement. There are currently no advertising councils comprised of franchisees though we reserve the right to establish advertising councils in our sole discretion.

Computer Hardware, Software and POS Requirements:

You must obtain, maintain, and use certain hardware and software, including administrative software for your computer and POS system (collectively “Computer System”) that we specify periodically in the Standards. You must ensure the installation and operation of the Computer System complies with applicable law.

We may require you to purchase some or all of the Computer System from our Supplier. We estimate that the cost of the Computer System will be approximately $4,000 to $9,000. Neither we, our affiliates, nor any third parties are required to provide on-going maintenance, repairs, upgrades or updates to your Computer System.

The Computer System you obtain must accommodate an online system that gives us access to your records via the Internet at all times. We may require that you allow us to establish and maintain communication with your Computer System via a dedicated data transmission line such as DSL or Cable, or similar telecommunications means to retrieve information including but not limited to, sales data and financial data. You may be required, at your cost, to change and update your telecommunications connection during the term of this agreement. We must have independent access to this information and data. This equipment and related software must be purchased and installed in accordance with our specifications.

You must maintain, upgrade and update hardware, software and Internet service providers or other communications systems during the term of the Franchise Agreement, as we determine without limitation, at your expense. We may reasonably specify computer information and communications systems and require you to utilize specified Internet service providers or communications software. You are solely responsible for protecting yourself from viruses, computer hackers and other computer-related problems and you may not sue us for any harm caused by such computer-related problems. You may not add any software to your computer system without our written approval and you must provide us with all access codes necessary for full access to your information.

Currently, we require that you obtain a license to use (i) Joist estimating software; (ii) Pipeline CRM; and (iii) Quickbooks bookkeeping software. You will also have to obtain a desktop or laptop computer printer, and Microsoft Office Suite.

Manual:

Attached to this disclosure document as Exhibit C, is the Table of Contents for our Manual which total 145 pages.

Initial Training Program:

Our initial training program is currently provided in-person but may also be provided virtually. The initial training program must be attended and completed by your Operating Principal who must start the training program within 30 days of signing the Franchise Agreement and must complete the initial training program prior to the commencement of operations. We will provide initial training for up to 2 employees, including your Operating Principal. We may offer and/or require that your Operating Principal, bookkeeper and/or previously trained employees attend and complete additional training that we either periodically choose to provide or otherwise may require at the times and locations that we designate.

You will be responsible for all costs associated with attending the initial training program for your Operating Principal and your staff. Failure to complete training to our satisfaction and in our sole discretion, is an event of default enabling us to terminate the Franchise Agreement.

TRAINING PROGRAM

Subject	Hours of Classroom Training*	Hours of On The Job Training*	Location
Orientation PREMIUM PAINTERS®	8	0	Hobe Sound, Florida
Objectives of **PREMIUM PAINTERS®**	8	0	Hobe Sound, Florida
New Office Development	8	0	Hobe Sound, Florida
Service Overview	2	31	Corp office and/or territory
Operations	6	21	Corp office and/or their territory
Support Systems & Computer Systems	12	0	Corp office
Sales	12	17	Corp office and/or their territory
Marketing & Advertising	10	4	Corp office and/or their territory
People Management	5	0	Hobe Sound, Florida
Tours/Vendor Introduction	5	5	Hobe Sound, Florida
Certification Testing, Graduation & Send-off	6	0	Hobe Sound, Florida
Total	81	78	

We may amend, modify, supplement, vary and/or delete any portion of the contents of the initial training program.

We will provide the Initial Training Program to your Operating Principal and the Support Systems and Computer Systems training to your bookkeeper at no additional charge to you. You may also have additional personnel trained by us at your expense. We will determine whether any training attendee has satisfactorily completed initial training. If your Operating Principal or bookkeeper do not satisfactorily complete the initial training program or if we determine that this person cannot satisfactorily complete the training program, you must designate a replacement to satisfactorily complete the training before you will be permitted to commence operations of your Business. We reserve the right to charge our then-current training fee plus our expenses if we provide training to a replacement or successor Operating Principal or employee if we have not approved you to provide the training. You must also pay for all expenses you or your Operating Principal and your bookkeeper and other personnel incur for any training program, including costs of travel, lodging, meals and wages.

If, during the term of your Franchise Agreement, you request, and we agree to provide additional training or if we determine that you need additional training, you must pay our then-current Training

Fee for each trainer we provide, and you must reimburse us for any expenses our trainers incur, such as costs of travel, lodging, and meals.

Our initial training program is currently conducted by David Rizzo and Joseph Conticello. Mr. Rizzo is our CEO and has been since our formation in 2005. He is fully familiar with the operation of a Premium Painters® business and has more than 24 years' experience relevant to the subjects being taught. Mr. Rizzo may provide training on all elements of the operation and development of a Premium Painters® business. Mr. Conticello is our Franchise Trainer and has been since 2019. He is fully familiar with the operation of a Premium Painters® business and has more than 10 years' experience relevant to the subjects being taught. Mr. Conticello may provide training on all elements of the operation and development of a Premium Painters® business. We reserve the right to make changes in our training staff as we deem necessary and advisable without prior notice. The initial training program may also be conducted by other qualified personnel including managers, supervisors and consultants whose services we may retain for specific training courses.

We intend to conduct the initial training program periodically as determined by us. The materials used for this training program may include the Manual, checklists, quizzes, other handouts, software applications, product samples and/or hands-on materials and any other materials that we believe will be beneficial to our franchisees in the training process. The entire training program is subject to change due to updates in materials, methods, manuals and personnel without notice to you. The subjects and time periods allocated to the subjects actually taught to a specific franchisee and its personnel may vary based on the individual needs and/or experience of those persons being trained.

In addition to the initial training program and any additional on-site assistance or training you request, as described above, we may offer refresher training programs and/or a System Meeting of our franchisees. We may designate that attendance at any refresher training program and/or System Meeting is mandatory for you or your bookkeeper and/or other personnel. We will choose the location for the refresher training or System Meeting, which may be our headquarters, a Premium Painters® business location, a conference center or a resort or hotel close to our headquarters. Refresher training programs generally include training in new methods and techniques, as well as an overview of basic concepts for operating a Premium Painters® Franchised Business. System Meetings may include some training, but generally give our franchisees the opportunity to meet each other and exchange ideas. The System Meeting also gives us an opportunity to discuss with our franchisees ideas to improve the System, marketing and other items of general interest. You must pay the then-current System Meeting Fee (even if you do not attend the System Meeting) as well as for the expenses of you or your trainees/attendees, including travel, lodging and meals.

We are not required to provide any other service or assistance to you for the continuing operation of your Business.

ITEM 12. TERRITORY

You have the right to operate your Business in a specific Territory that you select and we approve in our sole discretion. Your Business location must be located within your Territory. You may operate only from your Business location and may only sell Residential Services within your Territory unless we agree otherwise in our sole and absolute discretion.

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

Franchise Agreement will grant you certain limited, but not exclusive, rights with respect to a specific Territory. The Business location and your Territory will be identified on the Data Sheet attached to the Franchise Agreement.

During the term of the Franchise Agreement, so long as you remain in compliance with the terms of the Franchise Agreement and any other agreement between you or any of your Owners (as defined below) and us, and except as provided below, then during the term of the Franchise Agreement, we will not establish nor license anyone else to establish another Business at any location with the "Territory" or provide Residential Services in your Territory except in connection with our customer referral program or National Accounts. You will not receive any protected rights to market or sell Commercial Services in your Territory or otherwise. Other Premium Painters® businesses will be permitted to offer and sell Commercial Services in your Territory.

We have the exclusive right to negotiate and enter into agreements or approve forms of agreement to provide Residential Services or Commercial Services to any business that owns, manages, controls or otherwise has responsibility for buildings or common services in more than one location whose presence is not confined within any one particular franchisee's territory regardless of the contract amount of the services to be performed (a "National Account"). After the National Account is established, we may, at our option, provide you with the option to perform the services under the National Account contract. If we decide, or if you choose not to provide services to the National Account, the services may be provided, by or through another franchisee or third party, or by us, even if the job site is in your Territory, without compensation to you.

We may establish other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, in your Territory using our trademarks, and you are not entitled to any compensation for any sales that result from such efforts. You do not have the right to establish such other channels of distribution or to solicit customers or accept orders for customers located in a Territory that belongs to another Premium Painters® business except where those customers are located in a territory that borders your Territory and then only in connection with our "Adjoining Territory" policies as provided in our Manual.

You may not sell or offer any Residential Services outside the boundaries of your Territory except as provided in your Franchise Agreement. You do not have the right to acquire additional Businesses in your Territory or contiguous Territories and you do not have the right to change or relocate your Territory. You may relocate your Business on notice to us and provided your Business location remains in your Territory.

The Territory may be located within specific zip codes, cities, counties or other natural boundaries. Your Territory may be based in part on population density, current and projected market demand, potential customer base, access and visibility, traffic patterns and other economic, demographic and geographic factors determined by us. We will assign you a Territory as we deem appropriate for your Business and there is no minimum size for a Territory, however, most territories will contain a minimum of 50,000 households with annual household income levels of at least $50,000. If the Territory has not been designated when you sign the Franchise Agreement, it will be determined in us in our sole discretion and added to the Data Sheet attached to your Franchise Agreement once we accept your proposed site and you secure it.

<u>Our Reservation of Rights</u>. Without limiting our retention of all other rights not specifically granted to you we reserve the right for us, our company owned businesses and our affiliates to:

1. Establish or license franchises and/or company or affiliate owned Premium Painters® businesses offering similar or identical products, services, and programs, including Residential Services and using the System or elements of the System (x) under the Marks anywhere outside of your Territory or (y) under names, symbols, or marks other than the Marks anywhere, including inside and outside of your Territory.

2. Provide and allow franchisees and affiliates other third-parties the right to provide Commercial Services using the System or elements of the System under the Marks and/or under names, symbols, or marks other than the Marks, anywhere inside and outside of your Territory.

3. Provide and allow franchisees and affiliates the right to provide Residential Services to customers located in your Territory in connection with our Adjoining Territory policies.

4. Negotiate and enter into agreements or approve forms of agreement to provide Residential Services or Commercial Services to any business that owns, controls, manages or otherwise has responsibility for buildings or common services in more than one location (including in your Territory), whose presence is not confined within any one particular franchisee's territory regardless of the contract amount of the services to be performed ("National Accounts"). Once established, we may at our option provide you the option to perform the services under the National Account contract. If we decide, or you choose not to provide services to the National Account, the services may be provided by or through another franchisee or third party or by us or our affiliate even if the job site is in your Territory, without compensation to you.

5. Advertise and authorize others to advertise, using the Marks anywhere, including inside and outside of your Territory and on the Internet.

6. Develop or become associated with other concepts (including other franchise systems), whether or not using the System and/or the Marks, and/or award franchises under such other concepts for locations anywhere.

7. Establish other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, in your franchise Territory using our trademarks, and you are not entitled to any compensation for any sales that result from such efforts. You do not have the right to establish such other channels of distribution, or to solicit customers or accept orders outside your Territory.

8. Use the Marks or other marks in connection with selling or distributing any services or goods anywhere in the world (including within the Territory), whether or not you also offer them, at non-traditional locations. "Non-traditional locations" include shopping malls, amusement parks, military bases, kiosks, "Pop-up" locations, the premises of any third-party retailer, schools and college campuses, hospitals and other healthcare facilities, airports, sports arenas and stadia, train stations, travel plazas, toll roads and casinos, theatres; resorts; guest lodging facilities; day care facilities of any type; government facilities; and any other location or venue to which access to the general public is restricted such as headquarters of corporations;

9. Acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not) with units located anywhere and, even if such businesses are located in the Territory, (i) convert the other businesses to the Premium Painters® brand and Marks and to allow them to operate as part of the System, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Business to such other name; and

We reserve the exclusive right to sell products through ecommerce, including to customers located in your Territory. You may not, without prior written consent which may be withheld in our sole discretion, use any other channels of distribution, such as the internet, catalog sales, telemarketing, and other direct marketing, to offer, solicit or make sales.

To maintain your Territory you must continue to meet the requirements of the Franchise Agreement and satisfy the Performance Criteria. These Performance Criteria require that in your first full operating calendar year of operation and for every calendar year thereafter while your Franchise Agreement remains in effect, you must achieve minimum Gross Sales of $400,000. If you fail to meet the requirements of the Franchise Agreement including but not limited to the Performance Criteria, we may terminate the Franchise Agreement, reduce the size and scope of your Territory and Territory protections, or eliminate your Territory altogether. In the event of an increase in the population in your Territory, your territorial rights are maintained. We and/or our affiliates may establish any business within your Territory that does not utilize the Marks.

ITEM 13. TRADEMARKS

We grant you a limited, non-exclusive license to use our then-current Marks in connection with the operation of your Business within your Territory, provided you use these Mark(s) as outlined in your Franchise Agreement(s) and our Manual. The term "Mark(s)" as used in this disclosure document means the symbols, trademarks, service marks, logos, emblems, trade names and indicia of origin that we will license to you. The following is a description of the pending Marks:

Principal Trademarks	Registration No.	Registration Date
PREMIUM PAINTERS "LARGER CREWS TO GET THE JOB DONE FAST"	7293494	January 30, 2024
PREMIUM PAINTERS "LARGER CREWS TO GET THE JOB DONE FAST"	7287393	January 23, 2024

The trademarks listed above were originally registered by our predecessor and affiliate, A Premium Painter.com, Inc. Registration of the trademark, serial number 98040925, was obtained on April 12, 2016. Registration lapsed as of October 28, 2022, as a result of the inadvertent failure to timely file the requisite Declaration of Use. As a result, a new trademark application was filed by us on June 13, 2023, for the same mark and associated goods/services.

We intend to file all required renewal applications for the Mark(s). There are no existing or pending material determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board, the Trademark Administrators of Florida or any court. There are no pending infringement, opposition or cancellation actions nor any pending material litigation involving the Mark(s). The Mark(s) are owned by us.

There are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in any manner material to the franchise. You must notify us of the use of or claims of rights to a Mark or a mark confusingly similar to a Mark licensed to you. We will take affirmative action as we deem necessary when notified of these uses or claims. We will remain in control of any such proceeding. We are not required to protect your right to use the Marks and are not required to indemnify you against claims of infringement or unfair competition arising out of your use of the Marks.

We know of no superior prior rights or infringing uses that materially affect your use of the Mark(s) in any jurisdiction.

We may modify or change the Mark(s) and compel you to accept and adopt such modifications or changes at your expense.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents (or pending patent applications) material to the operation of your Business.

We claim copyright protection covering various materials used in our business and the development and operation of the Business including the Manual, any supplements to the Manual and any other manuals or written materials (including those materials made available to you in electronic format or as part of an online or cloud-based network that is a part of the System or designated by the System). We have not registered these materials with the U.S. Registrar of Copyrights but we are not required to do so. There are no currently effective determinations of the U.S. Copyright Office or any court or any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We know of no superior rights or infringing uses that could materially affect your use of the copyrighted materials.

The Franchise Agreement will require you to notify us of the use of or claims of rights to the copyrighted materials. We will take affirmative action as we deem necessary when notified of these uses or claims. We will remain in control of any such proceeding. We are not required to protect your right to use the copyrighted materials and are not required to indemnify you against claims of infringement or unfair competition arising out of your use of the copyrighted materials. We may modify or change the copyrighted materials and compel you to accept and adopt such modifications or changes at your expense.

If you or your Owners or employees develop any new concept, process, product or improvement in operating or promoting the Business, you must promptly notify us and provide us with any information, samples or instructions we request without charge. Such new concept, process, product or improvement will become our exclusive property if we approve it for use in the System. We may then freely distribute such concept, process, product or improvement to other franchisees without compensation to you.

ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

We require that you form a business entity which will sign the franchise agreement and operate the Business. We also require that at least one of your Owners directly participate in the operation of your Business and supervise your Business at all times ("Operating Principal"). "Owner" means your shareholder(s) if your are a corporation or your member(s) if you are a limited liability company. Your Operating Principal must serve as principal contact with us; must own a majority of the voting rights and ownership interests in the Franchisee; and shall be the only individual that we will deal directly with and whose instructions and/or directions we will address. Your Operating Principal must satisfactorily complete our Initial Training program. You may not replace the Operating Principal without our prior written consent.

Each Owner and their respective spouses must personally guarantee your obligations under the Franchise Agreement and also agree to be personally bound by, and personally liable for any breach of the Franchise Agreement. This guarantee is included as Exhibit 1 to the Franchise Agreement.

We have the right to require you to obtain covenants against the use and disclosure of any confidential information from your owners (and any member of their immediate families or households), officers, directors, executives, managers or members of the professional staff and employees of your Business who have received or will have access to our training or confidential information. Additionally, we have the right to require you to obtain noncompete covenants from any of your owners (and any member of their immediate families or households) and, unless otherwise prohibited by applicable laws, any of your officers and directors. All of the required covenants, as applicable, must be in a form reasonably satisfactory to us. We will be a third-party beneficiary with the right to enforce the covenants contained in such agreements.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all products and services that we periodically require as described herein, in the Franchise Agreement or Manual and as may be supplemented. You may not offer and sell any products and/or services that we have not specifically authorized. You will not engage in any activities that divert any business or customers to non-affiliated businesses, including those owned by you. We may periodically eliminate certain products and/or services, or add additional products and/or services, without the necessity of further notice to you. We reserve the right to determine the minimum and maximum prices for the products and services offered by your Business, as permitted by applicable law. You must comply with the prices required by us, but we make no guarantees or warranties that offering the products and/or services at the required price will enhance your sales or profits.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

Provision	Section in Franchise Agreement or Other Agreement	Summary
a. Length of the franchise term	Section 2	Five (5) years from the date you execute the Franchise Agreement.
b. Renewal or extension of the term	Section 2	The franchise may be renewed at your option for three additional, consecutive five (5) year terms.

c. Requirements for Franchisee to renew or extend	Section 2	Requirements include, among others: (i) we must be offering franchises in the area in which the Business is located; (ii) during the entire term of your Franchise Agreement you must have substantially complied with its terms including that you have met the Performance Criteria; (iii) you must you must execute the then-current franchise agreement which may have materially different terms than the Franchise Agreement; (iv) you must bring the Business into full compliance with our then-current standards; (v) you must meet our then-current qualifications for a new franchisee and complete any new current training requirements; (vi) you must have satisfied all monetary obligations to us, our affiliates and/or Suppliers; (vii) you must execute a general release which includes us, our affiliates and all of their respective owners, officers, directors, agents and employees; (viii) you must give us not more than nine (9) months and not less than six (6) months written notice; (ix) you must maintain all relevant licenses and permits necessary for the operation of the Business; and (x) you must pay the successor agreement fee. Renewal of the franchise means signing the then-current franchise agreement which may contain materially different terms and conditions than those contained in the Franchise Agreement.
d. Termination by Franchisee	Section 13	You may terminate your Franchise Agreement only with our written consent; when terminated you will be required to comply with your post term obligations.
e. Termination by Franchisor without cause	Not Applicable	We will not terminate without cause.
f. Termination by Franchisor with cause	Section 13	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination. We may terminate your Franchise Agreement if you default under the Franchise Agreement, or any other agreement with us, our affiliates or Suppliers.
g. "Cause" defined –curable defaults	Section 13	You have five days to cure the non-payment of any amounts owed to us or omitted reports; five days to procure required insurance; and 30 days to cure a failure to comply with any other provision of the Franchise Agreement not described above or in (h) below.

h. "Cause" defined – non-curable defaults	Section 13	Non-curable defaults include, among others: you or your Owners make any misrepresentations or omissions to us; you fail to maintain licenses and/or violate any material law and do not cure such violation within the time period prescribed by governmental authority; you engage in any business activity not approved by us; You fail to locate a suitable Commercial Office within the required time period or provide us with a copy of the executed lease, including the executed Lease Rider, within 3 days of our request; you fail to open the Business within 90 days of signing the Franchise Agreement; you abandon the Business; you or your Owners, officers or directors engage in activity or are convicted of a crime that may have an adverse effect on your Business or the Marks; You or any of your Owners make a purported Transfer without our consent; you fail to pay taxes; you default under the Franchise Agreement or any other agreement with us or our affiliates three times within 12 months, or fail to comply with the same obligation on two or more occasions within any six month period, whether or not such breaches are timely cured; we or our affiliates terminate any other franchise agreement or other agreement granted to you or your affiliates; you fail to meet the Performance Criteria; you or your owners improperly disclose, misuse, or misappropriate any confidential information or violate any competitive restrictions; you repeatedly fail to timely pay amounts owed to suppliers; you make an assignment for the benefit of creditors or become insolvent; or you fail to comply with any other provision of the Franchise Agreement and do not cure within 30 days after notice.

i. Franchisee's obligations on termination/ nonrenewal	Section 13	Obligations include: (i) you must pay all sums owed including any Royalty, Brand Fund Contributions or other fees, all outstanding obligations, expenses, attorney's fees incurred as a result of your default and pay to us our liquidated damages; (ii) cease operating the Business or any other business under the Marks or confusingly similar marks; (iii) refrain from representing to the public that you are a Premium Painters® franchisee; (iv) refrain from using in advertising, marketing, promotion or in any manner, any methods, procedures or techniques associated with the System; (v) cancel any assumed name that contains Premium Painters® within fifteen (15) days; (vi) de-identify vehicles and the Business location; (vii) cease using and return to us the following: the Manual, training materials, software, customer lists, records, files, signs, all other Confidential Information and materials which bear the Mark(s), and any other information or materials requested by Franchisor; (viii) notify the telephone company, telephone directories, Internet and website listing services and directories, websites, URLs, domain name registers, email hosts or providers and Digital Marketing platforms of the termination or expiration of your right to use the Marks and transfer all such listings to Franchisor; (ix) transfer to us all customer lists and any customer data in whatever form, maintained by you; (xiv) comply with the Non-disparagement non-disclosure and noncompetition obligations; and (x) provide us with evidence of your compliance with your post- termination obligations.
j. Assignment of contract by Franchisor	Section 8	We may transfer or assign the Franchise Agreement to any person or entity including a competitor, without restriction.
k. "Transfer" by Franchisee defined	Section 8	Includes the sale, assignment, gift, conveyance, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, substantially all of the assets of the Business or the Franchisee.
l. Franchisor approval of transfer by Franchisee	Section 8	You must obtain our prior written consent before transferring any interest in the Franchise agreement, assets of the Business or the Franchisee.

m. Conditions for Franchisor approval of transfer	Section 8	Conditions include: (i) notifying us of the proposed transfer and providing us with the terms of the proposed transfer; (ii) transferee (and its owners if transferee is an entity) must meet, in Franchisor's reasonable judgment, Franchisor's then applicable standards for new franchisees, (iii) payment of all debts and obligations to us, our affiliates and third-party vendors and curing any breach of the Franchise Agreement or any other agreement between you and us or our affiliates; (iv) you must have satisfied all obligations under the Franchise Agreement or any other agreement between you, and us, our affiliates, any Supplier and any lenders who provide you with financing pursuant to an arrangement with us, our affiliates or our Suppliers; (v) transferee must not have an ownership interest in a competing business; (vi) transferee must attend the initial training program course at the then-current training rate; (vii) transferee must sign the then-current franchise agreement, your or the transferee must pay our transfer fee and transferee must comply in all respects with all of our requirements; (viii) transferee must upgrade the Business to our then-current standards for a Business; (ix) execution of a general release including us, our affiliates and all of our respective owners, officers, directors, agents and employees; (x) we determine that the terms of the purchase will not adversely affect the operation of the Business; (xi) if transferee finances the purchase, transferee agrees that its financing obligations are subordinate to any amounts due according to the Franchise Agreement; and (xii) transferee must sign any personal guarantees required.
n. Franchisor's right of first refusal to acquire Franchisee's business	Section 8	Within thirty days after notice, we have the option to purchase the transferred interest on the same terms and conditions offered by a third-party.
o. Franchisor's option to purchase Franchisee's business	Not applicable	We have no right or obligation to purchase your business.
p. Death or disability of Franchisee	Section 8	Upon death or permanent disability of Franchisee (or its Operating Principal) distributee must be approved by us or interests must be transferred to someone approved by us within six months after death or notice of permanent disability and the transfer fee must be paid.

q. Noncompetition covenants during the term of the franchise	Section 11	You and your Owners are prohibited from operating or having an interest in a competing business wherever located and operating.
r. Non-competition covenants after the franchise is terminated or expires	Section 11	Covenants include that you and your Owners are prohibited for two (2) years from the latter of the termination or expiration of the Franchise Agreement; Transfer; or the date of any final, non-appealable order enforcing these covenants from operating or having an interest in a competing business located or operating (i) from the location, (ii) within the Territory and within twenty-five (25) miles of the outer boundaries of the Territory; and (ii) within twenty-five (25) miles of the location of any other Premium Painters® business owned, in operation, under development or to be developed (a) as of the date of termination or expiration of your Franchise Agreement or transfer of your Business and (b) as of the date of any final non-appealable judgment or order of any court, arbitrator, panel or arbitrator or tribunal that enforces the non-competition, non-use and confidentiality provisions of your Franchise Agreement.
s. Modification of the Franchise Agreement	Sections 5, 13, 20	You must comply with the Manual as amended from time to time. The Franchise Agreement may not be modified unless mutually agreed to in writing, except to the extent that we may reduce the scope of covenants as provided by the Franchise Agreement
t. Integration/ merger clause	Section 20	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law and FTC regulations). No other representations or promises will be binding unless mutually agreed to. However, nothing in the Franchise Agreement or in any related agreement is intended to disclaim the Franchisor's representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	Section 19	The parties agree to resolve some disputes through mediation and arbitration in accordance with the rules of the American Arbitration Association.
v. Choice of forum	Section 19	Subject to state law, mediation and arbitration must take place in the State of Florida. Any claims that are not subject to arbitration are to be brought in the state court of general jurisdiction closest to Franchisor's principal business offices which as of the issuance date of this disclosure document is the Florida Circuit Court in Martin County, Florida, or, if appropriate, the United States District Court for the district in which Franchisor maintains its principal business offices which as of the date of this disclosure document is the U.S.

		District Court for the Southern District of Florida, unless otherwise brought by us.
w. Choice of law	Section 19	The laws of the State of Florida govern the Franchise Agreement. However, if the Business is located outside of Florida and a provision of the Franchise Agreement is not enforceable under the laws of Florida but is enforceable under the laws of the state in which the Business is located, then that provision (and only that provision) will be interpreted and construed under the laws of the state where the Business is located.

ITEM 18. ARRANGEMENTS WITH PUBLIC FIGURES

We do not use any public figures to promote our franchise, but we reserve the right to use one in the future.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives (or anyone else) 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 David Rizzo, 9425 SE Federal Highway, Hobe Sound, Florida, 33455 or 772-545-2154, and the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Our fiscal year end is December 31. The tables appear as follows:

Table 1
Systemwide Outlet Summary
For Years 2021 - 2023

Outlet Type	Year	Outlets at the Start of Year	Outlets at the End of Year	Net Change

Franchised	2021	8	8	0
	2022	8	8	0
	2023	8	7	-1
Company Owned*	2021	2	2	0
	2022	2	2	0
	2023	2	2	0
Total Outlets	2021	10	10	0
	2022	10	10	0
	2023	10	9	0

*Company owned outlets refers to the outlets operated by our affiliate.

Table 2
Transfers of Outlets From Franchisees to New Owners
(Other than Franchisor)
For Years 2021 - 2023

State	Year	Number of Transfers
Florida	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

Table 3
Status of Franchised Outlets For Years 2021 - 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
Florida	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
	2023	8	2	2	1	0	0	7
Total	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
	2023	8	2	2	1	0	0	7

Table 4
Status of Company-Owned Outlets
For Years 2021 - 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Florida	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
North Carolina	2021	0	0	0	0	0	0
	2022	0	1	0	1	0	0
	2023	0	0	0	0	0	0
Virginia	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Total	2021	2	0	0	0	0	2
	2022	2	1	0	1	0	2
	2023	2	0	0	0	0	2

Table 5
Projected Unit Openings
As of December 31, 2023

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company Owned Outlet in the Next Fiscal Year
Florida	0	2	0
Virginia	0	2	0
TOTAL	0	4	0

A list of all the names of all franchisees and the addresses and telephone numbers of their Businesses as well as a list of all the names, last known addresses and telephone numbers of every franchisee who has had a franchise agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under the franchise agreement in our most recent fiscal year or who have not communicated with us within ten weeks before the date of this disclosure document is attached to this disclosure document as Exhibit D. If you buy this Business, your contact information may be disclosed to other buyers when you leave this System.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the System. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you. We do not know of a trademark-specific franchisee organization associated with the System that is required or has been asked to be disclosed in this disclosure document.

ITEM 21. FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit E are our audited financial statements for the periods ending December 31, 2023 and 2022 and 2021.

ITEM 22. CONTRACTS

The Franchise Agreement (with exhibits) is attached as Exhibit B.

ITEM 23. RECEIPTS

See Exhibit H attached.

Exhibit A
State Administrators / Agents for Service of Process

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

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	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

State	State Agency	Agent for Service of Process
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B

FRANCHISE AGREEMENT

PREMIUMDEPOT.COM, INC.

PREMIUM PAINTERS®

"LARGER CREWS TO GET THE JOB DONE FAST!"

FRANCHISE AGREEMENT

Franchisee:

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FRANCHISE AGREEMENT

This Franchise Agreement ("**Agreement**") is made and entered into as of the date set forth on Schedule 1 of this Agreement ("**Effective Date**") (Schedule 1 and all exhibits attached to this Agreement are hereby incorporated by reference) by and between Premiumdepot.com, Inc., a Florida corporation having its principal place of business at 9425 SE Federal Highway, Hobe Sound, Florida, 33455 ("**we**" "**us**" "**our**" or "**Franchisor**"), and the person or Entity identified on Schedule 1 as the franchisee ("**you**" "**your**" or "**Franchisee**").

RECITALS

A. Franchisor and its affiliates, over a period of time and as a result of extensive research and the expenditure of substantial money, effort and time, have developed a business system of uniform standards, methods, procedures and specifications (as may be changed, withdrawn or otherwise further developed or revised by Franchisor from time to time, for the operation of Premium Painters® businesses, the "**System**") identified by certain trade names, service marks, trademarks, logos, symbols, emblems and indicia of origin as are now designated and may hereinafter be designated by Franchisor in writing (the "**Marks**") and which relates to the establishment and operation of businesses selling residential and commercial painting and other property maintenance related services as a "**Premium Painters® Business**."

B. In addition to the Marks, the characteristics of the System include, among other things, distinctive standards, specifications and procedures for management and financial control; quality and uniformity of services and products offered; distinctive interior and exterior design, signage, color scheme, layout and furnishings; uniform standards, specifications and procedures for operations; educational and training materials, procedures and strategies for marketing, advertising, brand loyalty and promotion; customer service and development techniques; and other strategies, techniques and Trade Secrets and other Confidential Information, including the Confidential Operations Manual.

C. Franchisor grants qualified persons and business entities the right to own and operate Premium Painters® businesses using the System and the Marks.

D. Franchisee desires to obtain a franchise to operate and develop a Premium Painters® business ("**Business**" or "**Franchise**"), has applied for the Franchise and its application has been approved by Franchisor in reliance upon the representations made in this Agreement and in and with such application.

E. Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations and service and the necessity of operating the Franchise in strict conformity with the System.

F. Franchisee understands and acknowledges that the rights and duties along with the Franchise granted in this Agreement are personal to Franchisee (and its owners), and Franchisor has entered into this Agreement in reliance on the representations given by Franchisee to secure the Franchise, Franchisee's and its owners, as applicable, personal and/or collective skills and Franchisee's and its owners' financial ability.

NOW THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. GRANT OF FRANCHISE

(a) Rights Granted. Franchisor hereby grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions contained in this Agreement, a revocable, limited license to: (1) operate one Premium Painters® Business using the System and Marks, as each may be changed, further developed or improved by Franchisor and its affiliates from time to time, in the Territory identified on Schedule 1 ("**Territory**"); and (2) use the Marks solely in connection with the operation of a Business and for no other purpose, and in accordance with the terms and conditions of this Agreement. Franchisee undertakes the obligation to operate the Business strictly in accordance with the System and this Agreement, as the System may be changed, further developed, or improved from time to time. Franchisee agrees and acknowledges that this Agreement does not grant Franchisee any area, market, territory, franchise or other rights except as provided herein and Franchisor shall retain and may convey to any other, any right not expressly granted to Franchisee herein.

For the avoidance of doubt, the Business to be operated by Franchisee shall be an independently owned and operated franchise location, and Franchisee, and not Franchisor, shall be responsible for compliance with all laws, rules and regulations applicable to such operation, as well as for the supervision and oversight of all Franchisee personnel, in each case as further described in this Agreement.

(b) Location. Franchisee must operate the Business from an office within the Territory. If Franchisee's home is not located within the Territory, or if Franchisor otherwise requires, Franchisee must operate the Business from an office located within the Territory. Franchisee's Business location will be identified on Schedule 1.

(c) Non-Exclusive License to use the Marks. Franchisor hereby grants to Franchisee a limited and non-exclusive license to use the Marks during the term of this Agreement subject to the terms, limitations and conditions of this Agreement and all quality control standards and requirements of Franchisor.

(d) Limited Territory Rights. Except as provided in this Agreement, and so long as Franchisee and its owners (defined herein) are in full compliance with the terms and conditions of this Agreement and any other agreement between Franchisee of any of its Owners and Franchisor, Franchisor shall not locate another Premium Painters® business providing Residential Services (defined below) within Franchisee's Territory for the duration of this Agreement. Franchisor reserves the right, among other rights to establish and grant others the right to establish Premium Painters® businesses outside the Territory. Further, Franchisee acknowledges that other franchisees may offer, accept and perform certain services within the Territory as set forth in this Agreement. Residential Services are defined as follows:

(i) painting and decorating of the interior and exterior of an individual residential dwelling that contains one, two, three or four units including any accessor buildings, garages, sheds, barns and fences that are a part of such dwelling; and

(ii) painting and decorating of the interior of an individual's residential apartment, condominium or townhouse; but specifically excluding the exterior of any such structures and any interior or exterior common areas such as hallways, vestibules or storage areas.

(e) Performance Criteria. Notwithstanding anything to the contrary contained herein, Franchisee's Territory Rights are subject to the following performance criteria: Commencing with Franchisee's full operating calendar year and for every calendar year thereafter while this Agreement remains in effect, Franchisee must achieve minimum Gross Sales of $400,000 ("Performance Criteria"). If Franchisee fails to meet the Performance Criteria in any calendar year, in addition its right to terminate this Agreement, Franchisor may reduce the size and scope of Franchisee's Territory and Territory protections or eliminate Franchisee's Territory Rights altogether.

(f) Commercial Services. Provided Franchisee meets Franchisor's then-current criteria for providing Commercial Services (defined below), and is not in default of any provision of this Agreement and Franchisee and its Owners are not in default of any other agreement in effect between Franchisee and/or its Owners and Franchisor, the Franchisee will be authorized to offer, sell and perform any painting and decorating of the interior and exterior of any building not specifically identified above as a Residential Service ("Commercial Services"). Notwithstanding the foregoing, Franchisee acknowledges and agrees that Franchisee's rights to provide Commercial Services within the Territory are not exclusive and Franchisor may provide and permit its affiliates, other franchisees and other third parties the right to provide Commercial Services within the Territory.

(g) Franchisor's Retained Rights. Without limiting Franchisor's retention of all other rights not specifically granted to Franchisee and regardless of proximity to any Territory or any Premium Painters® business or any actual or threatened impact on sales of any Premium Painters® business, Franchisor and its affiliates retain all of their respective rights with respect to and all control of the System and Marks and to engage in any activities not expressly forbidden by this Agreement, including the right to:

(i) Establish or license franchises and/or company or affiliate owned Premium Painters® businesses offering similar or identical services, products, and programs and using the System or elements of the System (x) under the Marks anywhere outside of the Territory or (y) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Territory.

(ii) Provide and allow franchisees, affiliates and other third parties to provide Commercial Services using the System or elements of the System under the Marks and/or under names, symbols or marks other than the Marks, anywhere inside and outside of the Territory.

(iii) Negotiate and enter into agreements or approve forms of agreement to provide Residential Services or Commercial Services to any business that owns, controls, manages or otherwise has responsibility for buildings or common services in more than one location (including in your Territory), whose presence is not confined within any one particular franchisee's territory regardless of the contract amount of the services to be performed ("National Accounts"). Once established, Franchisor may at its option provide Franchisee the option to perform the services under the National Account contract. If Franchisor decides not to offer Franchisee the option, or Franchisee chooses not to provide services to the National Account, the services may be provided by or through another franchisee or third party or by Franchisor or its affiliate even if the job site is in the Territory, without compensation to Franchisee.

(iv) Advertise and authorize others to advertise, using the Marks anywhere, including inside and outside of the Territory and on the Internet.

(v) Develop or become associated with other concepts (including other franchise systems), whether or not using the System and/or the Marks, and/or award franchises under such other concepts for locations anywhere.

(vi) Establish other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, in the Territory using the Marks, and Franchisee will not be entitled to any compensation for any sales that result from such efforts.

(vii) Use the Marks or other marks in connection with selling or distributing any services or goods anywhere in the world (including within the Territory), whether or not Franchisee also offers them, at non-traditional locations no matter where located, including within the Territory. “Non-traditional locations” include shopping malls, amusement parks, military bases, kiosks, “Pop-up” locations, the premises of any third-party retailer, schools and college campuses, hospitals and other healthcare facilities, airports, sports arenas and stadia, train stations, travel plazas, toll roads and casinos, theatres; resorts; guest lodging facilities; day care facilities of any type; government facilities; and any other location or venue to which access to the general public is restricted such as headquarters of corporations.

(viii) Acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not) with units located anywhere and, even if such businesses are located in the Territory, (i) convert the other businesses to the Premium Painters® brand and Marks and to allow them to operate as part of the System, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing businesses to such other name. Such transactions are expressly permitted under this Agreement, and Franchisee agrees to participate at its expense in any such conversion as may be required by Franchisor and to waive any claims, demands or damages arising from or related to the loss of Franchisor’s name, the Marks (or any variation thereof) and the System and/or the loss of association with or identification of Premium Painters® under this Agreement.

Notwithstanding anything to the contrary contained herein, Franchisor reserves the exclusive right to sell services and products through ecommerce, including to customers located in Franchisee’s Territory. Franchisee may not, without prior written consent which may be withheld in Franchisor’s sole discretion, use any other channels of distribution, such as the internet, catalog sales, telemarketing, and other direct marketing, to offer, solicit or make sales.

(h) If Franchisee is a corporation, limited liability company, partnership or other form of entity (“**Entity**”), Franchisee agrees and represents that (i) Franchisee has the authority to execute, deliver and perform its obligations under this Agreement, is duly organized or formed and validly existing in good standing under the laws of the state of its incorporation or formation; (ii) the Data Sheet completely and accurately describes all of its owners of a legal and/or beneficial interest in the Entity (“**Owners**”) and their interests in Franchisee; and (iii) Franchisee will not permit any ownership changes in the Entity without Franchisor’s approval; and (iv) Franchisee will revise the information on the Data Sheet as may be necessary to reflect any ownership changes and to furnish such other information as Franchisor may request.

(i) Each of Franchisee’s Owners must sign and deliver to Franchisor its standard form of Owner’s Guaranty undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between Franchisor and Franchisee. A copy of Franchisor’s current form of Owner’s Guaranty is attached as Exhibit 1.

2. TERM

(a) Initial Term. The term of this Agreement (“**Term**”) shall commence on the Effective Date and shall expire on the sooner of: (i) the fifth (5th) anniversary of the Effective Date; or (ii) upon the termination of this Agreement in accordance with the provisions hereunder. Franchisee’s Right to Successor Franchises. Upon the expiration of the Term, subject to the terms and conditions set forth herein, Franchisee shall have the right to acquire three (3) additional successor terms of five (5) years each:

(i) Franchisor is offering franchises in the area in which the Business is located.

(ii) Franchisee, its Owners and its affiliates, have, during the entire term of this Agreement and all agreements executed with Franchisor or its affiliates, substantially complied with all of the provisions contained therein, including but not limited to the Performance Criteria.

(iii) Franchisee executes Franchisor's then-current form of franchise agreement, which terms may differ from the terms in this Agreement, including but not limited to the fee structure and Franchisee's Territory.

(iv) Franchisee (a) agrees to add or replace equipment, vehicles, fixtures, furnishings, and signs, and otherwise modify the Business as Franchisor may require (regardless of cost) to bring it into compliance with the System Standards within the time frame permitted by Franchisor.

(v) Franchisee and its Owners have complied with Franchisor's then-current qualifications for a new franchisee and complete such training requirements as may be required by Franchisor.

(vi) Franchisee, its Owners and its affiliates have satisfied all monetary obligations owed to Franchisor, its affiliates, and/or Suppliers (as defined herein) and has in a timely manner met those obligations throughout the term of this Agreement.

(vii) Franchisee and its Owners have executed a General Release, in a form attached as Exhibit 2, of any and all claims against Franchisor, its corporate parents, subsidiaries and affiliates and the respective officers, directors, shareholders, members, agents, attorneys, contractors and employees of each of the foregoing entities (in their corporate and individual capacities) and Franchisor's heirs, executors, administrators, successors and assigns (the "Released Parties").

(viii) Franchisee notifies Franchisor of its desire to enter into a successor agreement for this franchise not more than nine (9) months and not less than six (6) months before this Agreement expires. If Franchisee fails to notify Franchisor of its election to acquire a successor franchise within the prescribed time period, Franchisor need not grant Franchisee a successor franchise.

(ix) Franchisee maintains all relevant licenses and permits necessary for the operation of the Business.

(x) Franchisee shall pay Franchisor a successor agreement fee. For the first renewal, the Successor Agreement Fee shall be $1,500. For any subsequent renewal terms, Franchisee shall pay the then-current Successor Agreement Fee.

(b) Failure by Franchisee and its Owners to sign and deliver to Franchisor the successor agreement, General Release and such other agreements and documents required by Franchisor within 30 days after delivery thereof to Franchisee shall be deemed an election by Franchisee not to obtain a successor franchise. In addition to the foregoing, if Franchisee continues to accept the benefits of this Agreement after it expires, then at Franchisor's option, this Agreement may be treated either as: (i) expired as of the date of expiration with Franchisee then operating without a franchise to do so; or (ii) continued on a month-to-month basis ("**Interim Period**") under the terms and conditions of Franchisor's then-current form of franchise agreement including the payment of all fees and the satisfaction of all obligations contained therein. In such circumstances, and notwithstanding the foregoing, Franchisor may, on ten (10) days written notice, terminate this Franchise Agreement and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement will be deemed to take effect upon termination of the Interim Period.

3. FEES

(a) Initial Franchise Fee. Franchisee shall pay to Franchisor an initial franchise fee of Thirty-Five Thousand Dollars ($35,000) (“**Initial Franchise Fee**”) in a lump sum payment upon execution of this Agreement. Franchisee acknowledges and agrees that the Initial Franchise Fee is due and fully earned by Franchisor upon execution of this Agreement. The Initial Franchisee Fee is nonrefundable.

(b) Royalty Fee.

(i) During the term of this Agreement, Franchisee shall pay to Franchisor a continuing fee (“**Royalty**”) equal to the greater of six percent (6%) of Gross Sales as defined below or the (“**Minimum Royalty Fee**”) or $250 per month. If any state imposes a sales or other tax on the Royalty fees, than Franchisor has the right to collect the amount of said tax from Franchisee. Franchisor has the right to increase the Minimum Royalty Fee once per calendar year in an amount not greater than five percent (5%). Notwithstanding anything to the contrary contained in this Section 3(b), in any calendar year where Franchisee’s Gross Sales exceed One Million Five Hundred Thousand Dollars ($1,500,000), the Royalty shall be reduced to five percent (5%) for any Gross Sales amount that exceeds $1,500,000 for the remainder of that calendar year.

(ii) “Gross Sales” shall mean all revenues and income of any type or nature and from any source, including but not limited to business interruption insurance proceeds, that Franchisee derives or receives directly or indirectly from, through, by or on account of the ownership and operation of the Business at any time after the Effective Date whether received in cash, in services, in kind, from barter and/or exchange, on credit or otherwise, without any deduction for expenses including advertising, marketing or promotional expenses and taxes, unless specifically exempted herein or otherwise by Franchisor. Gross Sales are not reduced by the amount of any discounts to employees or family members of Franchisee, or its Owners or its affiliates. However, the definition of Gross Sales shall not include sales taxes collected from customers at the point of sale and actually transmitted to the appropriate taxing authorities.

(c) Brand Fund Contribution. Franchisee must pay to the Brand Fund a continuing contribution in such amounts the Franchisor prescribes from time to time (“Brand Fund Contribution”), not to exceed two percent (2%) of Franchisee’s Gross Sales.

(d) Technology Fee. Franchisee shall pay to Franchisor or its designated third-party supplier, the annual Technology Fee for the costs associated with, *inter alia,* incorporating and maintaining information relating to the Franchise on the System website; providing Franchisee with an email address; and costs of supporting and developing technology for use in connection with the System. Franchisee will commence to pay the then-current annual Technology Fee upon execution of this Agreement.

(e) Non-Compliance Fee. If Franchisor determines that Franchisee has violated any of its obligations under this Agreement, including any failure to comply with any standards set forth in the Manual, Franchisor may send Franchisee a notice of violation and assess Franchisee up to $1,000

("**Non-Compliance Fee**"), which must be paid within 10 days from Franchisee's receipt of said notice. The Non-Compliance Fee applies for each notice of violation that Franchisor sends to Franchisee, even if the violation is of the same provision of this Agreement for which Franchisee previously received a notice of violation. Franchisor reserves all other rights and remedies available to it.

(f) Interest and Late Fees. If Franchisee fails to make timely payment to Franchisor of any sums due, Franchisee shall pay Franchisor interest at a rate equal to one and a half percent (1.5%) per month or the highest rate of interest allowed by law plus a late fee of $10 for each day said sums are not paid to Franchisor.

(g) Insufficient Funds Fee. If, for any reason, any payment owed by Franchisee to Franchisor or its affiliate is denied by Franchisee's bank due to insufficient funds in Franchisee's account, then Franchisee shall, in addition to applicable interest and Late Fees as set forth above, pay Franchisor an insufficient funds fee in the amount of Two Hundred Fifty Dollars ($250) per occurrence.

(h) Payment of Fees. All fees are due and payable at the times and in the manner specified by Franchisor from time to time in the Manual or otherwise. Currently, Royalty payments are paid monthly on the tenth (10th) day of each calendar month commencing the earlier of 90 days following the Effective Date of the Franchise Agreement or the date Franchisee commences operations of the Business. If a Brand Fund is established, Brand Fund Contributions are due on the same date and in the same manner as Royalties and shall be calculated based on the Gross Sales of the Business for the previous month. All fees are payable to Franchisor or the Brand Fund by electronic funds transfer or ACH ("**EFT**") as directed in the EFT Authorization and ACH Form, attached hereto as Exhibit 3, or such other method as Franchisor shall designate, from Franchisee's designated bank account on the date due. Franchisor may require different payment periods at any time upon reasonable notice, which shall be provided for in this Agreement, the Manual or otherwise in writing by Franchisor. Franchisee authorizes Franchisor to initiate debit entries and credit correction entries to Franchisee's checking, savings, operating or other account for the payment of Royalties, Brand Fund Contributions and any other amounts due from Franchisee under this Agreement or otherwise. Franchisee shall comply with Franchisor's procedures and instructions in connection with this direct debit and credit process and sign any document or take any action that may be required to effect this authorization. Franchisee agrees that sufficient funds will be made available in its account for withdrawal. Franchisee acknowledges and agrees that Franchisor may apply payments received to amounts due and payable in the order Franchisor determines.

4. FRANCHISOR GUIDANCE

(a) Training. Franchisee acknowledges and agrees that it is necessary for the efficient operation of a Business, that Franchisee or if Franchisee is an Entity, its managing shareholder, member or partner who owns a majority of the voting and ownership interests in the Franchisee entity ("Operating Principal") and bookkeeper receive such training as Franchisor may require. Accordingly, Franchisee agrees that Franchisee or its Operating Principal will attend and complete, to Franchisor's satisfaction, Franchisor's initial training program and that Franchisee's bookkeeper will attend and complete, to Franchisor's satisfaction, the initial training required by Franchisor. Except as otherwise provided in this Agreement, the initial training program will be conducted by Franchisor at its corporate headquarters or other location designated by Franchisor. Franchisor shall make available to Franchisee instructors and training materials for the initial training of such persons. All training materials provided are the property of Franchisor and are copyrighted.

(i) Initial Training Program. Franchisor will provide initial training to Franchisee or its Operating Principal on the material aspects of operating a Business without charge for instructors and training materials. Franchisor will also provide certain training to Franchisee's bookkeeper relating to the Support Systems and Computer Systems. Franchisee or its Operating Principal and any bookkeeper must begin the training program within thirty (30) days of the Effective Date and must complete the initial training program prior to the commencement of operations. Franchisee acknowledges and agrees that Franchisee shall pay for all travel, room and board and living expenses which Franchisee or its Operating Principal and Franchisee's employee(s) incur as well as Franchisee's employees' wages and workers' compensation insurance while training. If Franchisor determines that Franchisee or its Operating Principal cannot complete initial training to Franchisor's satisfaction, Franchisor may terminate this Agreement.

(ii) Additional training. If Franchisee or its Operating Principal fails to satisfactorily pass the initial training and a second attendee must attend initial training, or if Franchisor requires Franchisees and/or its Operating Principal and/or previously trained employees to attend and complete, to Franchisor's satisfaction, training courses that Franchisor either periodically chooses to provide or otherwise may require (at the times and locations that Franchisor designates), then Franchisor shall have the right to charge Franchisee the then-current training fee for such training, which as of the date of this Franchise Agreement is $250 per day plus the Franchisor's costs and travel expenses. Franchisee is also responsible, at its own expense, to pay for all travel, room and board and wages for it or any of its employees during this training.

(b) Manual. During the Term of this Agreement, Franchisor will loan Franchisee one copy of its confidential operating manual ("Manual") which contains Franchisor's System Standards, policies and other information relating to the operation of the Business and which may be amended from time to time by Franchisor during the term of this Agreement. The Manual may consist of written materials, compact disks, computer software, electronic media, audiotapes, videotapes and digital video disks. Franchisee agrees to keep its copy of the Manual current and in a secure location at the Business location. If Franchisor provides Franchisee with online access to the Manual, Franchisee shall be responsible for periodically monitoring the site for any updates to the Manual or System Standards and for protecting the confidentiality of any passwords and other digital identifications necessary to access the Manual on such site. Franchisor is the sole owner of the copyright in and all other rights to the Manual, and Franchisee may not reproduce or use it for any purpose other than in connection with Franchisee's performance under this Agreement. If Franchisee's copy of the Manual is lost, destroyed or significantly damaged, Franchisee agrees to obtain a replacement copy of the Manual at Franchisor's then-current fee.

(c) Operating Assistance. From time to time and as determined by Franchisor in Franchisor's sole discretion, Franchisor may advise Franchisee of those applicable standards, procedures and System requirements in connection with Franchisee's operation of the Business. Operating assistance may, as determined by Franchisor in Franchisor's sole discretion include guidance as to (i) new services, suppliers, services and/or methods developed for the System; (ii) the purchase and use of supplies, uniforms, equipment and products; (iii) the formation and implementation of marketing, advertising and promotional programs; and (iv) other general operating issues.

(d) System Meeting. Franchisor may also coordinate a system wide meeting ("System Meeting") for franchisees that are in good standing with Franchisor. Franchisee shall be responsible for all expenses of its personnel attending the System Meeting including travel, meals and lodging. Franchisee shall be required to pay to Franchisor its then-current System Meeting Fee. Franchisee agrees that if Franchisee fails to attend any mandatory System Meeting for any reason Franchisee shall, nevertheless, be required to pay the then-current System Meeting Fee.

5. FRANCHISEE'S OPERATION OF THE FRANCHISE AND SYSTEM STANDARDS

(a) Compliance with Laws. Franchisee shall comply with all federal, state and local laws and regulations that to the Business and ensure that each of its employees and contractors meet and maintain the highest standards and satisfy all safety and regulation standards which may be imposed upon the Business and/or its employees, including obtaining all required licenses and permits. It is Franchisee's obligation to determine if Franchisee must be licensed in connection with operating the Business and to take whatever steps are necessary to meet the requirements of any regulation regarding the operation of the Business. Franchisee shall provide to Franchisor, within five (5) days of Franchisee's receipt thereof or Franchisor's request, a copy of all inspection reports, warnings, citations, certificates and/or ratings required by law or which result from inspections, audits or inquiries conducted by federal, state or municipal agencies with jurisdiction over the Business.

(b) Site Acquisition. Franchisee must operate the Business from an office located within Franchisee's Territory. Franchisee must obtain Franchisor's prior written approval for the site and any lease or contract of sale of any office location ("Commercial Office"). Franchisee must operate the Business from a Commercial Office if (i) Franchisee does not reside within the Territory; (ii) Franchisee resides in the Territory but elects to do so; or (iii) Franchisor otherwise requires, in its sole discretion. If Franchisor requires Franchisee to operate the Business from a Commercial Office, Franchisor will provide Franchisee with written notice of the requirement to obtain a Commercial Office ("Commercial Office Notice"). Franchisee must, within 90 days of the date of the Commercial Office Notice, obtain Franchisor's approval for a site and lease or contract of sale for the Commercial Office. Any lease for the Commercial Office must either include Franchisor's then-current form of Lease Rider (attached as Exhibit 4) or provide in the body of the Lease, the terms or conditions found in Franchisor's then-current standard form of lease rider. Franchisee shall not relocate the Commercial Office without Franchisor's prior written approval. Franchisor will not unreasonably withhold its consent to Franchisee's request to relocate the Commercial Office provided the new Commercial Office is located within Franchisee's Territory; Franchisee obtains Franchisor's prior written approval to any lease or contract of sale for the new Commercial Office; and the lease for the new Commercial Office includes Franchisor's then-current form of Lease Rider.

(c) Opening. Franchisee may not commence operations of the Business until Franchisee has obtained Franchisor's written consent. Franchisor will not unreasonably withhold its consent for the opening of the Business, provided Franchisee has complied with all of Franchisor's pre-opening standards and specifications including satisfying the following conditions:

(i) Franchisee has obtained all the necessary licenses and permits and has complied with all laws applicable to the Business and must furnish to Franchisor, evidence of such, including copies of all permits and certifications as may be required for lawful operation of the Business.

(ii) Franchisee's Operating Principal and any other person Franchisor designates must have completed training to Franchisor's satisfaction.

(iii) Franchisee has obtained all required insurance and delivered to Franchisor copies of the required insurance policies, licenses and notifications of having registered the name of the Business.

(iv) Franchisee has paid all amounts due to Franchisor.

(v) Franchisee has executed all agreements required for commencing operations of the Business including this Agreement and any other agreements required by Franchisor.

(vi) Franchisee, its affiliates and its Owners are not in default under any agreement with Franchisor, its affiliates or any third-party.

If Franchisee fails to commence operations of the Business within ninety (90) days from the Effective Date of the Franchise Agreement and fails to obtain a written extension of time from Franchisor, which extension Franchisor may decline to give in its sole discretion, in addition to any other remedies contained herein, Franchisor may terminate this Agreement.

(d) Compliance with the Manual and System Standards. Franchisee expressly agrees to operate the Business in accordance with the Manual, System Standards and, other written directives that Franchisor may issue from time to time and any other manuals and materials created or approved for use in the operation of the Business. Franchisee agrees and acknowledges that the Manual shall be deemed to have been incorporated by reference into this Agreement. Franchisee acknowledges and agrees that Franchisor periodically may modify its System Standards, which may accommodate regional or local variations, and these modifications may obligate Franchisee to invest additional capital in the Business and/or incur higher operating costs. Franchisee agrees to implement any changes in mandatory System Standards within the time period Franchisor requests as if the same were a part of this Agreement.

(e) Vehicles. Franchisee shall use only vehicles approved by Franchisor in connection with the operation of the Business. Franchisee acknowledges and agrees that Franchisor may require Franchisee to obtain and use such vehicles as Franchisor requires and to have vehicles permanently lettered or otherwise wrapped as required by Franchisor.

(f) Maintenance, Repair and Replacement of Operating Assets. Franchisee agrees that it will maintain, repair and/or replace its equipment, machinery, vehicles, goods, services, supplies, materials, furnishings, signs, and other products necessary to operate the Franchise ("Operating Assets") in accordance with Franchisor's then-current Standards. The cost of maintaining, repairing and/or replacing any Operating Assets shall be borne exclusively by Franchisee and there are no limits on the costs Franchisee may be required to incur in connection with Franchisor's requirements.

(g) Suppliers.

(i) Required Suppliers. Franchisor may require Franchisee to purchase any and all of its Operating Assets exclusively from Suppliers (defined as designated or approved suppliers, vendors, manufacturers, printers, contractors and distributors who demonstrate to Franchisor's continuing reasonable satisfaction the ability to meet Franchisor's then-current standards), which may be established and modified. Such Suppliers may include Franchisor and its affiliates. Franchisor may provide Franchisee with a list of Suppliers for Operating Assets and may revise the approved list of Suppliers from time to time as Franchisor deems best. Franchisee acknowledges and agrees that Franchisor may also limit the sources of Operating Assets to certain Suppliers, including Franchisor and/or its affiliates, in which case Franchisee would be required to acquire such Operating Assets only from those Suppliers. Franchisor may require Franchisee to purchase certain Operating Assets exclusively from a certain Supplier which may be Franchisor or its affiliate, in which case Franchisee agrees and acknowledges that Franchisee will be obligated to purchase such Operating Assets only from the exclusive Supplier. Franchisee agrees to place or display at the Franchise Location and on all vehicles emblems, lettering, logos, signs and display materials that Franchisor approves from time to time.

(ii) Alternate Supplier Approval Process. In the event that Franchisee wants to independently source any Operating Assets necessary to operate the Franchise from a party other than a Supplier, Franchisee must obtain Franchisor's prior written approval. Franchisor shall determine whether approval of a proposed supplier, vendor, manufacturer, printer, contractor or distributor proposed by Franchisee as a source of products and/or services ("Proposed Supplier") is warranted. Franchisor is under no obligation to evaluate any Proposed Supplier. Franchisee must provide Franchisor with all information and product samples adequate to evaluate any Proposed Supplier. In the event Franchisor evaluates Franchisee's Proposed Supplier, Franchisor shall provide Franchisee with written notification of Franchisor's approval or disapproval of the Proposed Supplier within thirty (30) days of Franchisor's receipt of all information and product samples necessary to evaluate the Proposed Supplier. Franchisor may revoke its prior approval upon written notice to Franchisee. If approved, Franchisee's Proposed Supplier shall be thereafter deemed a Supplier for purposes of this Agreement and any other agreement between Franchisee and Franchisor and/or its affiliates.

(h) Rebates. Franchisor and its affiliates reserve the right to receive rebates, overrides or other consideration on account of Franchisee's purchases from any Supplier. Franchisor and its affiliates are not obligated to provide Franchisee with any material benefit as a result of receiving such rebates, overrides or other consideration from any approved Supplier. Franchisee acknowledges and agrees that Franchisor and its affiliates have the right to collect any advertising, marketing, promotional or similar allowances paid by Suppliers who deal with the System and with whom Franchisor or its affiliates has an agreement to do so.

(i) Franchisor Profits. Franchisor and its affiliates reserve the right to earn a profit on Franchisee's purchases from any Supplier, which may include Franchisor and/or its affiliates.

(j) Services and Products. Franchisee must sell and offer for sale all services and, products required by Franchisor in the manner and style required by Franchisor. Franchisee must discontinue selling and offering for sale any services or products that Franchisor disapproves in writing at any time. Franchisee may only offer and sell the services and products that Franchisor has approved in writing. In addition, Franchisee must offer the specific services and products that Franchisor requires in the Manual or otherwise in writing. Franchisor may change these specifications periodically and may designate specific services or products as optional or mandatory. Franchisee must offer all services or products that Franchisor designates as mandatory. Franchisor reserves the right to extend the System into other areas of business. Franchisor is under no obligation to permit Franchisee the right to engage in such other areas of business. However, if Franchisor permits and Franchisee desires to do so, Franchisee must comply with all of Franchisor's requirements in connection therewith, including but not limited to obtaining all necessary products, services, promotional materials, training and if required, licensed personnel or equipment as determined by Franchisor or as is otherwise necessary for the lawful operation of such other business operations.

(k) Pricing. If permitted by law Franchisor may require Franchisee to charge certain prices for services or goods, certain minimum prices for services or goods, or certain maximum prices for services or goods and Franchisee must adhere to Franchisor's pricing policies as set forth in the Manual or otherwise in writing from time to time. Otherwise, Franchisee is solely responsible for determining the prices that Franchisee will charge customers. Franchisee must provide Franchisor with its current price list upon Franchisor's request. For any service or product for which Franchisor does not impose a maximum or minimum price, Franchisor may require Franchisee to comply with any advertising policies that Franchisor adopts from time to time which prohibit Franchisee from advertising a price for such service or product that is different from Franchisor's suggested retail price.

(l) Privacy Requirements. To the extent applicable, Franchisee must abide by: (i) the Payment Card Industry Data Security Standards enacted by the applicable card associations (as they may be modified from time to time or as successor standards are adopted); (ii) the Fair and Accurate

Credit Transactions Act; (iii) all other standards, laws, rules, regulations or any equivalent thereof that related to electronic payments, data privacy, personally identifiable information, protected health information, and data protection; and (iv) any privacy policies or data protection and breach response policies Franchisor periodically may establish (collectively, "**Privacy Requirements**"). Franchisor may require Franchisee to (a) use vendors that it designates or approves to provide security services that are consistent with the Privacy Requirements; (b) maintain specific security measures; (c) provide evidence of compliance with Privacy Requirements upon Franchisor's request; and/or (d) use vendors that Franchisor approves or designates to conduct periodic security audits to ensure that personally identifiable information, protected health information, and/or payment data is adequately protected and provide Franchisor with copies of any audits, scanning results, or related documentation relating to such compliance or audits. If Franchisee suspects or knows of a security breach, Franchisee must immediately give Franchisor notice of such security breach and promptly identify and remediate the source of any compromise or security breach at Franchisee's expense. Franchisee assumes, at its expense, all responsibility for complying with applicable data breach notification laws, providing all notices of breach or compromise, and monitoring credit histories and transactions for all impacted individuals.

(m) Employment Matters. Franchisee shall cause its employees and any and all third-party subcontractors engaged by Franchisee to perform work on behalf of Franchisee in respect of the Business to comply with all applicable requirements of this Agreement including, but not limited to, the quality and performance standards required of Franchisee. To the extent System Standards, or other resources in the Manual, address personnel or employment matters, those are not mandatory but are merely recommendations, suggestions or guidelines. System Standards do not include any mandatory requirements on Franchisee's employee's wages, working conditions, hours, staffing levels, shift timing or other terms of employment, but may specify uniforms and appearance to meet brand standards. While franchisor may provide additional employment-related guidance, Franchisee is responsible for making all hiring and employment decisions as the owner of the Business. This includes, but is not limited to, employee selection, hiring, training, promotion, termination, hours worked, rates of pay, benefits, work assigned, supervision, discipline, and working conditions. All persons Franchisee employs that has access to any of the Confidential Information must sign a confidentiality agreement, which will not otherwise contain any terms or conditions of employment. The Franchise shall at all times be under the direct supervision of Franchisee and its Operating Principal who has completed all training required herein to Franchisor's satisfaction. During the term of this Agreement, Franchisee and its Operating Principal are prohibited from actively participating in any other business during the required hours of operation of the Franchise without the prior approval of the Franchisor, which may be given or denied by Franchisor

(n) Franchisee's Computer System.

(i) Franchisee must obtain, maintain and use the hardware, software, other equipment, and network connections including the point of sale ("POS") system, back-office system and data, voice, audio and video storage, retrieval and transmission systems, security systems, video surveillance equipment, printers and other peripheral devices, archival back-up systems and Internet access mode and speed that Franchisor specifies periodically in the Manual (collectively "**Computer System**"). Franchisor may require Franchisee to purchase all or any part of the Computer System only from a Supplier who may be Franchisor or its affiliates Franchisee must obtain and maintain the Computer System that meets Franchisor's specifications and is compatible with and acceptable by Franchisor's central accounting system. Franchisee must replace, upgrade, or update at its expense, the Computer System as Franchisor may require periodically without limitation. If Franchisor requires that Franchisee use any proprietary software or to purchase any software from a Supplier, Franchisee must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that Franchisor or the licensor of the software requires. Franchisee is solely responsible for protecting itself from viruses, computer hackers and other computer-related problems and Franchisee may not assert any claims against Franchisor or its affiliates for any harm caused by such computer-related problems. Franchisee must use the Computer System as Franchisor requires. Franchisee agrees: (i) that its Computer System will be dedicated for business uses relating to the operation of the Business; (ii) to use the Computer System in accordance with Franchisor's policies and operational procedures; (iii) to transmit financial and operating data to Franchisor as required by the Manual; (iv) to do all things necessary to give Franchisor unrestricted access to the Computer System at all times (including users IDs and passwords, if necessary) so that Franchisor may independently download and transfer data via a modem or other connection that Franchisor specifies; (v) to maintain the Computer System in good working order at Franchisee's expense; (vi) to ensure that Franchisee's employees are adequately trained in the use of the Computer System and Franchisor's related policies and procedures; and (vii) not to load or permit any unauthorized programs or games on any hardware included in the Computer System. Franchisee must also comply with all data privacy and data protection laws and payment card provider standards relating to the security of the Computer System, including the Payment Card Industry Data Security Standards. Franchisee is responsible for any and all consequences that may arise if the system is not properly operated, maintained and upgraded or if the Computer System (or any of its components) fails to operate on a continuous basis or as Franchisor or Franchisee expects.

(ii) System Data. Franchisee and Franchisor agree that all data transmitted, used, contained on, stored on, or entered into the Computer System or any other computer, mobile device, email system or cloud or other backup or storage system used by or in the operation of the Business, or by or in any other hardware or software owned, operated, or disseminated by Franchisor or any authorized vendor of Franchisor ("System Data"), including but not limited to, Customer Data, are deemed to have been derived from the goodwill of the "Premium Painters®" name and Marks and, therefore, such System Data is considered Confidential Information and is owned by Franchisor. Franchisee agrees that Franchisor may use or access such System Data for any purpose without notice to Franchisee. Franchisee agrees to use the System Data only in the operation of and for the benefit of the Business. Franchisee agrees to comply with the Manual and all applicable laws, whether federal, state, or local, regarding the use and safeguarding of System Data. Franchisee agrees to implement commercially prudent privacy and security policies, procedures, and practices and to notify Franchisor immediately of any known or suspected System Data breaches. In event of such breach, Franchisee agrees to fulfill all notice and other legal requirements as or on behalf of the owner, holder, and/or user of such System Data. For purposes of this Agreement, Customer Data is defined as current, prospective and former customer names and contact information, customer purchasing histories, credit extensions and discounts offered to customers, and any other data or information pertaining to customers, maintained, used or stored in any tangible or intangible media, including without limitation, hard copy, electronic formats, or on any server, cloud-based system or web based system.

(o) Innovations. Franchisee agrees to fully and promptly disclose to Franchisor all ideas, plans, improvements concepts, methods and techniques relating to the development or operation (including marketing, advertising and promotions) of the Franchise or any similar aspect of the business conceived or developed by Franchisee, any Owner or its employees during the term of this Agreement ("Innovations"). Franchisee acknowledges that Franchisor and its affiliates shall own and have the right to authorize other Premium Painters® businesses to use any Innovations without any compensation to Franchisee, any Owner, or its employees.

(p) Taxes. Franchisee and its Owners are solely responsible for all taxes, assessments, and government charges levied or assessed, however denominated or levied upon Franchisee or the Business. Franchisee shall pay all taxes when due including unemployment and sales taxes and Franchisee shall file when due all tax returns due from any individual or entity related to the Business. Franchisee shall pay to Franchisor an amount equal to any sales tax or gross receipts tax imposed upon Franchisor with respect to any payments to Franchisor required under the Agreement.

6. ADVERTISING, PROMOTION, MARKETING

(a) Brand Fund.

(i) Franchisee must participate in any Brand Fund established by Franchisor to promote the System, Marks and brand generally (the "**Brand Fund**"). The Brand Fund will be used for such advertising, marketing, promotional or public relations programs and for Digital Marketing as Franchisor deems necessary or appropriate to enhance, promote and protect the goodwill and public image of the System. Franchisee must contribute to the Brand Fund as specified in Section 3.

(ii) Accounting. The Brand Fund is administered by Franchisor or by its designee. Any unused funds in any fiscal year will be applied to the following fiscal year's Brand Fund, and Franchisor reserves the right to contribute or loan additional funds to the Brand Fund on any terms it deems reasonable. There is no requirement that the Brand Fund be audited. Franchisor will, once a year, upon Franchisee's written request within one hundred twenty (120) days after the end of the fiscal year, provide an unaudited accounting for the Brand Fund that shows how the Brand Fund proceeds have been spent for the previous year. Franchisor shall not be required to provide any other periodic accounting of the Brand Fund.

(iii) Use of the Brand Fund. Franchisor or its designee will administer the Brand Fund with discretion over all operational and advertising decisions. The Brand Fund may be used, in Franchisor's discretion, in the following ways: (1) to create and implement marketing materials in any form and to engage in Digital Marketing (defined below) as Franchisor determines; (2) to assist franchisees in developing marketing materials and engaging in marketing including Digital Marketing; (3) in connection with radio, television, print, sports and cable programs, other forms of production and media; (4) to review any and all locally produced marketing materials; (5) for website design and maintenance and to conduct search engine optimization; (6) for paid Digital Marketing in markets as Franchisor determines; (7) to conduct market research; (8) to undertake sponsorships; (9) to pay related retainers; (10) to conduct customer surveys, customer interviews and to retain mystery shoppers to conduct inspections of the System as well as competitors; (11) to retain celebrities for endorsement purposes; (12) to pay for membership dues to associations, including but not limited to the International Franchise Association; (13) to establish a third-party facility to customize marketing materials including for use in Digital Marketing; and (14) to reimburse Franchisor or its affiliates for salaries, overhead and administrative expenses relating to advertising and marketing programs intended to benefit the System. Marketing materials, if developed, may be sold to franchisees at a reasonable cost.

(iv) Limitations of Brand Fund. Brand Fund will not be Franchisor's asset. Franchisor does not owe any fiduciary obligation to Franchisee for administering the Brand Fund or for any other reason. Franchisor is not required to spend any amount on advertising, marketing or promotional programs or Digital Marketing directly in Franchisee's Territory or to spend pro rata with franchisee's individual Brand Fund Contributions. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund Contributions in that year, borrow from Franchisor or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. Any unused portion of the Brand Fund in any calendar year or earnings on sales of Marketing materials will be applied to the following year's Brand Fund.

(v) Advisory Committee. Franchisor reserves the right to establish an advisory council or subcommittee for advertising, which if established would only have advisory responsibilities and authority.

(vi) Collection Costs. Franchisor has the right, but not the obligation, to use collection agents and institute legal proceedings to collect Brand Fund Contributions at the Brand Fund's expense. Franchisor also may forgive, waive, settle or compromise all claims by or against the Brand Fund. Except as expressly provided in this subsection, Franchisor assumes no direct or indirect liability or obligation to Franchisee for collecting amounts due to, maintaining, directing or administering the Brand Fund.

(vii) Termination of Brand Fund. Franchisor may at any time defer or reduce Franchisee's Brand Fund Contribution rate. Franchisor may terminate (and if terminated, reinstate) the Brand Fund but not until all monies have been expended.

(b) Grand Opening Marketing. Franchisee must conduct a Grand Opening Marketing program as determined in Franchisor's sole discretion, commencing fifteen days prior through fifteen days after the commencement of Business operations The Grand Opening Marketing program may include advertising requirements, program and product sampling, public relations plans, community involvement activities, premium or promotional item giveaways, brand awareness programs, Digital Marketing, "guerilla" or "four walls" marketing programs and direct mail. Franchisee must spend a minimum of $2,000 to $5,000, as determined by Franchisor in its sole discretion, in connection with its Grand Opening Marketing program.

(c) Local Advertising. Franchisee must spend a minimum of five percent (5%) of Gross Sales on monthly local advertising. All of Franchisee's advertising, marketing and promotional activities in any medium, including any Digital Marketing must be conducted in a dignified manner and must conform to the standards and requirements in the Manual or otherwise approved by Franchisor in writing. All business stationery, business cards, advertising plans and materials, marketing plans and materials, public relations programs, sales materials, signs and decorations (such materials whether created by Franchisor, Franchisee or any third-party, including any such materials for use in Digital Marketing, are collectively defined as "Marketing Materials") and other items Franchisor designates must bear the Marks in the form, color, location and manner Franchisee prescribes. Franchisee must, at its expense, obtain and maintain Marketing Materials of the kind and size as Franchisor may, from time to time, require. Currently, Franchisor is the exclusive Supplier for all Branded Marketing Materials and upon execution of the Agreement, Franchisee must purchase the initial inventory of Branded Marketing Materials from Franchisor.

(d) Franchisor Consent to Advertising. If Franchisee requests Franchisor's consent to permit Franchisee to engage in any advertising activities, Digital Marketing or to use any Marketing Materials, Franchisor will approve or disapprove such request within ten (10) days after submission. If Franchisee does not receive written approval within ten (10) days after submission of Franchisees' request for approval, Franchisee's request is deemed denied. Franchisor may withhold its approval of Franchisee's use of any advertising activities, Digital Marketing or Marketing Materials for any reason or no reason at all. Franchisee must promptly discontinue use of any advertising activities, Digital Marketing or Marketing Materials, whether or not previously approved, on notice from Franchisor. Franchisor may require Franchisee to stop, revise, delete or remove any objectionable advertising activities, Digital Marketing or Marketing Materials, as determined by Franchisor. Franchisor may access Franchisee's Digital Marketing accounts to stop, revise, delete or remove any objectionable material as determined by Franchisor, including but not limited to any previously approved material. Franchisee is required to give Franchisor ownership level access to all Digital

Marketing accounts as well as Franchisee's usernames, passwords, account information and all other information Franchisor may require immediately upon Franchisor's request.

(e) Business Independently Operated. All Marketing Materials and use of Digital Marketing must indicate that Franchisee operates the Business as an independent franchisee of Franchisor. Franchisee will not employ any person to act as its representative in connection with local promotion of the Business in any public media without Franchisor's prior written approval.

(f) Digital Marketing.

(i) Franchisor Consent Required Unless Franchisor consents otherwise in writing, Franchisee, Franchisee's employees, and any third-party representatives or digital marketing agencies may not, directly or indirectly, conduct or be involved in any websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, keyword or ad word purchasing programs, mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, "Digital Marketing") that use the Marks or that relate to the Business or the network. Franchisee may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet. Franchisor may, in its sole discretion, establish and operate websites, social media accounts (such as Facebook), that are intended to promote the Marks and System. Franchisor may require Franchisee to participate in Digital Marketing as Franchisor determines in its sole discretion.

(ii) Social Medial Policies. If Franchisor does permit Franchisee or its employees or representatives to conduct Digital Marketing, Franchisor may designate from time to time regional or territory-specific usernames/handles that Franchisee must maintain. Franchisee must provide Franchisor with full administrator access to all Digital Marketing accounts. Franchisee must provide ownership-level access to any Google My Business Center profiles. Franchisee must provide, in writing, a list of all brand-related social media accounts that Franchisee, its employees, or any third-party representatives control, along with log-in information. Franchisee will be required to adhere to any social media policies that Franchisor establishes from time to time and will require all of its employees to do so, as well. Franchisee will be required to ensure that none of its owners, managers or employees use the Marks on the Internet or any electronic communications network, except in strict compliance with Franchisor's social media policies. Use of social media, including any pictures that may be posted through one or more social media sites, must be in compliance with Franchisor's social media policies including Franchisor's then-current take-down policy.

(iii) Ownership. Franchisor will own all intellectual property and other rights in any Digital Marketing accounts related to the Business, any related domain names or usernames, and all information they contain (including the domain name or URL for such webpage, the log of "hits" by visitors, and any personal or business data that visitors supply), which shall all be part of the Intellectual Property. Franchisee acknowledges and understands that the registration for any domain names or social media accounts shall be maintained exclusively in Franchisor's name or the name of its designee.

(g) Lead Generation Services.. If Franchisee requests, Franchisor may, in Franchisor's sole discretion, provide Franchisee with certain lead generation, telemarketing services for which Franchisee shall pay Franchisor's then-current fees for such services.

(h) There are currently no advertising cooperative in the System. However, Franchisor reserves the right to establish advertising cooperative(s) and to require Franchisee to contribute monies to any required advertising cooperative(s). Franchisor will have the right to determine how funds paid into any such advertising cooperative are expended. Company-owned units, including any units owned by Franchisor's affiliates, may be active members of any advertising cooperative and may possess voting power in accordance with the rules of the advertising cooperative, as Franchisor may determine.

7. REPORTS, EVALUATIONS, AUDITS

(a) Books and Records. Franchise must establish and maintain at its own expense a bookkeeping, accounting, and record keeping system conforming to the requirements and formats (including, at Franchisor's option, the accounting principles) that Franchisor prescribes from time to time in the Manual and otherwise in writing. Franchisee must use the Computer System to collect and provide us access to that data and other information in the manner Franchisor may specify. Franchisee must preserve and maintain all records, in the manner Franchisor periodically specifies, in a secure location for at least seven (7) years after the end of the fiscal year to which such records relate or longer as required by government regulations.

(b) Reporting. Franchisee must provide Franchisor with the following reports, in the manner and format that Franchisor prescribes from time to time.

(i) On or before Tuesday of each week, the royalty report describing the Business sales during the previous week and other weekly operating reports that Franchisor may reasonably specify from time to time, including reports relating to customer information.

(ii) within 90 days after the end of each fiscal year, a profit and loss and source and use of funds statement(s) for the Business for the recently completed fiscal year, and a balance sheet for the Business as of the end of such fiscal year.

(iii) the earlier of within one hundred twenty (120) days after the end of Franchisee's fiscal year or within 10 days after Franchisor's request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information Franchisor may periodically require relating to Franchisee, the Business and Franchisee's financial condition, earnings, sales, profits, costs, expenses, and performance.

(iv) Franchisee agrees to verify and sign each report and financial statement in the manner Franchisor prescribes. If Franchisor reasonably determines that any report or financial statement submitted to it is materially inaccurate, in addition to the other remedies that Franchisor may exercise as a result of such material breach, Franchisor may require Franchisee to have audited financial statements prepared annually during the Term. Franchisor will not publicly disclose data derived from these reports unless Franchisor makes such public disclosure without disclosing the identity or Franchisee's financial results on an individual (i.e., unconsolidated) basis.

(c) Evaluations. Franchisor and its designated representatives have the right before Franchisee commences operations of the Business and thereafter from time to time to enter Franchisee's premises or job sites at all reasonable times during the business day or to access remotely, the Computer System and Business for the purpose of making periodic evaluations and to ascertain if the provisions of the Agreement are being observed by Franchisee. Franchisee and its staff agree to cooperate fully with such examination or inspection and to provide Franchisor or its designated representative access to Franchisee's computer(s) and mobile devices, and cloud or other backup or storage systems and all programs and data bases contained thereon at any time. For purposes of this Agreement "premises" shall be deemed to mean any or all of the following locations: (i) any location where Franchisee regularly conducts the Business; (ii) any location where Franchisee maintains the books and records, financial or otherwise of the Business; and/or (iii) any location chi Franchisee uses in any manner in connection with the Business. In connection with such evaluations, Franchisor shall have the right to: (i) observe, videotape, photograph, or otherwise record operations, (iii) interview employees, customers, suppliers, vendors, and landlords, and (iv) examine the records, invoices, payroll records, check stubs, sales tax records and returns, and other supporting records and documents of the Business, and (v) examine Franchisee's income tax records and any other information, records or properties relating to the ownership, management, or operation of the Business. Franchisor will give Franchisee a written summary of its evaluation within 20 Business Days after the completion of the audit and/or inspection of the Business. Franchisee will promptly correct at its own expense all deficiencies (i.e., failures to comply with System Standards) noted by Franchisor's evaluators within the time period Franchisor specifies following Franchisee's receipt of Franchisor's notice of such deficiencies. Franchisor may conduct one or more follow-up evaluations to confirm that Franchisee has corrected these deficiencies and otherwise are complying with this Agreement and all System Standards.

(d) Franchisor's Right to Audit. Franchisor may at any time during Franchisee's business hours, and without prior written notice to Franchisee, examine and audit the Franchisee's business, bookkeeping and accounting records, sales and income tax records and returns, and other records. Franchisee agrees to fully cooperate with Franchisor's representatives and independent accountants hired by Franchisor to conduct any such inspection or audit. The audit may be conducted by Franchisor or other persons designated by Franchisor. Franchisor may conduct the audit in Franchisor's offices, Franchisee's offices or the offices of a third-party provider. Franchisee may be required to send such records at its expense, to such location as Franchisor may designate. If any inspection or audit discloses an understatement of the Business' Gross Sales, Franchisee must pay Franchisor, within 15 days after receiving the inspection or audit report, the Royalties and any other amounts due on the amount of the understatement, plus interest and Late Fees from the date originally due until the date of payment. If any inspection or audit discloses an overstatement of the Gross Sales, Franchisor will credit Franchisee (without interest) for any overpayments Franchisee made to Franchisor. Further, if an inspection or audit is made necessary due to Franchisee's failure to furnish reports, supporting records or other information as required, or to furnish these items on a timely basis, or if Franchisor's examination reveals an understatement of Gross Sales or Royalty payments exceeding 2% of the amount that Franchisee actually reported to Franchisor for the period examined, Franchisee agrees to reimburse Franchisor for the cost of the examination, including legal fees and independent accountants' fees, plus the travel expenses, room and board, and compensation of Franchisor's employees. These remedies are in addition to Franchisor's other remedies and rights under this Agreement and applicable law.

8. TRANSFER AND ASSIGNMENT

(a) Transfer by Franchisor. This Agreement is fully transferable by Franchisor and will inure to the benefit of any transferee or other legal successor to Franchisor's interests. Franchisor may also change its ownership or form without restriction. Franchisee acknowledges and agrees that Franchisor may (i) sell all or any part of its ownership interests, assets, the Marks and/or the System to a third party; (ii) go public or engage in a private placement of some or all of its securities; (iii) merge, acquire other entities, or be acquired by another business entity (whether competitive or not); and/or (iv) undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. If Franchisor assigns its rights in this Agreement, nothing in this Agreement shall be deemed to require Franchisor to remain in the painting industry or to offer or sell any products or services to Franchisee. Franchisor has the right, from time to time, to delegate the performance of any portion or all of its rights or obligations under this Agreement to designees, whether its affiliates, agents, or other independent contractors with which Franchisor contracts to provide such services.

Franchisee acknowledges that Franchisor maintains a staff to manage and operate the System and that staff members can change as employees come and go. Franchisee represents that it has not signed this Agreement in reliance on any particular shareholder, member, director, officer or employee remaining with Franchisor in any capacity or no capacity at all.

(b) Transfer by Franchisee.

(i) No Transfer Without Franchisor's Consent. Franchisee understands and acknowledges that the rights and duties this Agreement creates are personal to Franchisee (or, if Franchisee is an Entity, to Franchisee's Owners) and that Franchisor has granted to Franchisee the franchise in reliance upon its perceptions of Franchisee's (or its Owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither (i) this Agreement (nor any interest in this Agreement); (ii) the Business or substantially all of its assets; (iii) nor any ownership interest in Franchisee (regardless of its size); (iv) nor any ownership interest in any of Franchisee's Owners (if any Owner is an Entity), may be transferred without Franchisor's prior written approval, which may be withheld for any reason. A transfer may be made only pursuant to this Agreement. Any transfer without Franchisor's consent is a breach of this Agreement and shall be considered void and of no effect.

(ii) Definition of Transfer. For purposes of this Agreement, "**Transfer**" as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any interest in this Agreement, the Business, substantially all the assets of the Business, or in the ownership of Franchisee or any of its Owners (if an Entity). "**Transfer**" as a noun means any such sale, assignment, gift, transfer, pledge, mortgage, or encumbrance.

(iii) Required Legend. all shares or stock certificates of Franchisee or Franchisee's operating agreement, if Franchisee is a limited liability company, shall at all times contain a legend sufficient under applicable law to constitute notice of the restrictions contained in this Agreement and to allow such restrictions to be enforceable. Franchisee shall provide Franchisor with a copy of its shares or stock certificates, if a corporation, or its operating agreement, if a limited liability company, so that Franchisor may ensure that such share, stock certificate or operating agreement contains the required legend.

(iv) Transfer Procedure. If Franchisee or any of its Owners desires to make a Transfer, Franchisee must promptly provide Franchisor with written notice. If Franchisee or any of its Owners desire to advertise, promote, or list a potential Transfer, Franchisee must obtain Franchisor's written approval prior to (a) engaging any broker or agent, (b) entering into a listing agreement, or (c) using any written materials related to, or the Marks in conjunction with, the advertising, promotion, or listing of the potential Transfer. Franchisor has the right to communicate with both Franchisee, its counsel, and the proposed transferee on any aspect of a proposed Transfer. Franchisee agrees to provide any information and documentation relating to the proposed Transfer that Franchisor may reasonably require. No Transfer that requires Franchisor consent may be completed until at least 60 days after Franchisor receives written notice of the proposed Transfer, including a copy of the letter of intent or purchase agreement between Franchisee and the proposed transferee, an application package, a transfer term worksheet, and any other materials specified in the Manual. Franchisor's consent to a Transfer does not constitute a waiver of any claims that it may have against the transferor, nor is it a waiver of its right to demand exact compliance with the terms of this Agreement.

(v) Conditions for Consent to Transfer. In addition to other conditions that Franchisor may specify, the following conditions apply to a proposed transfer (unless waived by Franchisor):

(a) Transferee (and its owners if transferee is an Entity) must meet, in Franchisor's reasonable judgment, Franchisor's then applicable standards for new franchisees, which standards need not be in writing, including the fact that they do not directly or indirectly own or perform services for a Competitive Business (as defined in Section 11).

(b) All monetary obligations (whether hereunder or not) of Franchisee and its affiliates to Franchisor, its affiliates and any Suppliers are paid in full.

(c) Franchisee, its affiliates and its Owners are not in default under this Agreement or any other agreement between Franchisor, its affiliates and all Suppliers

(d) The terms and conditions of the proposed Transfer (including the purchase price) are satisfactory to Franchisor.

(e) Transferee or its operating principal completes Franchisor's initial training program to Franchisor's satisfaction at transferee's own expense including payment to Franchisor of the then-current training fee.

(f) Transferor must have satisfied all obligations under the Franchise Agreement or any other agreement between Franchisee and Franchisor, its affiliates, any Supplier and any lenders who provide Franchisee with financing pursuant to an arrangement with Franchisor, its affiliates or its Suppliers.

(g) The proposed transferee must agree to assume all of Franchisee's duties and obligations and, at Franchisor's option: (a) have agreed in writing to be bound by all of the terms and conditions of this Agreement and any ancillary agreements, such as the Guaranty; or (b) sign the form of franchise agreement and ancillary agreements Franchisor is then using in connection with the grant of new franchises, which may differ materially from this Agreement (including increased fees, and conditions for renewal and additional Transfers).

(h) Transferee shall upgrade the Business (including the Operating Assets) to meet Franchisor's then-current standards for a Business.

(i) Franchisee or the transferee pays Franchisor a transfer fee in the amount of the greater of twenty-five (25%) of the then-current initial franchise fee charged to new franchisees or $25,000. One half of the transfer fee shall be paid upon application to transfer (which fee shall be nonrefundable whether or not the transfer occurs) and the other half of the transfer fee shall be paid upon closing.

(j) Franchisee (and its transferring Owners) must have signed general releases, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its affiliates, and Franchisor's and its affiliate's respective owners, officers, directors, employees, and agents.

(k) Franchise has first offered to sell such interest to Franchisor pursuant to Section 8(c) (Franchisor's Right of First Refusal) and Franchisor has declined to exercise its right of first refusal in the manner set forth therein.

(l) if Franchisee or its Owners finance any part of the purchase price, Franchisee and/or its Owners agree that all of the transferee's obligations under promissory notes, agreements or security interests reserved in the Business are subordinate to the transferee's obligation to pay the Royalty, Brand Fund Contributions and other amounts due to Franchisor, its affiliates, Suppliers and otherwise comply with this Agreement.

(m) Franchisee and its transferring Owners must agree in writing for the benefit of Franchisor and transferee, to continue to observe the restrictions contained in Section 10 (Confidential Information), 11 (Non-Competition), and 13 (Franchisee's Obligations on Termination and Expiration).

(n) Franchisee must have provided Franchisor with any material reasonably requested by Franchisor, including any loan or financing documents, at least 30 days prior to the proposed Transfer's effective date.

(o) Franchisor may review all information regarding the Business that Franchisee gives the transferee, correct any information that it believes is inaccurate and give the transferee copies of any reports that Franchisee has given Franchisor or Franchisor has made regarding the Business.

(vi) Operation Upon Death or Disability. Within fifteen (15) days from the date of death or disability of Franchisee's Operating Principal, Franchisee must appoint a qualified manager to operate the Business. The replacement manager must complete Franchisor's standard training program at Franchisee's sole expense. If in Franchisor's judgment, the Business is not being managed properly, according to Franchisor's System Standards any time prior to or after the appointment of the new manager, Franchisor or its designee has the right (but not the obligation) to assume management for any period of time that Franchisor deems appropriate. All funds from the operation of the Business while under the management of the Franchisor or its designee will be kept in a separate account and all Business expenses will be charged to this account. In addition to all other fees any payments owned hereunder, Franchisor may charge Franchisee a management fee equal to five percent (5%) of the Gross Sales derived from the operation of the Business, plus any out-of-pocket costs and expenses incurred in connection with the management of the Business. Franchisor or its designee, as applicable, has a duty to utilize only reasonable efforts and will not be liable to Franchisee or its Owners for any debts, losses or obligations that the Business incurs, or to any creditors for any supplies or other products or services purchased for the Business, in connection with such management. Notwithstanding anything to the contrary contained herein, within six months of the death or disability of Franchisee or any of its owners, the executor, administrator, conservator or other personal representative of that deceased or disabled person must transfer its interest to a person Franchisor approves in accordance with this Section 8.

(vii) Effect of Consent to Transfer. Franchisor's consent to a Transfer by Franchisee or its Owners is not: (i) a representation of the fairness of the terms of any contract between Franchisee and the transferee; (ii) a guarantee of the prospects of success of the Business or transferee; or (iii) a waiver of any claims Franchisor has against Franchisee (or its Operating Principal) or of Franchisor's right to demand the transferee's full compliance with this Agreement. In the event of a Transfer, Franchisee and/or its Owners shall continue to remain obligated to Franchisor in accordance with the terms of this Agreement.

(c) Franchisor's Right of First Refusal

(i) Franchisor shall have the right, exercisable within thirty (30) after receipt of the notice of intent to Transfer an interest that, as provided above, is subject to this Section 8, such documentation and information that Franchisor requires, to send written notice to Franchisee that Franchisor intends to purchase the interest proposed to be Transferred on the same economic terms and conditions offered by the third-party or, at Franchisor's option, the cash equivalent thereof. If Franchisor and Franchisee cannot agree on the reasonable equivalent in cash or if the Transfer is proposed to be made by gift, Franchisor will designate, at its expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. Franchisor may purchase the interest at the fair market value determined by the appraiser or may elect at that time to not exercise its rights. Franchisor must receive, and Franchisee and its Owners agree to make, all customary representations, warranties and indemnities given by the seller of the assets of a business or ownership interests in an Entity, as applicable, including representations and warranties regarding ownership and condition of, and title to, assets and (if applicable) ownership interests, liens and encumbrances on assets, validity of contracts and agreements, and the liabilities, contingent or otherwise, relating to the assets or ownership interests being purchased, and indemnities for all actions, events and conditions that existed or occurred in connection with the Business prior to the closing of Franchisor's purchase. Closing on Franchisor's purchase must occur within 90 days after the date of franchisor's notice to the seller electing to purchase the interest. Franchisor may assign its right of first refusal to another Entity or person either before or after exercising its right.

(ii) Notice of Offer. Notice of the bona fide offer must include a description of the interest in the Franchisee or this Agreement and the Business to be sold, the proposed payment terms, including amount of the contract deposit, the sources and terms of any financing for the proposed purchase price and a description of any conditions to closing which have been requested by the prospective transferee. To be a valid bona fide offer, the proposed purchase price must be stated in U.S. dollars and the prospective transferee must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price. The right of first refusal process will not be triggered by a proposed transfer that would not be permitted under Section 8. Franchisor may require Franchisee (or its Owners) to send Franchisor copies of any materials or information sent to the proposed prospective transferee regarding the possible transaction.

(iii) Franchisor's Declination of Right. If Franchisor does not exercise its right of first refusal, Franchisor shall, within thirty (30) days after the right of first refusal has expired, notify Franchisee (and/or any of its Owners) in writing of its approval or disapproval of the prospective transferee. Franchisee or its Owners may complete the sale to the prospective transferee on the terms and conditions stated within the bona fide offer provided to Franchisor pursuant to Section 8(c), but only if Franchisor otherwise approves the transfer in accordance with Section 8 and Franchisee (and its Owners) and the transferee comply with the conditions of that Section. This means that even if Franchisor does not exercise its right of first refusal (whether or not it is properly triggered as provided above), if the proposed transfer otherwise would not be allowed under Section 8, then Franchisee (or its Owners) may not complete the transfer. If Franchisee (or its Owners) does not complete the transfer to the prospective transferee within ninety (90) days after Franchisor notifies Franchisee (and/or any of its Owners) that Franchisor does not intend to exercise its right of first refusal, or if there is a material change in the terms of the transfer (which Franchisee and/or its Owners agree to promptly advise Franchisor), then the third-party's offer will be treated as a new offer subject to Franchisor's right of first refusal.

(iv) Public Offerings. Despite any other provisions in this Agreement, Franchisee (and its Owners) may not attempt to raise or secure funds by selling or offering to sell any ownership interest in Franchisee (including without limitation common or preferred stock, bonds, debentures, membership interests or general or limited partnership interests) in a public offering for which a registration statement must be filed with the Securities Exchange Commission or with any similar state regulatory authority having jurisdiction over the sale of securities where registration is required as a condition of the sale of securities in that state.

9. MARKS AND COPYRIGHTED INFORMATION

(a) Ownership of the Marks and Copyrighted Information. Franchisee acknowledges and agrees that Franchisor and/or any parent or affiliates are the owners of the Marks and that Franchisor, any parent and/or Franchisor's affiliates claim copyright protection in certain material used in the System and in the development and operation of Premium Painters® businesses, including the Manual, whether created by Franchisor, any franchisee of Franchisor and/or any third-party ("Copyrighted Information"). Franchisor is authorized to license to Franchisee the limited right to use the Marks and Copyrighted Information. Franchisee's right to use the Marks and Copyrighted Information is derived solely from this Agreement and is limited to the conduct of business by Franchisee pursuant to and in compliance with this Agreement and all System Standards prescribed by Franchisor from time to time during the term of this Agreement. Any unauthorized use of the Marks or Copyrighted Information by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks and Copyrighted Information.

(b) Franchisee's Use of the Marks and Copyrighted Information. Franchisee's right to use the Marks and Copyrighted Information is limited to the operation of the Business and as expressly provided in this Agreement and in the Manual or as otherwise provided by Franchisor in writing. Franchisee shall not use any Mark: (i) as part of any corporate or legal business name (except in connection with any dba or other fictious name that Franchisor approves); (ii) with any prefix, suffix or other modifying words, terms, designs, symbols or in any modified form; (iii) in connection with the sale of any unauthorized product or service; (iv) as part of any domain name, electronic address, metatag, social media account, or otherwise in connection with any website or other electronic medium without Franchisor's consent; or (v) in any manner not expressly authorized by Franchisor. Franchisee agrees to give such notices of trademark and service mark registrations as Franchisor specifies and to obtain such fictitious or assumed name registrations required under applicable law. Franchisee agrees that this Agreement does not convey any right or property interest in the Marks or Copyrighted Information licensed hereunder. Franchisee agrees to display the Marks prominently as Franchisor prescribes on all written materials, forms, advertising, promotional materials, supplies, employee uniforms, business cards, receipts, letterhead, contracts, stationary, and other materials Franchisor designate, including vehicles used in the operation of the Business.

(c) No Contesting Franchisor's Rights. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership, or assist another person in contesting the validity or ownership, of any of the Marks, Copyrighted Information. or Franchisor's trade dress, trade secrets, methods or procedures. All provisions of this Agreement applicable to the Marks and Copyrighted Information apply to any additional trademarks, service marks, commercial symbols and proprietary information authorized for use by and licensed to Franchisee by Franchisor after the Effective Date.

(d) Good Will of the Marks and Copyrighted Information. Franchisee acknowledges and agrees that all usage of the Marks and Copyrighted Information by Franchisee and any goodwill established by Franchisee's use shall inure to the exclusive benefit of Franchisor and any parent and affiliates. Franchisee further acknowledges and agrees that this Agreement does not confer any goodwill or other interests in the Marks and Copyrighted Information upon Franchisee.

(e) Third-Party Challenges. Franchisee agrees to notify Franchisor promptly of any unauthorized use of the Marks and Copyrighted Information of which Franchisee has knowledge. Franchisee also agrees to inform Franchisor promptly of any challenge by any person or Entity to the validity of Franchisor's ownership of or its right to license others to use any of the Marks or Copyrighted Information. Franchisor has the right, but no obligation, to initiate, direct, and control any litigation or administrative proceeding relating to the Marks, or Copyrighted Information including any settlement. Franchisor will be entitled to retain any and all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to Franchisor or its affiliates in connection with any such action. Franchisee agrees to execute all documents and render any other assistance Franchisor may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Marks or Copyrighted Information.

(f) Post-Termination or Expiration. Upon the expiration or termination of this Agreement for any reason, all of Franchisee's rights to use the Marks or Copyrighted Information will automatically revert to Franchisor without cost and without the execution or delivery of any document. Upon Franchisor's request, Franchisee will execute all documents that Franchisor requires to confirm such reversion.

(g) Franchisor's Right to Modify. If it becomes advisable at any time as determined by Franchisor, for Franchisor and/or Franchisee to modify or discontinue use of the Marks or Copyrighted Information and/or use one or more additional or substitute trade names, trademarks, service marks, other commercial symbols or information, Franchisee agrees to implement such changes at its own expense and to comply with Franchisor's directions within the time reasonably required by Franchisor.

(h) Non-Disparagement. Franchisee agrees not to (and to use its best efforts to cause its current and former owners, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, affiliates, successors, and assigns) not to disparage or otherwise speak or write negatively, directly or indirectly, of Franchisor, its affiliates, any of Franchisor's or its affiliates' directors, officers, employees, representatives, the Premium Painters® brand, the System, any franchisee or other business using the Marks, any other brand or service- marked or trademarked concept of Franchisor, its affiliates, or which would subject the Premium Painters® brand or such other brands to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of Franchisor, the Premium Painters® brand or such other brands.

(i) Media Inquiries and Crisis Situations**.** Franchisee shall immediately notify Franchisor upon the occurrence of any situation that may have a material impact on the Franchisee, Franchisor, Business, or which could have a deleterious effect on the Brand, Marks, or System. Franchisee shall also notify Franchisor immediately when the franchisee receives any media inquiries concerning the Business, including, but not limited to, the business operation and incidents and occurrences related to a customer or employee and Franchisee shall direct all media inquiries to Franchisor. Neither Franchisee, Franchisee's employees nor anyone on Franchisee's behalf may comment to any broadcast medium about the System, except as directed by Franchisor. Franchisee shall follow all of Franchisor's policies, procedures, and instructions in every such situation, including, without limitation, managing public relations and communications, as directed by the Franchisor or as specified in the Manual, whether or not Franchisee has retained outside counsel or a public relations firm to assist with such matters. Franchisor acknowledges that in certain cases Franchisee may be approached by media during, for example, an incident involving a fire or other disasters, and such impromptu comments are not intended to be prevented by this Section. Franchisee agrees that it will behave in a professional and courteous manner in any such impromptu interviews and will not discuss the System, but only the incident. Franchisee shall notify Franchisor at the first possible opportunity following the interview. Franchisee may not disseminate any press release unless it has been reviewed and approved in advance in writing by Franchisor.

10. CONFIDENTIAL INFORMATION

(a) Confidential Information Definition. Franchisor possesses (and will continue to develop and acquire) certain knowledge, know-how, methods and procedures some of which constitute trade secrets under applicable law. It includes all manuals, trade secrets, know-how, methods, procedures, techniques, training materials, information, standards and specifications, marketing and pricing techniques relating to the development and operation of the Business, the System, and/or Premium Painters® businesses. In addition, Confidential Information includes: (a) the Manual and System Standards; (b) methods, techniques, equipment, specifications, standards, policies, procedures and information relating to the development, operation, and franchising of Premium Painters® businesses; (c) knowledge of suppliers and specifications for certain equipment, materials, and supplies; (d) training and operations materials and manuals; (e) operating results and financial performance of Premium Painters® businesses; (f) any and all marketing, promotional or training materials used in the operation of or relating to Premium Painters® businesses; (g) business forms and accounting procedures; (h) customer information; and (i) any computer software or similar technology which is proprietary to Franchisor or its affiliates, including without limitation digital passwords and identifications and any source code, as well as data, reports and other printed materials (collectively, subsections (a) through (i) shall be referred to as "Confidential Information") which Franchisor and its affiliates consider proprietary.

Confidential Information does not include (i) information that is part of the public domain or becomes part of the public domain through no fault of Franchisee, (ii) information disclosed to Franchisee by a third party having legitimate and unrestricted possession of such information, or (iii) information that Franchisee can demonstrate by clear and convincing evidence was within Franchisee's legitimate and unrestricted possession when the parties began discussing the sale of the franchise.

(b) Use of Confidential Information. Franchisee and its Owners agree that, for a period commencing on the date of this Agreement and continuing thereafter, in the absence of prior written consent by Franchisor they will: (i) keep all Confidential Information in strict confidence; (ii) not communicate or disclose Confidential Information to any unauthorized person or Entity and will only disclose those parts of the System that an Owner, employee, agent or independent contractor needs to know and only to such individuals who have executed confidentiality agreements in a form periodically prescribed by Franchisor; (iii) not use the Confidential Information for any purpose other than as directed by and needed for Franchisor's use; (iv) not make unauthorized copies of any portion of the Confidential Information; (v) notify Franchisor prior to disclosure in any judicial or administrative proceedings and have used best efforts to obtain, and have afforded Franchisor the opportunity to obtain, an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed; (vi) adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of or access to the Confidential Information; and (vii) immediately, upon expiration or termination of this Agreement for any reason, return all Confidential Information to Franchisor.

(c) Customer Information. Franchisee agrees that all customer information that it collects in connection with the Business is deemed to be owned by Franchisor; that Franchisor reserves all rights in and to the customer information and such customer information; that Franchisor may use the customer information for any purpose whatsoever without compensation to Franchisee; and that Franchisee must furnish its customer information to Franchisor upon request by Franchisor. In addition, Franchisor and its affiliates may, through the Computer System or otherwise, have independent access to customer information.

(d) Acknowledgments. Franchisee and its Owners acknowledge that (i) Franchisor and its affiliates own all right, title and interest in and to the Confidential Information (ii) the Confidential Information gives the Franchisor and its affiliates a competitive advantage; (iii) Franchisor and its affiliates have taken all measures necessary to protect the Confidential Information; (iv) all Confidential Information now or hereafter provided or disclosed to Franchisee is disclosed in confidence; (v) Franchisee has no right to disclose any Confidential Information except as provided herein; (vi) Franchisee will not acquire any ownership interest in the Confidential Information and/or

System; and (vii) Franchisee's use or duplication of the Confidential Information and/or System or any part of the Confidential Information and/or System in any other business would constitute an unfair method of competition, for which Franchisor would be entitled to all legal and equitable remedies, including injunctive relief without posting a bond.

(e) Nondisclosure and Noncompetition Agreements. Franchisor has the right to require any of Franchisee's Owners (and any member of their immediate families or households), and any of its officers, directors, executives, managers or member of the professional staff and employees to execute a nondisclosure agreement, in a form reasonably satisfactory to Franchisor. Additionally, Franchisor has the right to require any of Franchisee's Owners (and any member of their immediate families or households) and, unless otherwise prohibited by law, any of Franchisee's officers and directors to execute a noncompetition agreement, in form reasonably satisfactory to Franchisor. Franchisor's current form of (i) nondisclosure agreement and (ii) nondisclosure and noncompetition agreement are attached as Exhibit 5. Franchisee will provide Franchisor with copies of all nondisclosure and noncompetition agreements signed pursuant to this Section upon Franchisor's request. Such Agreements shall remain on file at Franchisee's offices and are subject to audit or review as otherwise set forth in this Agreement. Franchisor will be a third-party beneficiary with the right to enforce covenants contained in such agreements or, at its option, will be a direct party to the agreements.

11. NON-COMPETITION

(a) Restriction on Competitive Activities. Franchisee and its Owners covenant and agree that during the term of this Agreement and for an uninterrupted period of two (2) years after the later of: (i) the termination (regardless of the cause for termination) or expiration of this Agreement; (ii) a Transfer; or (iii) the date of a final non-appealable judgment or order of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 11, Franchisee and each of its Owners (and any of their respective spouses, parents, siblings or children) shall not, without Franchisor's consent, either directly or indirectly for themselves or through on behalf of or in conjunction with any person or Entity in any manner whatsoever: (a) own, manage, engage in, be employed by, advise, make loans to, act as lessor to, otherwise support (other than as a customer), or have any other interest in any Competitive Business (defined below); (b) divert or attempt to divert any actual or potential business or Premium Painters® customer to any competitor; (c) direct, or attempt to direct, any prospective or existing business or economic opportunities away from Franchisor, its affiliates, or any other Premium Painters® business to a Competitive Business; or (d) interfere with Franchisor, its affiliates or any other Premium Painters® owner's relationships with any vendors or suppliers, including any Suppliers;

(b) Geographic Limitation. During the term of this Agreement, there is no geographic limitation on these restrictions, meaning that Franchisee and each of its Owners shall not engage in the conduct referred to above at any location. During the two (2) year period following the later of: (i) the termination (regardless of the cause for termination) or expiration of this Agreement; (ii) a Transfer; or (iii) the date of a final non-appealable judgment or order of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section. These restrictions shall apply (a) at the Business location; (b) within the Territory and within twenty-five (25) miles of the outer boundaries of the Territory; and (c) within a twenty-five (25) mile radius of any other Premium Painters® business (y) in operation or under development on the effective date of termination or expiration of this Agreement and (z) the date of any final non-appealable judgment or order of any court, arbitrator, panel or arbitrator or tribunal that enforces the non-competition, non-use and confidentiality provisions of the Franchise Agreement.

(c) Non-solicitation of Existing Customers. Franchisee and its Owners covenant and agree that in addition to the restrictions contained in Section 11(a), Franchisee, its Owners and their respective spouses, parents, siblings and children, shall not directly or indirectly solicit business from then existing or prospective National Account customers or any other customers with whom Franchisee's former Premium Painters® business did business in the three years preceding Expiration, nonrenewal, termination or transfer of this Agreement for any competitive purpose or solicit any employee of Premium Painters® or any other Premium Painters® System franchisee to discontinue his or her employment.

(d) Competitive Business Definition. A "**Competitive Business**" is (i) any residential or commercial painting business; or (ii) any business which sells any item substantially the same as or similar to any item offered by the Business; or (iii) otherwise generates twenty percent (20%) or more of its revenue from the sale of painting services; or (iv) any Entity that grants franchises or licenses for any of the businesses described in (i), (ii) or (iii) above; or (v) any business in which Confidential Information could be used to the disadvantage of Franchisor, its affiliates, or other Premium Painters® franchisees. Notwithstanding the foregoing, equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subsection.

(e) Acknowledgements.

(i) Franchisee and its Owners acknowledge and agree that (i) pursuant to this Agreement, they will have access from the Franchisor and its affiliates to valuable trade secrets, specialized training and Confidential Information regarding the development, operation, management, sales and marketing methods and techniques of the System; (ii) the System and the opportunities, associations, and experience established by Franchisor and acquired by Franchisee and its Owners under this Agreement are of substantial and material value; (iii) in developing the System, Franchisor and its affiliates have made and continue to make substantial investments of time, technical and commercial research and money; (iv) Franchisor would be unable to adequately protect the System, its trade secrets and its Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information about Premium Painters® franchisees if franchisees and their owners were permitted to hold an interest in Competitive Businesses; and (v) restrictions on Franchisee's right to hold an interest in or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder the activities of Franchisee or its Owners.

(ii) Franchisee and its Owners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, the enforcement of the covenants made in this Section will not deprive Franchisee or its Owners of their personal goodwill or ability to earn a living.

(iii) Franchisee and its Owners agree and acknowledge that each of the covenants contained herein are reasonable limitations as to time, geographic area and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the know-how, reputation, goodwill and other legitimate business interests of Franchisor and its affiliates. Franchisee and its Owners also agree and acknowledge that the legitimate business interests of Franchisor and is Owners include but are not limited to: (i) maintaining the confidential nature of the Confidential Information; (ii) preserving the Franchisor's ability to develop franchises at or near the Franchisee's former location, within the Franchisee's Territory and within the territorial boundaries of the restrictive covenant described above; (iii) preventing potential customer confusion; (iv) protecting other franchisees from competition from Franchisee and its Owners; and (v) protecting the System as a whole including the franchisee network.

(f) Enforcement. Franchisee and its Owners acknowledge and agree that Franchisor has a compelling interest in protecting the System and that the provisions of this Section 11 protect

Franchisor, the System, Franchisee and its Owners. Franchisee and its Owners acknowledge that violation of the covenants contained in this Section 11 would result in immediate and irreparable injury to Franchisor and its affiliates for which no adequate remedy at law will be available. Accordingly, Franchisee and its Owners hereby consent to the entry of an injunction procured by Franchisor and/or its affiliates prohibiting any conduct by Franchisee and its Owners in violation of the terms, covenants and/or restrictions of this Section 11 without the need of a bond. Franchisee and its Owners expressly agree that it may conclusively be presumed in any legal action that any violation of the terms of these terms, covenants and/or restrictions was accomplished by and through the unlawful utilization of the Confidential Information. Further, Franchisee and its Owners expressly agree that any claims Franchisee may have against Franchisor and/or its affiliates will not constitute a defense to the enforcement of the terms, covenants and/or restrictions set forth in this Section 11 by Franchisor and/or its affiliates. Franchisee and its Owners further agree to pay all costs and expenses (including attorneys' fees, experts' fees, court costs and all other expenses of litigation) incurred by Franchisor and/or its affiliates in connection with the enforcement of the terms, covenants and/or restrictions of this Section 11.

(g) Reduction in Scope. If any provision of the terms, covenants and/or restrictions of this Section (including any sentences, clauses, or any part thereof) shall be held contrary to law or incomplete or unenforceable in any respect, the remaining provisions shall not be affected but shall remain in full force and effect; any invalidated provisions shall be modified to the extent necessary to render it valid and enforceable. Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant contained in this Section 11.

12. INSURANCE AND INDEMNIFICATION

(a) Insurance. Franchisee must obtain and thereafter maintain in full force and effect, throughout the Term, at its sole expense, property, professional liability, general liability, motor vehicle liability and other types of insurance that Franchisor requires in the Manual or otherwise in writing from time to time. The liability insurance must cover claims for bodily injury, death and property damages caused by or occurring in connection with Business operations or activities of Franchisee's personnel in the course of their employment (within and without the Business premises). All of these policies must contain the minimum coverage Franchisor prescribes from time to time and must have deductibles not to exceed the amounts Franchisor specifies. Franchisor may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. The insurer under any required policy must at all times maintain at least an "A" rating or better as rated by Best's Insurance Reports (or any similar rating that Franchisor periodically designates). Franchisee must cause Franchisor and any affiliates Franchisor designates to be named as additional insureds on any such policies. These insurance policies must and provide for 30 days' prior written notice to Franchisor of a policy's material modification, cancellation or expiration. Each insurance policy must contain a waiver of all subrogation rights against Franchisor, its affiliates and Franchisor's and their successors and assigns. Franchisee must routinely furnish to Franchisor, copies of Franchisee's certificates of insurance or other evidence of Franchisee's maintenance of the insurance coverage and payment of premiums. Franchisee must notify Franchisor of any lawsuits filed against Franchisee within 5 business days after Franchisee has notice of such lawsuits, whether or not Franchisee has tendered them to Franchisee's insurance company for defense and/or coverage. If Franchisee fails or refuses to obtain and maintain the insurance Franchisor specifies, in addition to its other remedies (including termination), Franchisor may (but need not) obtain such insurance for Franchisee and its Business, on Franchisee's behalf, in which event Franchisee must cooperate with Franchisor and reimburse Franchisor for all premiums, costs and expenses it incurs in obtaining and maintaining the insurance. Franchisee agrees and acknowledges that Franchisor's insurance requirements are solely for Franchisor's benefit and are not a guaranty that Franchisee's insurance coverage is sufficient. Franchisee further agrees and acknowledges that it is solely responsible for determining whether or not its insurance coverage is sufficient for the Business.

(b) Indemnification

(i) Franchisee's Indemnification Obligation. Franchisee shall indemnify, defend and hold harmless Franchisor, its parent, affiliates and the respective shareholders, members, officers, directors, employees, agents, successors and assignees of Franchisor, its parent and its affiliates (the "Indemnified Parties") from all Losses (defined below) which any of the Indemnified Parties may suffer, sustain, or incur as a result of a (a) claim asserted by a third party, (b) inquiry made formally or informally by a third party, or (c) legal action, investigation, or other proceeding brought by a third party that directly or indirectly arises out of or relates to: (1) the operation of the Business, including any marketing efforts related to the Business; (2) the business Franchisee conducts under this Agreement; (3) Franchisee's breach of this Agreement; (4) Franchisee's noncompliance or alleged noncompliance with any applicable laws; and/or (5) any allegation that Franchisor or another Indemnified Party is a joint employer or otherwise responsible for Franchisee's acts or omissions relating to its employees (each, an "**Indemnified Claim**"). "**Losses**" means any and all losses, expenses, obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs that an Indemnified Party incurs, including accountants', arbitrators', mediators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

(ii) Indemnification Procedure. Franchisor or an Indemnified Party, will promptly notify Franchisee of any Indemnified Claim, provided, however, that the failure to provide such notice shall not release Franchisee from its indemnification obligations under this Section 12, except to the extent Franchisee is actually and materially prejudiced by such failure. An Indemnified Party shall have the right, in its sole discretion, to (a) require Franchisee to defend any Indemnified Claim at Franchisee's expense using counsel reasonably satisfactory to the Indemnified Party or (b) defend any Indemnified Claim at Franchisee's expense (or take over control of the defense of any Indemnified Claim at Franchisee's expense at any point after Franchisee has started to provide a defense), including by selecting and hiring counsel and coordinating the defense. In either case, Franchisee must promptly reimburse such Indemnified Party for any and all Losses that it incurs related to the defense of any Indemnified Claim.

(iii) Cooperation and Settlement. Franchisee or the Indemnified Party (as the case may be) shall keep the Indemnified Party or Franchisee (as the case may be) reasonably apprised of, and shall respond to any reasonable requests concerning, the status of the defense of any Indemnified Claim of which it is maintaining and shall cooperate in good faith with each other with respect to the defense of any such claim. Franchisee shall not, without the prior written consent of the Indemnified Parties, (a) settle or compromise any Indemnified Claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Indemnified Parties, or (b) settle or compromise any Indemnified Claim in any manner that may adversely affect the Indemnified Parties other than as a result of money damages or other monetary payments which will be paid by Franchisee. Each Indemnified Party may agree to settlements or take any other remedial, corrective, or other actions that it deems appropriate with respect to any Indemnified Claim, and Franchisee shall be solely responsible all related Losses. Notwithstanding the foregoing, Franchisee's indemnification obligations shall not apply to Losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's gross negligence, willful misconduct, or willful wrongful omission. However, nothing in the foregoing shall limit Franchisee's obligation to defend the Indemnified Parties.

13. DEFAULT AND TERMINATION

(a) Termination by Franchisee. Franchisee may terminate this Agreement only upon written notice to and the written consent of Franchisor, which may be granted or withheld by Franchisor in Franchisor's sole discretion. In that event, Franchisee shall remain obligated to comply with all post-termination covenants and outstanding obligations, which may include but are not limited to the payment of liquidated damages to Franchisor as provided for herein.

(b) Termination by Franchisor with Cause. Franchisor may terminate this Agreement if Franchisee defaults under the Agreement as provided herein or is in default under any other agreement with Franchisor, its affiliates or Suppliers. Franchisee's obligations under this Agreement are material and essential. Franchisor's election to terminate this Agreement with Franchisee in no way constitutes a waiver of Franchisor's rights hereunder or any other rights available at law or in equity, including its rights to damages.

(i) Automatic Termination without Notice. Franchisee will be in default under this Agreement and all rights granted by this Agreement to Franchisee will automatically terminate without notice to Franchisee immediately upon the happening of any of the following: (i) Franchisee (or any of its Owners) makes an assignment for the benefit of creditors or admits in writing its insolvency or inability to pay its debts generally as they become due; (ii) Franchisee (or any of its Owners) files a voluntary petition in bankruptcy or an involuntary petition in bankruptcy is filed against Franchisee and such petition is not withdrawn within thirty (30) days; (iii) Franchisee (or any of its Owners) consents to the appointment of a receiver, trustee or liquidator of all or the substantial part of its property; (iv) Franchisee (or any of its Owners) fails to pay any financial obligation owed to any lending institution that provided financing to Franchisee under an arrangement with Franchisor within thirty (30) days of when due; or (v) any order appointing a receiver, trustee or liquidator of Franchisee (or any of its Owners) or the Business is not vacated within thirty (30) days following the order's entry.

(ii) Termination Upon Notice. Franchisor may terminate this Agreement by written notice of termination to Franchisee without an opportunity to cure, effective immediately upon delivery of notice if any of the following occur:

(a) Franchisee (or any of its Owners) has made or makes any material misrepresentation or omission in connection with acquiring or operating the Franchise, including by intentionally, or through gross negligence, understating the Gross Sales of the Business for any period.

(b) Franchisee fails to maintain any permits or licenses required to operate the Business or violates any laws applicable to the operation of the Business and does not begin to correct such noncompliance or violation immediately or does not completely correct such noncompliance or violation within the time period prescribed by law, unless Franchisee is in good faith contesting its liability for such violation through appropriate proceeding.

(c) Franchisee engages in any business activity not approved by Franchisor, including the sale of services or goods not approved by Franchisor or fails to obtain the written approval of Franchisor as required.

(d) Franchisee fails to commence operations of the Business within 90 days following Execution of the Agreement.

(e) Franchisee fails to operate the Business from within the Territory;

Franchisee fails to obtain Franchisor's approval for any site and lease or contract of sale for a Commercial Office; Franchisee fails to obtain Franchisor's approval or any site and lease or contract of sale for a Commercial Office within 90 days of receipt from Franchisor of the Commercial Office Notice; Franchisee fails to ensure that any lease for the Commercial Office includes Franchisor's then-current form of Lease Rider or provides in the body of the lease the terms and conditions contained in Franchisor's current form of Lease Rider; or Franchisee does not provide Franchisor with a copy of the executed lease, along with the executed Lease Rider within 3 days of Franchisor's request.

(f) Franchisee (x) abandons or fails to actively operate the Business during the hours specified by Franchisor (other than due to a Force Majeure Event as defined below) for five or more consecutive days, or for five or more days during any calendar month, (y) asserts, in writing, Franchisee's intention to permanently close the Business prior to the end of the Term without Franchisor's consent, or (z) otherwise engages in acts that would cause Franchisor to reasonably conclude that Franchisee has abandoned the Business.

(g) Franchisee (or any of its Owners) are convicted of or plead nolo contendere to a felony, a crime involving moral turpitude or consumer fraud, or any other crime or offense that Franchisor believes is likely to have an adverse effect on the franchise system, the Marks and any associated goodwill, or the Premium Painters® brand (an "**Adverse Effect**") or Franchisee, any Owner, or any of its officers or directors has engaged in or engages in activities that, in Franchisor's reasonable opinion, has or will have an Adverse Effect.

(h) Franchisee or any of its Owners makes a purported Transfer in violation of Section 8.

(i) Franchisee fails to meet the Performance Criteria.

(j) Franchisee fails to pay when due any federal or state income, service, sales or other taxes due on the operation of the Business unless Franchisee is in good faith contesting its liability for these taxes.

(k) Franchisee (or any of its Owners): (i) fails on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, whether or not such failures are corrected after Franchisor's delivery of notice; or (ii) fails on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under this Agreement, whether or not such failures are corrected after Franchisor's delivery of notice.

(l) any other contract or agreement between Franchisor (or any of its affiliates) and Franchisee (or any of its Owners or affiliates), including any franchise agreement for another Territory is terminated before its term expires, regardless of the reason (except pursuant to a mutual written agreement with Franchisor).

(m) Franchisee (or any of its Owners) violate any provisions of Section 11 (Non-Compete) or improperly disclose, misuse, or misappropriate any Confidential Information.

(iii) <u>Termination After Notice and Opportunity to Cure</u>. If Franchisee fails to cure the following defaults within the time period described, this Agreement will terminate without the need for further notice effective immediately on the expiration date of the cure period:

(a) Franchisee fails to timely report the Business' Gross Sales or fails to make any payment due to Franchisor or any of its affiliates or Suppliers and does not correct such failure within five days after delivery of written notice of such failure.

(b) Franchisee fails to maintain the insurance required by this Agreement or to furnish to Franchisor, satisfactory evidence of such insurance within the required time and does not correct such failure within five days after delivery of written notice of such failure.

(c) Franchisee fails to comply with any obligation under this Agreement (other than as set forth above) or any other agreement between Franchisor (or any of its affiliates), including any System Standard, and does not correct the failure to Franchisor's satisfaction within 30 days after Franchisor delivers written notice of the failure to Franchisee; provided, however, that if Franchisor determines Franchisee cannot reasonably correct the breach within this 30-day period and Franchisee provides Franchisor, within this 30-day period, with reasonable evidence of Franchisee's effort to correct the breach within a reasonable time period, then the cure period will run through the end of such reasonable time period.

(c) Franchisor's Remedies

(i) Termination. If an event of default occurs, Franchisor may, in its sole election and (except as otherwise provided herein) without notice or demand of any kind, declare this Agreement and any and all other rights granted under this Agreement to be immediately terminated and, except as otherwise provided herein, of no further force or effect. Upon termination, Franchisee will not be relieved of any obligations, debts, or liabilities under this Agreement, including any debts, obligations, or liabilities that accrued prior to such termination or any indemnification obligations with respect to matters that occurred prior to such termination that were not asserted until after termination.

(ii) Other Remedies. If Franchisor issues Franchisee a notice of default and Franchisee fails to cure such default within any applicable time period, Franchisor may, without waiving its right to terminate this Agreement as a result of such failure, temporarily or permanently limit, curtail, or remove certain services or benefits provided or required to be provided to Franchisee hereunder, including:

(a) Temporarily or permanently reduce the size of the Territory, in which event the restrictions on Franchisor and its affiliates under Section 1(g) will not apply in the geographic area that was removed from the Territory.

(b) Temporarily suspend or permanently terminate Franchisee's limited territorial rights and the restrictions on Franchisor and its Affiliates under Section 1(g).

(c) Temporarily remove information concerning the Business from any System website or other Digital Media and/or stop or limit Franchisee's participation in any other programs or benefits offered on or through Digital Media or otherwise.

(d) Suspend any other services that Franchisor or its affiliates provide to Franchisee under this Agreement or any other agreement, including any services relating to the Computer System.

(e) Suspend Franchisor's performance of, or compliance with, any of its obligations to Franchisee under this Agreement or other agreements.

(f) Undertake or perform on Franchisee's behalf any obligation or duty that Franchisee is required to, but fail to, perform under this Agreement. Franchisee will reimburse Franchisor upon demand for all costs and expenses that Franchisee reasonably incurs in performing any such obligation or duty.

(g) Assume the management of the Business or appoint a third party (who may be Franchisor's affiliate) to manage the Business in accordance with Section 13(f).

(d) No Franchisor Waiver or Liability. Franchisee shall hold Franchisor harmless with respect to any action it takes pursuant to Section 13(c); and agrees that Franchisor shall not be liable for any loss, expense, or damage Franchisee incurs because of any action Franchisor takes pursuant to Section 13(c). Nothing in Section 13(c) constitutes a waiver of any of Franchisor's rights or remedies under this Agreement or any other agreement between Franchisor and Franchisee, including the right to terminate this Agreement. Franchisee agrees that Franchisor's exercise of its rights pursuant to Section 13(c) shall not be deemed a constructive termination of this Agreement or of any other agreement between Franchisor and Franchisee and shall not be deemed a breach of any provision of this Agreement. Franchisor may in its discretion, reinstate any services or benefits removed, curtailed, or limited pursuant to Section 13(c), and Franchisee agrees to accept immediately any such reinstatement of services or benefits so removed, curtailed, or limited. If Franchisor does so, Franchisee shall continue to pay timely all fees and payments required under this Agreement and any other agreement between Franchisor and Franchisee, including any fees associated with services or benefits limited by Franchisor. Franchisee shall have no right to a refund of any fees paid in advance for such services or benefit.

(e) Cross-Default. Any default by Franchisee or any of its Owners under any other agreement between Franchisor or its affiliates as one party, and Franchisee or any of its Owners or affiliates as the other party, that is so material as to permit Franchisor or its affiliates to terminate such other agreement, whether or not such agreement is terminated, shall be deemed to be a default of this Agreement, and Franchisor shall have the right, at its option, to terminate this Agreement without affording Franchisee an opportunity to cure, effective immediately upon notice to Franchisee.

(f) Franchisor's Step-In Rights.

(i) Franchisor's Right. If Franchisor determines in its sole discretion that the operation of the Business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Business which would cause harm to the System and thereby lessen its value, Franchisee authorizes Franchisor to operate the Business for as long Franchisor deems necessary and practical, and without waiver of any other rights or remedies which Franchisor may have under this Agreement. In Franchisor's reasonable judgment, Franchisor may deem Franchisee incapable of operating the Business if, without limitation, Franchisee is absent or incapacitated by reason of illness or death; Franchisee has failed to pay any amounts when due; or has failed to remove any and all liens or encumbrances of every kind placed upon or against the Business; or Franchisor determines that operational problems require that Franchisor operates the Business for a period of time that Franchisor determines, in its sole discretion, to be necessary to maintain the operation of the business as a going concern.

(ii) Accounting. Franchisor shall keep in a separate account all monies generated by the operation of the Business, less the expenses of the Business, including the Franchisor's Management Fee of Five percent (5%) of Gross Sales plus Franchisor's actual costs and expenses. If Franchisor exercises these Step-In Rights, Franchisee agrees to hold harmless Franchisor and its representatives for all actions occurring during the course of such temporary operation. Franchisee also agrees to pay all of Franchisor's reasonable attorneys' fees and costs incurred as a consequence of its exercise of the Step-In Rights. Nothing contained herein shall prevent Franchisor from exercising any other right which it may have under this Agreement, including, without limitation, termination pursuant to this Section 13. Franchisor may, in its sole discretion, exercise these Step-In Rights however nothing contained herein shall obligate Franchisor to do so.

(g) Franchisee's Obligations Upon Termination or Expiration. Upon expiration or termination of this Agreement for any reason, Franchisee shall:

(i) pay all amounts due to Franchisor under this Agreement or otherwise, including all actual and consequential damages, costs and expenses including attorneys' fees incurred by Franchisor as a result of a default by Franchisee and all amounts due to Franchisor's affiliates and Suppliers within five days of termination or expiration.

(ii) Immediately cease operations of the Business and all use of the Marks; System and any of the Confidential Information.

(iii) Refrain from representing to the public that Franchisee is a Premium Painters® franchisee.

(iv) Refrain from using in advertising, marketing, promotion or in any manner, any methods, procedures or techniques associated with the System.

(v) Take the action required to cancel all fictitious or assumed names or equivalent registrations relating to its use of any of the Marks within fifteen (15) days of termination or expiration.

(vi) De-identify the location, all vehicles and remove any and all trade dress, décor, physical characteristics, color combination, signage and uniforms indicative of the System.

(vii) Refrain from taking any action injurious or prejudicial to the Marks and our good will.

(viii) Return to Franchisor (at no charge or cost to Franchisor) within ten (10) days, the Manual, training materials, software, customer lists, records, files signs, all other Confidential Information, materials containing any of the Marks or otherwise requested by Franchisor.

(ix) Notify the telephone company, all telephone directory publishers, Internet and website listing services and directories, websites, URLs, domain name registers, email hosts and providers and any and all other Digital Media of the termination or expiration of Franchisee's rights to use the listings and transfer them to Franchisor.

(x) Transfer to Franchisor all customer lists and customer data in whatever form maintained by Franchisee.

(xi) Comply with all non-disparagement, nondisclosure and noncompetition obligations described in Sections 10 and 11.

(xii) Within 30 days after the effective date of termination or expiration of this Agreement, provide Franchisor with evidence satisfactory to it of Franchisee's compliance with the foregoing obligations.

(h) Liquidated Damages. In the case of a termination of this Agreement by either party, in addition to all other amounts owed pursuant to this Agreement, Franchisee shall pay to Franchisor the average monthly Royalties due to Franchisor during the 12 months of operation preceding the effective date of termination, multiplied by the lesser of (a) 24 months or (b) the number of months remaining in the Agreement had it not been terminated. Franchisee agrees that such amounts (i) are true liquidated damages; (ii) are intended to compensate Franchisor for the harm it will suffer only from and as a result of the loss of Franchisor's revenue stream provided by the Royalties and not for any other damages; (iii) are not a penalty; (iv) are a reasonable estimate of Franchisor's probable loss of Royalties resulting from Franchisee's defaults, viewed as of the termination date; and (v) will be in addition to all other rights Franchisor has to obtain legal or equitable relief. Franchisee also agrees that, in the case of a termination by either party, Franchisor will also suffer damages other than lost future Royalties (including loss of goodwill relating to the Marks and lost business opportunities). Franchisee will pay to Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, that Franchisor incurs after the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provision of this Section 13.

(i) Notice Required By Law. If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement or the parties to this Agreement limits Franchisor's rights of termination under this Agreement or requires longer notice or cure periods than those set forth above, then this Agreement will be considered modified to conform to the minimum notice, cure periods or restrictions required by applicable laws and regulations. However, Franchisor will not be precluded from contesting the validity, enforceability or application of the laws or regulations in any action, proceeding, hearing or dispute relating to this Agreement or the termination of this Agreement.

14. RELATIONSHIP OF THE PARTIES

(a) Independent Contractors. Franchisee and Franchisor understand and agree that this Agreement does not create a fiduciary relationship between the parties, that Franchisee and Franchisor are and will be independent contractors and that nothing in this Agreement is intended to make either party a special agent, joint venture partner, partner or employee of the other for any purpose. No employee of Franchisee shall be deemed to be an employee of Franchisor and Franchisor will not have the power to hire or fire Franchisee's personnel. Nor shall Franchisor have any responsibility whatsoever for the acts or omissions to act (intentional, negligent or otherwise) of the employees of Franchisee. Franchisee agrees to identify itself conspicuously in all dealings with customers, suppliers, public officials, Business personnel and others as the owner of the Business under a franchise granted by Franchisor and to place notices of independent ownership on all forms, advertising materials and other materials Franchisor requires from time to time.

(b) No Liability for Acts of the Other Party. Franchisee and Franchisor may not make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other or represent that their relationship is other than franchisor and franchise owner. Franchisor will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Business.

(c) Taxes. Franchisor will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied upon Franchisee or Franchisor, due to the business Franchisee conducts (except for Franchisor's income taxes). Franchisee is responsible for paying these taxes and must reimburse Franchisor for any taxes that Franchisor must pay to any state taxing authority on account of Franchisee's operation of the Business or payments that Franchisee makes to Franchisor.

15. FORCE MAJEURE

Neither party shall be liable for any failure or delay in performing any obligation, in whole or in part, under this Agreement if such failure or delay results directly or indirectly from compliance with any laws; acts of God; pandemic or epidemic; unavailability of any essential equipment, materials, or service, including interruptions in telephone or internet service; lockout, other industrial disturbance or labor difficulty; war, civil unrest, act of public enemy, terrorist act, blockade, revolution, riot, insurgency or insurrection; lightning, storm, flood, fire, earthquake, other natural disaster; explosion; embargo; or unavoidable accident which are not the fault of the non-performing party (collectively Force Majeure Event"). Any delay resulting from any Force Majeure Event shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable. The ability to invoke this clause is conditioned upon delivery of written notice to the other party stating the basis for such invocation as soon as reasonably practical – in no event longer than ten (10) days – after learning of the basis. The party invoking this clause shall use reasonable efforts to limit damages to the other party. The party invoking this clause shall immediately resume its performance under this agreement upon termination of the Force Majeure Event. Notwithstanding the foregoing, if the Force Majeure Event or its effects continue to be present beyond a period of twelve months, Franchisor may terminate this Agreement. Further notwithstanding the foregoing, in no event shall force majeure excuse or extend franchisee's payment of any fee, charge, amount, and/or any other monetary or financial obligation to Franchisor under this Agreement, including, without limitation, the payment of the Royalties, Brand Fund Contributions and Technology fees.

16. WAIVER AND DELAY

No waiver or delay in either party's enforcement of any term, covenant or condition of this Agreement which has been breached will be construed as a waiver by that party of any preceding or succeeding breach, or any other term, covenant or condition of this Agreement. Without limiting any of the foregoing, the acceptance of payment of any amounts will not be, nor be construed to be, payment in full or satisfaction of all amounts due and owing or any amounts to become due and shall not be, nor construed to be a waiver of any breach of any term, covenant or condition of this Agreement.

17. FRANCHISOR'S WITHHOLDING OF CONSENT; DISCRETION

In no event may Franchisee make any claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld or delayed any consent or approval to a proposed act by Franchisee under the terms of this Agreement. Franchisee waives any such claim for damages. Franchisee may not claim any such damages by way of set-off, counterclaim or defense. Franchisee's sole remedy for the claim will be an action or proceeding to enforce the Agreement provisions, for specific performance or for declaratory judgment. Wherever this Agreement permits Franchisor to exercise discretion, including wherever this Agreement indicates that Franchisor may take some action, then Franchisor is free to take that action, in whatever manner it deems appropriate, or not to take the action, in any case with a view solely toward its own interests and desires; and Franchisor's action or inaction shall be conclusively deemed to comply with any applicable duty of reasonableness, good faith, or fair dealing.

18. NOTICES

All approvals, requests, notices, and reports required or permitted under this Agreement will not be effective unless in writing and delivered to the party entitled to receive the notice in accordance with this Section.

(a) To Franchisor. Franchisee may deliver all routine requests for approval, day-to-day operational communications, and reports to the e-mail addresses that Franchisor designates in writing from time to time, but Franchisee must deliver all legal notices (including notices related to defaults, terminations, renewals, and Transfers) (i) personally; (ii) by certified or registered United States mail, postage prepaid; or (iii) by a nationally recognized overnight delivery service to the address set forth above or as otherwise designated by Franchisor in writing, with a copy forwarded by e-mail to the addresses that Franchisor designates from time to time.

(b) To Franchisee. Franchisor may deliver all communications to Franchisee, including legal notices (such as notices related to defaults, terminations, renewals, and Transfers), to the Premium

Painters® e-mail address that Franchisor assigns to Franchisee or (i) personally; (ii) by certified or registered United States mail, postage prepaid; or (iii) by a nationally recognized overnight delivery service to the Studio address or the address listed on Schedule 1 (which Franchisee may change upon delivery of written notice to Franchisor).

(c) Timing of Receipt. All approvals, requests, notices, reports, and payments will be deemed delivered (i) at the time delivered by hand; (ii one Business Day after sending by e-mail; or (iii) upon attempted delivery when sent by registered or certified mail or overnight delivery service.

19. DISPUTE RESOLUTION

(a) Governing Law. This Agreement, all relations between the parties and any and all disputes between the parties, whether sounding in contract, tort or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of Florida without recourse to Florida (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of Florida, and if the Business is located outside of Florida and the provision would be enforceable under the laws of the state in which the Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Section 20 is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law of the state of Florida or any other state, which would not otherwise apply.

(b) Internal Dispute Resolution. Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's management, after providing notice which specifies, in detail, the precise nature and grounds of such claim or dispute and make every effort to resolve the dispute internally. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

(c) Mediation. At Franchisor's option, all claims or disputes between Franchisee and Franchisor (or its affiliates) arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor (or its affiliates), or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure sent forth in Section 19(b) above, will be submitted first to mediation to take place at Franchisor's principal offices which as of the date of this Agreement is in Hobe Sound, Florida, under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor does not exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and Franchisor and Franchisee will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 19(C) if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Marks, System, or in any Confidential Information; (ii) any of the restrictive covenants contained in this Agreement; or (iii) any of Franchisee's payment obligations under this Agreement.

(d) Arbitration. Subject to the prerequisite requirements of Section 19(b) above and Franchisor's option to mediate pursuant to Section 19(c), and except as otherwise set forth herein, all disputes, controversies, and claims, arising from and/or related to this Agreement, the relationship between Franchisor and Franchisee, the System, and/or the validity of this Agreement, shall be submitted to the American Arbitration Association for binding arbitration. Arbitration shall be conducted by one (1) arbitrator in accordance with the American Arbitration Association's then current rules for commercial disputes, except as may be otherwise required herein. All arbitration proceedings shall be conducted in the county in which Franchisor maintains its principal offices which as of the date of this Agreement is in Marin County, Florida or, if suitable American Arbitration Association facilities are not available in the county where Franchisor maintains its principal offices, then at a suitable American Arbitration Association location selected by the arbitrator that is located closest to the Franchisor's principal offices. In connection with binding arbitration, Franchisor and Franchisee further agree that: (a) all matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement; (b) the arbitration hearing shall be conducted within one hundred and eighty (180) days of the demand for arbitration; (c) the arbitrator shall render written findings of fact and conclusions of law; (d) under no circumstance shall the Arbitrator be authorized to award or declare the Marks to be generic or invalid; (e) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction; (f) to the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between Franchisor and Franchisee; (g) this agreement to arbitrate shall survive any termination or expiration of this Agreement; (h) no arbitration, action, or proceeding under this Agreement shall add as a party, by consolidation, joinder, or in any other manner, any person or party other than Franchisor and Franchisee, its owners, principals, guarantors and any person in privity with, or claiming through, in the right of, or on behalf of, Franchisor and Franchisee, unless Franchisor and Franchisee consent in writing. Franchisor has the absolute right to refuse such consent; and (i) all such proceedings for which consent is not granted shall be conducted on an individual, not a class-wide, basis.

Notwithstanding anything to the contrary contained herein, at Franchisor's election, any claims or disputes related to or concerning a breach of this Agreement by Franchisee for the failure to pay sums due or that may entitle Franchisor to the award of injunctive relief, may be initiated and litigated in the state court of general jurisdiction closest to Franchisor's principal business offices which as of the date of this Agreement is the Florida Circuit Court in Martin County, Florida, or, if appropriate, the United States District Court for the district in which Franchisor maintains its principal business offices which as of the date of this Agreement is the U.S. District Court for the Southern District of Florida (unless settled by the parties after such action is initiated). Franchisee, its owners/principals and guarantors hereby waive all objections to personal jurisdiction or venue for the purpose of carrying out this provision and agree that nothing herein shall be deemed to prevent Franchisor from removing an action from state court to federal court. Franchisee, its owners/principals and guarantors hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by Florida or federal law. Franchisee, its owners/principals and guarantors further agree that with respect to any action for monies owed or for injunctive or other extraordinary relief, Franchisor may bring such action in any state or federal district court which has jurisdiction.

(e) Injunctive Relief. Franchisee acknowledges and agrees that irreparable harm could be caused to Franchisor by Franchisee's violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, Franchisor shall be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Franchisee's use of the Marks and Confidential Information; (ii) the in-term covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement; (iii) Franchisee's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) to prohibit any act or omission by Franchisee or its employees that constitutes a violation of applicable law, threatens the System or threatens other franchisees of Franchisor. Franchisee's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Franchisee waives all damage claims if the injunction is wrongfully issued.

(f) Venue. Subject to Sections 19(b),(c) and (d) above, the parties agree that any actions arising out of or related to this Agreement must be initiated and litigated to conclusion exclusively in the state court of general jurisdiction closest to Franchisor's principal business offices which as of the date of this Agreement is the Florida Circuit Court in Martin County, Florida, or, if appropriate, the United States District Court for the district in which Franchisor maintains its principal business offices which as of the date of this Agreement is the U.S. District Court for the Southern District of Florida (unless settled by the parties after such action is initiated). Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Florida as set forth in this Section.

(g) Third Party Beneficiaries. Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in this Section 19, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.

(h) No Withholding of Payments. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

(i) Limitation of Actions. Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, arbitration, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

(j) Waiver of Punitive Damages. Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the term of this Agreement if it is terminated due to Franchisee's default, which the parties agree and acknowledge Franchisor may claim under this Agreement.

(k) WAIVER OF JURY TRIAL. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.

(l) WAIVER OF CLASS ACTIONS. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

(m) Costs and Attorneys' Fees Franchisee and its Owners shall reimburse Franchisor for all expenses it reasonably incurs (including attorneys' fees): (i) to enforce the terms of this Agreement or any obligation owed to Franchisor by Franchisee and/or the Owners (whether or not Franchisor initiates a legal proceeding, unless Franchisor initiates and fails to prevail in such court, arbitration, or other formal legal proceeding); and (ii) in the defense of any claim Franchisee and/or the Owners assert against Franchisor on which Franchisor prevails in court, arbitration, or other formal legal proceedings.

20. AGREEMENT AND INTERPRETATION

(a) Manual Incorporated by Reference. The Manual and the terms contained therein are incorporated by reference in this Agreement, form a part of this Agreement and are enforceable pursuant to the terms of this Agreement.

(b) Entire Agreement. 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. Notwithstanding the foregoing, nothing in this or in any related agreement, however, is intended to disclaim the representations Franchisor made in the franchise disclosure document that Franchisor furnished to Franchisee. Franchisee acknowledges that it is entering into this Agreement and all ancillary agreements executed contemporaneously with this Agreement, as a result of its own independent investigation of the Business and not as a result of any representations about Franchisor made by Franchisor, Franchisor's shareholders, members, officers, directors, employees, agents, representatives, independent contractors or franchisees which are contrary to the terms set forth in this Agreement or of any offering circular, prospectus, disclosure document or other similar document required or permitted to be given to Franchisee pursuant to applicable law.

(c) Amendment. Subject to Franchisor's unilateral right to modify System Standards and the Manual, this Agreement may only be amended by written agreement between the parties.

(d) Severability. Nothing contained in this Agreement may be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance or regulation required to be made applicable to this Agreement, the latter will prevail, but the affected provision of this Agreement will be curtailed and limited only to the extent necessary to bring it within the requirement of the law. If any Article, Section, subsection, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the entire Agreement will not fail for this reason and the balance of the Agreement will continue in full force and effect. If any court of competent jurisdiction deems any provision of this Agreement (other than for the payment of money) so unreasonable as to be unenforceable as a matter of law, the court may declare a reasonable modification of this Agreement and this Agreement will be valid and enforceable and the parties agree to be bound by and perform this Agreement as so modified.

(e) Construction. The headings in this Agreement are for convenience of reference and are not a part of this Agreement and will not affect the meaning or construction of any of its provisions. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. The words "**include**," "**including**," and words of similar import shall be interpreted to mean "including, but not limited to" and the terms following such words shall be interpreted as examples of, and not an exhaustive list of, the appropriate subject matter. The language of this Agreement will be in all cases construed simply according to its fair and plain meaning and not strictly for or against Franchisor or Franchisee. It is agreed that if any provision of 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 will have the meaning which renders it valid.

(f) Waiver of Obligations. Franchisor and Franchisee may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of notice to the other or such other effective date stated in the notice of waiver.

Any waiver Franchisor or Franchisee grants will be without prejudice to any other rights Franchisor or Franchisee may have, will be subject to Franchisor's or Franchisee's continuing review, and may be revoked by the party granting the waiver at any time and for any reason; provided, however, that any waived breach may not later be used as a ground for terminating this Agreement. Any waiver must be in writing to be enforceable. Franchisor's failure to complain or declare that Franchisee is in breach of the terms of this Agreement or its failure to give or withhold its approval as provided in this Agreement will not, except as otherwise provided in this Agreement, constitute a waiver of such breach or of such right to withhold Franchisor's approval. Franchisor will not be deemed to waive or impair any of its rights under this Agreement because of its waiver of or failure to exercise any right, whether of the same, similar, or different nature, with other Premium Painters® businesses or because of the existence of franchise or license agreements for other Premium Painters® businesses which contain provisions different from those contained in this Agreement.

21. INDEPENDENT CONTRACTOR

This Agreement does not create, nor does any conduct by Franchisor create, a fiduciary or other special relationship or make Franchisee or Franchisor an agent, legal representative, joint venturer, partner, employee or servant of each other for any purpose. Franchisee is not authorized to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to create any obligation, express or implied, on Franchisor's behalf. Franchisee is, and shall remain, an independent contractor responsible for all obligations and liabilities of, and for all loss or damage to, the Business, including any personal property, Operating Assets, or real property and for all claims or demands based on damage or destruction of property or based on injury, illness or death of any person or persons, directly or indirectly, resulting from the operation of the Business. Further, Franchisor and Franchisee are not and do not intend to be partners, associates, or joint employers in any way, and Franchisor shall not be construed to be jointly liable for any of Franchisee's acts or omissions under any circumstances. Franchisor does not have the right or power to supervise or discipline any of Franchisee's employees; to determine the hiring, firing, compensation, or terms or conditions of employment of any of Franchisee's employees; or otherwise to control the labor relations between Franchisee and its employees or other personnel. Franchisor has no relationship with Franchisee's employees, and Franchisee has no relationship with Franchisor's employees.

22. MISCELLANEOUS

(a) Third-Party Beneficiaries. Except as provided in the indemnification and arbitration Sections and this Section, nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal Entity not a party to this Agreement. If an affiliate has licensed the System and/or the Marks to Franchisor, such affiliate (and any third party that is entitled to exercise such affiliate's rights) shall be a third-party beneficiary of Franchisor's rights (but none of its duties, obligations, or liabilities) under this Agreement.

(b) No Liability. Franchisee agrees that none of Franchisor or its affiliates' past, present or future directors, officers, employees, incorporators, members, partners, stockholders, subsidiaries, affiliates, controlling parties, suppliers, agents, attorneys, representatives, or Entities under common control, ownership or management will have any liability for (i) any of Franchisor's obligations or liabilities relating to or arising from this Agreement, (ii) any claim against Franchisor based on, in respect of, or by reason of, the relationship between Franchisee and Franchisor, or (iii) any claim against us based on any alleged unlawful act or omission of Franchisor.

(c) Consent. Whenever Franchisor's prior written approval or consent is required under this Agreement, Franchisee agrees to make a timely written request to franchisor for such consent. Franchisor's approval or consent must be in writing and signed by an authorized officer to be effective. Except where this Agreement expressly obligates Franchisor reasonably to approve any of Franchisee's actions or requests, Franchisor has the absolute right to refuse any request Franchisee makes or to withhold Franchisor's approval of any of Franchisee's proposed or effected actions that require Franchisor's approval.

(d) Similar Agreements. Franchisor makes no warranty or representation that anything contained in this Agreement may be construed as requiring that all Premium Painters® franchise agreements heretofore or hereafter issued by Franchisor, contain terms substantially similar to those contained in this Agreement. Further, Franchisee agrees and acknowledges that Franchisor may, in its reasonable business judgment, due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements heretofore or hereafter granted to other Premium Painters® franchisees in a non-uniform manner, subject to those provisions of this Agreement which require Franchisor to act toward its franchisees on a reasonably non-discriminatory basis.

(e) No Exclusivity. No right or remedy conferred upon Franchisor or reserved to Franchisor by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

(f) Survival. Any provision of this Agreement which imposes an obligation following the termination or expiration of this Agreement will survive the termination or expiration and will continue to be binding upon the parties to this Agreement.

23. REPRESENTATIONS AND ACKNOWLEDGEMENTS

(a) Acknowledgments. Franchisee acknowledges and agree that:

(i) Franchisee understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's high standards of quality and service and the uniformity of those standards at each Studio and to protect and preserve the goodwill of the Marks.

(ii) In all dealings with Franchisee, Franchisor's officers, directors, employees and agents acted only in a representative, and not in an individual, capacity. All business dealings between Franchisee and such persons as a result of this Agreement are solely between Franchisor and Franchisee.

(iii) Franchisee is organized under the laws of the state of its principal place of business (or another state which Franchisee has identified to Franchisor) and is in good standing with and qualified to do business in each state and political/governmental subdivision having jurisdiction over the Business.

(iv) Franchisee has all corporate power and authority to execute, deliver, consummate and perform this Agreement and it will be binding upon Franchisee and its successors and assigns when executed.

(v) Franchisee and its Owners do not have any material liabilities, adverse claims, commitments or obligations of any nature as of the date of execution of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise which are not reflected as liabilities on the balance sheets of Franchisee's current financial statements which Franchisee has furnished to Franchisor before the execution of this Agreement.

(vi) As of the date of execution of this Agreement, there are no actions, suits, proceedings or investigations pending, nor to Franchisee's knowledge or the knowledge (after due inquiry) of any of its officers, directors, Owners or Operating Principals (as applicable), threatened in any court or arbitral forum or before any governmental agency or instrumentality against Franchisee or its Owners. Nor to the best of Franchisee's knowledge or the knowledge of any such persons or entities (after due inquiry) is there any basis for any claim, action, suit, proceeding or investigation which affects or could affect, directly or indirectly, any of the assets, properties, rights or business or Franchisee or its Owners; the right by Franchise and its Owners to operate and use their assets, properties or rights to carry on their business; and/or which affects or could affect the right of Franchisee and its Owners to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement.

(vii) Neither Franchisee nor any of its Owners is a party to any contract, agreement, covenant not to compete or other restriction of any type which may conflict with or be breached by the execution, delivery, consummation and/or performance of this Agreement.

(b) Representations. Franchisee represents to Franchisor, as an inducement to Franchisor's execution of this Agreement, that all statements Franchisee has made and all materials Franchisee has submitted to Franchisor in connection with Franchisee's purchase of the Franchise are accurate and complete and that Franchisee has made no misrepresentations or material omissions in obtaining the Franchise. This Agreement has been duly authorized and executed by Franchisee or on its behalf and constitutes Franchisee's valid and binding obligation, enforceable in accordance with its terms, subject to applicable bankruptcy, moratorium, insolvency, receivership, and other similar laws affecting the rights of creditors generally. Franchisor has approved Franchisee's request to purchase a franchise in reliance on all of Franchisee's representations.

(c) Patriot Act. Franchisee represents and warrants that to its actual knowledge: (i) neither Franchisee, nor its officers, directors, managers, members, partners or other individual who manages the affairs of Franchisee, nor any Franchisee affiliate or related party, or any funding source for the Franchised Business (collectively "you"), are identified on the lists of Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Specially Designated Global Terrorists, Foreign Terrorists Organizations, and Specially Designated Narcotics Traffickers at the United States Department of Treasury's Office of Foreign Assets Control (OFAC), or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, commonly known as the "USA Patriot Act," as such lists may be amended from time to time (collectively, "Blocked Person(s)"); (ii) you are not directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) you are not acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) you are not on the United States Department of Commerce Denied Persons, Entity and Unverified Lists, or the United States Departments of State's Debarred List, as such lists may be amended from time to time (collectively, the "Lists"); (v) during the term of this Agreement, you will not be on any of the Lists or identified as a Blocked Person; and (vi) during the term of this Agreement you will not sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists or identified as a Blocked Person. You agree to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

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

THIS AGREEMENT WILL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF FRANCHISOR.

[signature page to follow]

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Agreement to be effective as of the Effective Date, regardless of the dates listed below.

FRANCHISOR:

PREMIUMDEPOT.COM, INC.

By:____________________________________

Name:_________________________________

Title:__________________________________

Date:___________________________________

FRANCHISEE:

By:____________________________________

Name: _________________________________

Title: __________________________________

Date:___________________________________

PREMIUMDEPOT.COM, INC.
FRANCHISE AGREEMENT
SCHEDULE 1

DATA SHEET

1. **Effective Date:** ______________________________

2. **Franchisee's Name:** ______________________________

3. **Franchisee's State of Organization** (if applicable)**:** ____________________

4. **Ownership of Franchisee:**

   The following persons constitute all of the owners of a legal and/or beneficial interest in franchisee:

Owner's Name and Address:	**Description of Interest**	**% of Ownership**
____________________	____________________	______________
____________________	____________________	______________
____________________	____________________	______________

5. **Operating Principal:**

   ____

6. **Territory:**

   ____

7. **Mandatory Opening Date:**

   ____

8. **Business Location:**

   ____

9. **Location:**____

10. Addresses for Notices:

Franchisor:
Premiumdepot.com, Inc.
9425 SE Federal Highway
Hobe Sound Florida 33455
Email:

Franchisee: ____________________________
____
____
____

FRANCHISE AGREEMENT
EXHIBIT 1

OWNER'S GUARANTY

OWNER'S GUARANTY

In consideration of and as an inducement to the execution by Premiumdepot.com, Inc. ("Franchisor") of the Franchise Agreement dated ____________________, 20__ , between Franchisor and _________________________ ("Franchisee"), as same may be amended, modified, extended or renewed from time to time), ("Franchise Agreement") and for other good and valuable consideration, each of the undersigned (collectively the "Guarantors" and individually "Guarantor"), for themselves, their heirs, successors and assigns, do jointly, individually and severally hereby covenant and agree as follows:

1. **Guarantee of Payment and Performance.** The Guarantors jointly and severally unconditionally guarantee to Franchisor and its affiliates the payment and performance when due, whether by acceleration or otherwise, of all obligations, indebtedness, and liabilities of Franchisee to Franchisor, direct or indirect, absolute or contingent, of every kind and nature, whether now existing or incurred from time to time hereafter, whether incurred pursuant to the Franchise Agreement or otherwise, together with any extension, renewal, or modification thereof in whole or in part (the **"Guaranteed Liabilities"**). The Guarantors agree that if any of the Guaranteed Liabilities are not so paid or performed by Franchisee when due, the Guarantors will immediately do so. The Guarantors further agree to pay all expenses (including reasonable attorneys' fees) paid or incurred in endeavoring to enforce this Guaranty or the payment of any Guaranteed Liabilities. The Guarantors represent and agree that they have each reviewed a copy of the Franchise Agreement and have had the opportunity to consult with counsel to understand the meaning and import of the Franchise Agreement and this Guaranty.

2. **Other Covenants.** Each of the Guarantors agrees to be personally bound by and to comply with the provisions of the Franchise Agreement as though each such Guarantor were the "Franchisee" named in the Franchise Agreement, including but not limited to all confidentiality, non-competition, transfer and indemnification provisions of the Franchise Agreement. Each Guarantor agrees to take any and all actions as may be necessary or appropriate to cause Franchisee to comply with the Franchise Agreement and will not take any action that would cause Franchisee to be in breach of the Franchise Agreement.

3. **Waivers by Guarantors.** The Guarantors waive presentment, demand, notice of dishonor, protest, and all other notices whatsoever, including without limitation notices of acceptance hereof, of the existence or creation of any Guaranteed Liabilities, of the amounts and terms thereof, of all defaults, disputes, or controversies between Franchisor and Franchisee and of the settlement, compromise, or adjustment thereof. This Guaranty is primary and not secondary and will be enforceable without Franchisor having to proceed first against Franchisee or against any or all of the Guarantors or against any other security for the Guaranteed Liabilities. This Guaranty will be effective regardless of the insolvency of Franchisee by operation of law, any reorganization, merger, or consolidation of Franchisee, or any change in the ownership of Franchisee.

4. **Term; No Waiver.** This Guaranty will be irrevocable, absolute, and unconditional and will remain in full force and effect as to each of the Guarantors until the later of (i) such time as all Guaranteed Liabilities of Franchisee to Franchisor and its affiliates have been paid and satisfied in full or (ii) the Franchise Agreement and all obligations of Franchisee thereunder expire. This Guaranty will continue in full force and effect for (and as to) any extension or modification of the Franchise Agreement and despite the transfer of any interest in the Franchise Agreement or Franchisee, and each of the Guarantors waives notice of any and all renewals, extensions, modifications, amendments, or transfers. No delay or failure on the part of Franchisor in the exercise of any right or

remedy will operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy will preclude other further exercise of such right or any other right or remedy. Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns, with respect to the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, shall in no way modify or amend this Guaranty, which shall be continuing, absolute, unconditional and irrevocable.

5. **Dispute Resolution.** Section 19 (Dispute Resolution) of the Franchise Agreement is hereby incorporated herein by reference and will be applicable to any and all disputes between Franchisor and any of the Guarantors as though Guarantor were the "Franchisee" referred to in the Franchise Agreement.

6. **Miscellaneous.** It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Guaranty shall inure to the benefit of the Franchisor, its successors and assigns. This Guaranty may be assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder. Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective. Any capitalized term that is not defined in this Agreement shall have the meaning given to it in the Franchise Agreement.

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

GUARANTORS:

____
Signature

Address:

Date: __________________________

____
Signature

Address:

Date: __________________________

FRANCHISE AGREEMENT

EXHIBIT 2

GENERAL RELEASE

To all to whom these Presents shall come or may Concern, Know That ______________________ as RELEASOR, in consideration of good and valuable consideration received from PREMIUMDEPOT.COM, INC., receipt of which is hereby acknowledged, does hereby:

1. Release and discharge (i) PREMIUMDEPOT.COM, INC as RELEASEE, (ii) RELEASEE'S corporate parents, subsidiaries and affiliates and the respective officers, directors, shareholders, members, agents, attorneys, contractors and employees of each of the foregoing entities (in their corporate and individual capacities), and (iii) RELEASEE'S heirs, executors, administrators, successors and assigns (collectively (i)-(iii) shall be referred to as the "Released Parties"), from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty or equity, which against the Released Parties, the RELEASOR ever had, now have or hereafter can, shall or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that any non-waiver provision of any applicable state law that may not be released in this context shall not be released and shall be excluded from this release without otherwise affecting the validity of the Release.

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

3. Acknowledge and warrant that his, her or its execution of this Agreement is free and voluntary.

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

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

This RELEASE may not be changed orally.

IN WITNESS WHEREOF, the RELEASOR (if an individual) has executed this RELEASE, and if a corporation) has caused this RELEASE to be executed by a duly authorized officer and its corporate seal to be hereunto affixed on ____________________________, 20_.

RELEASOR:

By: ________________________

By: ________________________

By: ________________________

STATE OF ____________________
ss:
COUNTY OF __________________

On this_day of____________, 20_, before me ___________________, (Name of Notary) the undersigned personally appeared_______________________________, to me personally known, and known to me to be the same person whose name is signed to the foregoing RELEASE, and acknowledged the execution thereof for the uses and purposes therein set forth.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Notary Public

____

My Commission expires: _________________
(NOTARY SEAL)

FRANCHISE AGREEMENT

EXHIBIT 3

ELECTRONIC FUNDS AUTHORIZATION

1. As of the effective date of the Franchise Agreement (the "Agreement") and throughout the term of the Agreement, Franchisee agrees to establish and maintain a segregated bank account at a bank or other financial institution which Franchisor approves (the "Bank Account"). Franchisee may be required to establish and maintain an electronic funds transfer account ("EFT Account") and Franchisor or any affiliate may withdraw funds from the EFT Account in the amount of the Royalty, Technology Fee, Brand Fund Contribution and any other amounts due to Franchisor or any affiliates of Franchisor. Withdrawals may be made on the first business day the amounts become due or on any succeeding day thereafter. The Bank Account must be established and maintained solely for the purposes set forth in the Agreement and the Manual.

2. All Gross Sales, as defined in the Agreement, shall be deposited into the Bank Account. Check stubs, bank statements and other records must be available for review in the event of an audit. Franchisee may use the Marks on trust or bank account checks, but only as part of the trade name and a statement that the Business is an "independently owned and operated business" must appear on the face of all such checks.

3. If Franchisor so requires, Franchisee agrees to instruct the institution holding the Bank Account to allow Franchisor or its affiliates access to the Bank Account for collection of Royalties, Technology Fees, Brand Fund Contributions and all other fees and payments provided for in the Agreement, as well as access to any and all records Franchisor deems necessary to review. The Bank Account must have the capacity to make payments and receive credits through electronic debiting. Franchisee hereby grants to Franchisor or its affiliates the right upon Franchisor's election to debit the Bank Account (electronically or otherwise) for Royalties, Technology Fees, Brand Fund Contributions and any other amounts due and any and all amounts Franchisee owes Franchisor or its affiliates under the Agreement and Franchisee agrees to execute whatever documents the institution holding the Bank Account and Franchisor's financial institutions may require for this purpose. Under no circumstances will Franchisor's access to the Bank Account be deemed Franchisor's control or the joint control of the Bank Account. Franchisee shall execute and/or provide any documents or information necessary to fulfill these requirements.

4. Franchisee agrees to continuously maintain a minimum balance in the Bank Account adequate to cover the Franchisee's obligations under the Agreement or some higher continuous minimum balance as Franchisor deems reasonably necessary. Franchisee agrees to reimburse Franchisor for all costs Franchisor incurs in collecting or attempting to collect funds due to Franchisor and/or its affiliates from the Bank Account (for example and without limitation, charges for insufficient funds, uncollected funds or other discrepancies in deposits or maintenance of the Bank Account balance as required by the terms of the Agreement).

5. Franchisor will notify Franchisee of the date and amount of each debit Franchisor makes from Franchisee's Bank Account at the time and in the manner specified in the Manual.

6. The Bank Account must be established so that Franchisor can audit it at any time upon notice to Franchisee. If an electronic funds transfer system enabling Franchisor to electronically debit Franchisee's Bank Account is not functioning at any time for any reason, Franchisee agrees to ensure that Franchisor and/or its affiliates otherwise receive payment for any and all amounts due Franchisor and/or its affiliates and by the date due, in the form of a check, money order or any other form acceptable to Franchisor.

7. Upon the termination or expiration of the Agreement, Franchisee agrees to keep the Bank Account open and to continue Franchisor's ability to debit the Bank Account until Franchisee has satisfied all financial obligations to Franchisor and its affiliates.

8. This Agreement may be delivered via email (including PDF or any electronic signature complying with the U.S. federal ESIGN Act of 200, e.g., www.docusign.com) or other transmission method, and will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

Franchisee:

By: ________________________
Name:________________________
Date: _______________________

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information

Franchisee Name:

Franchisee Mailing Address (street): Franchisee Phone No.:

Franchisee Mailing Address (city, state, zip):

Contact Name, Address and Phone Number

(if different from above):Franchisee Email Address:

Bank Account Information

Bank Name:

Bank Mailing Address (street, city, state, zip):

Bank Account No.: Bank Routing No.: (check one) [ ] Checking [ ] Savings

Bank Phone No.:

Authorization:

Franchisee hereby authorizes Premiumdepot.com, Inc. ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature:____________________ Date: ________________________________

Name:______________________ Federal Tax TD No.: ____________________

Its: ________________________

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT

FRANCHISE AGREEMENT
EXHIBIT 4

CURRENT FORM OF LEASE RIDER

LEASE RIDER

This rider is executed as of this ___day, of ____________, 202__, by and between _______________("Franchisee") and ______________________("Landlord") as a rider to the lease as modified, amended, supplemented, renewed and/or extended from time to time as contemplated herein, the "Lease") for the premises located at _________________, state of _____ (the "Premises") dated as of _, _____.

WHEREAS, Franchisee has executed or intends to execute a Franchise Agreement with Premiumdepot.com, Inc. ("Franchisor") for the operation of a Premium Painters® business at the Premises, and as a requirement thereof, the lease for the Premises must contain the provisions contained in this Rider; and

WHEREAS, Landlord and Franchisee agree that the terms contained herein shall supersede any terms to the contrary set forth in the Lease;

NOW THEREFORE, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Franchisee hereby agree as follows:

1. Landlord shall deliver to Franchisor a copy of any notice of default or termination of the Lease at the same time such notice is delivered to Franchisee.

2. Franchisee hereby assigns to Franchisor, with Landlord's irrevocable and unconditional consent, all of Franchisee's rights, title and interests to and under the Lease upon (a) any termination or non-renewal of the Franchise Agreement and/or (b) termination of the Lease or any default by Franchisee under the Lease pursuant to which Landlord has a right to terminate the Lease, but no such assignment shall be effective unless and until Franchisor notifies Franchisee and Landlord in writing that Franchisor assumes Franchisee's obligations under the Lease.

3. Franchisor shall have the right, but not the obligation, upon giving written notice of its election to Franchisee and Landlord, if so stated in the notice, to also succeed to Franchisee's rights, title and interests thereunder.

4. The Lease may not be modified, amended, supplemented, renewed, extended or assigned by Franchisee without Franchisor's prior written consent.

5. Franchisee and Landlord acknowledge and agree that Franchisor shall have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing pursuant to Section 2 or Section 3, above.

6. If Franchisor assumes the Lease, as above provided, Franchisor may further assign the Lease to another person or Entity to operate the Premium Painters® business at the Premises, subject to Landlord's consent, which consent will not be unreasonably withheld or delayed.

Landlord agrees to execute such further documentation to confirm its consent to the assignments permitted under this Rider as Franchisor may reasonably request.

7. Landlord and Franchisee hereby acknowledge that Franchisee has agreed under the Franchise Agreement that Franchisor and its employees or agents shall have the right to enter the Premises for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by Franchisor, its employees or agents. Landlord and Franchisee hereby further acknowledge that in the event the Franchise Agreement expires (without renewal) or is terminated, Franchisee is obligated to take certain steps under the Franchise Agreement to de-identify the location as a Premium Painters® business. Landlord agrees to permit Franchisor, its employees or agents, to enter the Premises and remove signs (both interior and exterior), decor, design elements, and materials displaying any marks, designs or logos, or other materials of any kind owned by, or related to, Franchisor, provided Franchisor shall bear the expense of repairing any damage to the Premises as a result thereof.

8. Landlord and Franchisee agree that if Landlord is or becomes an Owner or an Affiliate of Franchisee, as defined in the Franchise Agreement, and Landlord proposes to sell the Premises, prior to the sale of the Premises, the Lease upon the request of Franchisor shall be amended to reflect a rental rate and other terms that are the reasonable and customary rental rates and terms prevailing in the community where the Premium Painters® business is located.

9. Landlord agrees that during and after the term of the Lease, it will not disclose or use Confidential Information (as defined below) for any purpose other than for the purpose of fulfilling Landlord's obligations under the Lease. "Confidential Information" as used herein shall mean all non-public information and tangible things, whether written, oral, electronic or in other form, provided or disclosed by or on behalf of Franchisee to Landlord, or otherwise obtained by Landlord, regarding the design and operations of the business located at the Premises, including, without limitation, all information identifying or describing the floor plan, equipment, furniture, fixtures, wall coverings, flooring materials, shelving, decorations, trade secrets, trade dress, "look and feel", layout, design, formulas, manner of operation, suppliers, vendors, and all other products, goods, and services used, useful or provided by or for Franchisee on the Premises. Landlord acknowledges that all Confidential Information belongs exclusively to Franchisor. Landlord agrees that should it breach or threaten to breach this provision of this Rider, Franchisor will suffer irreparable damages and its remedy at law will be inadequate. Therefore, if Landlord threatens or actually breaches this provision, Franchisor (which, along with its successors and assigns, is an intended third-party beneficiary of the provisions of this paragraph), shall be entitled to all remedies available to Franchisor at law or in equity, including, without limitation, injunctive relief.

10. Landlord agrees that there shall be no radius clause whereby Franchisee or its affiliates shall be prohibited from opening, operating or having an interest in another Premium Painters® business location in any proximity to the Premises.

11. Copies of any and all notices required or permitted hereby or by the Lease shall also be sent to Franchisor at 9425 SE Federal Highway, Hobe Sound, Florida 33455, or such other address as Franchisor shall specify by written notice to Landlord.

12. Under the Franchise Agreement, any lease for the location of a Premium Painters® business is subject to Franchisor's approval. Accordingly, the Lease is contingent upon such approval.

WITNESS the execution hereof under seal.

LANDLORD:	FRANCHISEE:
______________________________	
Date:__________________________	Date:__________________________
Subscribed and sworn to before me this ______ day of ____________________, 20____.	Subscribed and sworn to before me this _____ day of ____________________, 20____.
______________________________ Notary Public	Notary Public
My Commission expires: __________	My Commission expires: __________

FRANCHISE AGREEMENT

EXHIBIT 5

NONDISCLOSURE AND NONCOMPETITION AGREEMENTS

NONDISCLOSURE AGREEMENT

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

BACKGROUND

We are a franchisee of Premiumdepot.com, Inc. (**"Franchisor"**) under a Franchise Agreement dated [DATE] (the **"Franchise Agreement"**). We have a license to use the certain trademarks designated by Franchisor (the **"Marks"**), certain policies and procedures used in Premium Painters® businesses (the **"System"**), and the Confidential Information developed and owned by Franchisor in our Premium Painters® business (the **"Business"**). Franchisor recognizes that, in order for us to effectively operate our business, our employees, owners, independent contractors, and related individuals must have access to certain confidential information and trade secrets owned by Franchisor. Disclosure of this confidential information and trade secrets to unauthorized persons, or its use for any purpose other than the operation of our business, would harm Franchisor, other franchise owners, and us. Accordingly, Franchisor requires us to have you to sign this Agreement.

AGREEMENT

1. Confidential Information. As used in this Agreement, **"Confidential Information"** means (a) the Manual and System Standards; (b) methods, techniques, equipment, specifications, standards, policies, procedures and information relating to the development, operation, and franchising of Premium Painters® businesses; (c) knowledge of suppliers and specifications for certain equipment, materials, and supplies; (d) training and operations materials and manuals; (e) operating results and financial performance of Premium Painters® businesses; (f) any and all marketing, promotional or training materials used in the operation of or relating to Premium Painters® businesses; (g) business forms and accounting procedures; (h) customer information; and (i) any computer software or similar technology which is proprietary to Franchisor or its affiliates, including without limitation digital passwords and identifications and any source code, as well as data, reports and other printed materials (collectively, subsections (a) through (i) shall be referred to as "Confidential Information") of Franchisor, Franchisor's affiliates, or us (collectively, the **"Interested Parties"**) that you obtain during your association with us. Confidential Information does not include (i) information that is part of the public domain or becomes part of the public domain through no fault of you, (ii) information disclosed to you by a third party having legitimate and unrestricted possession of such information, or (iii) information that you can demonstrate by clear and convincing evidence was within your legitimate and unrestricted possession when your association with us began.

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

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

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

5. Severability. You acknowledge and agree that (i) the covenants contained in Paragraphs 2 and 3 are essential elements of this Agreement and that without their inclusion, we would not have associated with you; (ii) you have received sufficient and valid consideration in exchange for those covenants; (iii) enforcement of the same would not impose undue hardship; and (v) the period of protection provided by these covenants shall be extended by any period of time during which you are in violation of the provisions of those covenants or any period of time required for enforcement of those covenants. If any part of this Agreement is declared invalid for any reason, the invalidity will not affect the remaining provisions of this Agreement. If a court finds any provision of this Agreement to be unreasonable or unenforceable as written, you agree that the court can modify the provision to make it enforceable and that you will abide by the provision as modified.

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

7. Third Party Right of Enforcement. You are signing this Agreement not only for our benefit, but also for the benefit of Franchisor and its affiliates. We, Franchisor and its affiliates have the right to enforce this Agreement directly against you.

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

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

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

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

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

You:______________________

Printed Name:___________________

Date:___________________________

Address for Notices:

____

____

E-Mail: __________________________

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

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

BACKGROUND

We are a franchisee of Premiumdepot.com, Inc. (**"Franchisor"**) under a Franchise Agreement dated [DATE] (the **"Franchise Agreement"**). We have a license to use the certain trademarks designated by Franchisor (the **"Marks"**), certain policies and procedures used in Premium Painters® businesses (the **"System"**), and the Confidential Information developed and owned by Franchisor in our Premium Painters® business (the **"Business"**). Franchisor recognizes that, in order for us to effectively operate our business, our employees, owners, independent contractors, and related individuals must have access to certain confidential information and trade secrets owned by Franchisor. Disclosure of this confidential information and trade secrets to unauthorized persons, or its use for any purpose other than the operation of our business, would harm Franchisor, other franchise owners, and us. Accordingly, Franchisor requires us to have you to sign this Agreement.

AGREEMENT

1. Confidential Information. As used in this Agreement, **"Confidential Information"** means (a) the Manual and System Standards; (b) methods, techniques, equipment, specifications, standards, policies, procedures and information relating to the development, operation, and franchising of Premium Painters® businesses; (c) knowledge of suppliers and specifications for certain equipment, materials, and supplies; (d) training and operations materials and manuals; (e) operating results and financial performance of Premium Painters® businesses; (f) any and all marketing, promotional or training materials used in the operation of or relating to Premium Painters® businesses; (g) business forms and accounting procedures; (h) customer information; and (i) any computer software or similar technology which is proprietary to Franchisor or its affiliates, including without limitation digital passwords and identifications and any source code, as well as data, reports and other printed materials (collectively, subsections (a) through (i) shall be referred to as "Confidential Information") of Franchisor, Franchisor's affiliates, or us (collectively, the **"Interested Parties"**) that you obtain during your association with us. Confidential Information does not include (i) information that is part of the public domain or becomes part of the public domain through no fault of you, (ii) information disclosed to you by a third party having legitimate and unrestricted possession of such information, or (iii) information that you can demonstrate by clear and convincing evidence was within your legitimate and unrestricted possession when your association with us began.

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

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

4. Competitive Business. A "**Competitive Business**" is (i) a residential or commercial painting business or (ii) any business which sells any other services substantially the same as or similar to any item offered by the Franchise or otherwise generates twenty percent (20%) or more of its revenue from the sale of painting services; or (iii) any entity that grants franchises or licenses for any of the businesses described in (i) or (ii) above; or (iv) any business in which Confidential Information could be used to the disadvantage of Franchisor, its affiliates, us, or other Premium Painting™ franchisees.

5. Noncompete. You agree that during association with us and for a period of two (2) years after your association with us ends for any reason, you may not, without our prior written consent, directly or indirectly:

(a) Divert or attempt to divert any actual or potential business or customer of Franchisor to any competitor.

(b) Interfere with any of our, Franchisor's its affiliates or other franchisees' relationships with any vendors or suppliers.

(c) Take any action injurious or prejudicial to the goodwill associated with the Marks.

(d) Own, maintain, develop, operate, engage in, franchise or license, make loans or gifts to or have any direct or indirect interest in or render services as a director, officer, manager, employee, consultant, representative or agent or give advice to any Competitive Business. Notwithstanding the foregoing, equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subsection.

6. During your association with us, there is no geographic limitation on these restrictions, meaning that you shall not engage in the conduct referred to above at any location. After your association with us ends for any reason, these restrictions shall apply (a) at the site of the Business; (b) within the Territory assigned to the Business and within twenty-five (25) miles of the outer boundaries of the Territory; and (c) within a twenty-five (25) mile radius of any other Premium Painters® business in operation or under development on the effective date of termination or expiration of your association with us.

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

8. Severability. You acknowledge and agree that (i) the covenants contained herein are essential elements of this Agreement and that without their inclusion, we would not have associated with you; (ii) you have received sufficient and valid consideration in exchange for those covenants; (iii) enforcement of the same would not impose undue hardship; and (v) the period of protection provided by these covenants shall be extended by any period of time during which you are in violation of the provisions of those covenants or any period of time required for enforcement of those covenants. If any part of this Agreement is declared invalid for any reason, the invalidity will not affect the remaining provisions of this Agreement. If a court finds any provision of this Agreement to be unreasonable or unenforceable as written, you agree that the court can modify the provision to make it enforceable and that you will abide by the provision as modified.

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

10. Third Party Right of Enforcement. You are signing this Agreement not only for our benefit, but also for the benefit of Franchisor and its affiliates. We, Franchisor and its affiliates have the right to enforce this Agreement directly against you.

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

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

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

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

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

____
You
Printed Name:____________________

Date:___________________________

Address for Notices: ________________

____

____

E-Mail: _________________________

FRANCHISE AGREEMENT

EXHIBIT 6
SBA ADDENDUM

ADDENDUM TO FRANCHISE[1] AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on______________, 20____, by and between

__________________________________("Franchisor"), located at __________________________________

____, and ____

("Franchisee"), located at____.

Franchisor and Franchisee entered into a Franchise Agreement on____________, 20 , (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (" "). SBA requires the execution of this Addendum as a condition for obtaining the SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner of or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

[1] While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's ("FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Licensee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729-3733.

Authorized Representative of Franchisor:

By: ____

Print Name: ________________________ Title: __________

Authorized Representative of Franchisee:

By:____

Print Name:_____________________ Title: ___________

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

EXHIBIT C

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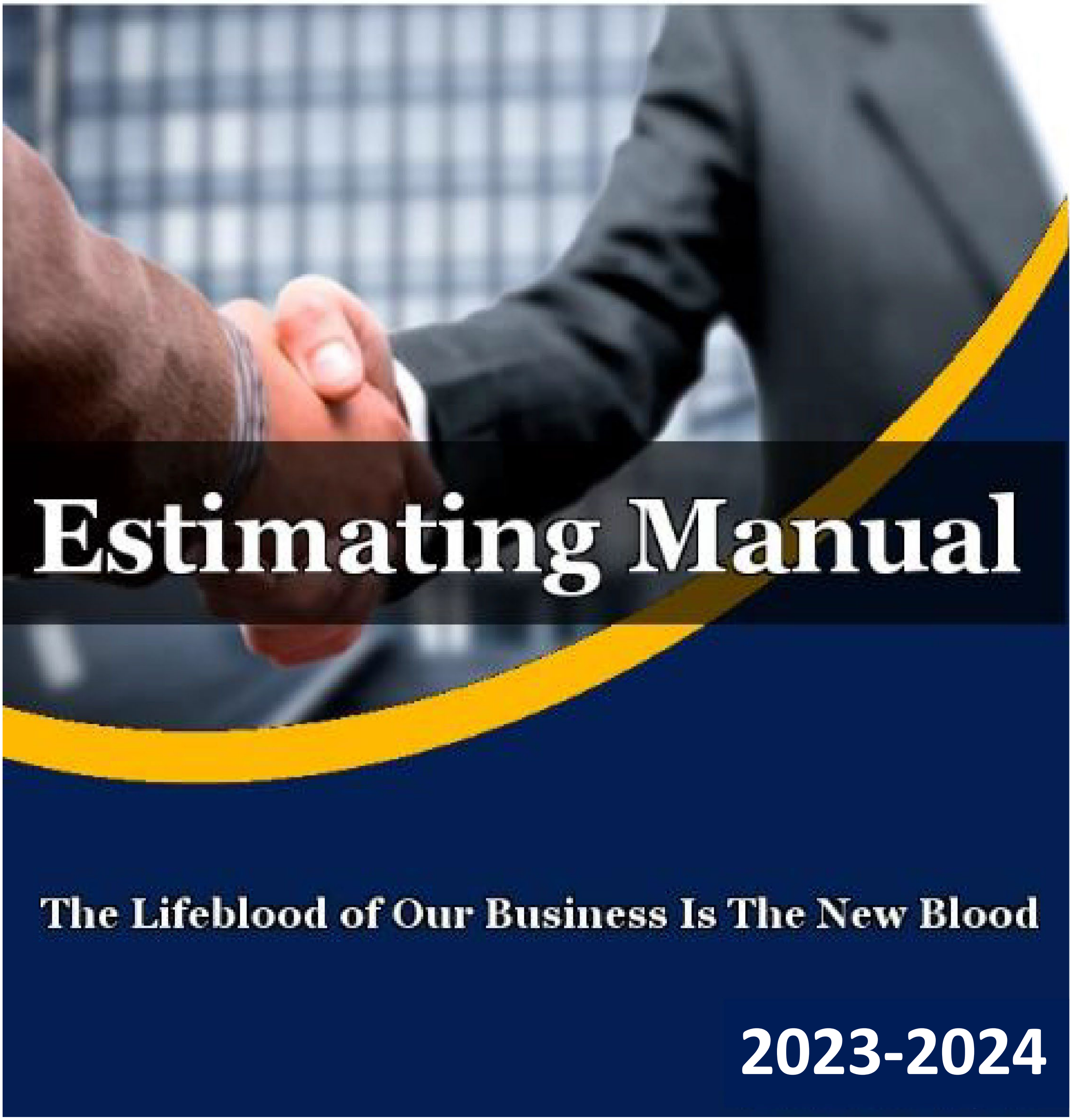
...PREMIIJM PAINTERS®

"LARGER CREWS TO GET THE JOB DONE FAST!"



PREMIUM PAINTERS®

"LARGER CREWS TO GET THE JOB DONE FAST"

Painters Manual

2023-2024

Painting Manual Index

PREMIUM PAINTERS®

"LARGER CREWS TO GET THE JOB DONE FAST"

Marketing Manual

MOVE - CRUSH - CONQUER

2023-2024

PREMIUM PAINTERS®

"LARGER CREWS TO GET THE JOB DONE FAST"

Bookkeeping Manual

2023-2024

PREMIUM PAINTERS BOOKKEEPING MANUAL

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EXHIBIT D

LIST OF FRANCHISEES AS OF DECEMBER 31, 2023

Florida

Lewis Charron
Collier County – Naples
9063 Gervais Circle, 1205
Naples, FL 34120
239-778-4799

Mark and Iolana
Sawyer **North**
Broward County
21440 Millbrook
Circle Boca Raton, FL
33498 954-994-7876

Frank and Christine Campese
Orange, Seminole and Lake
County 1664 North Ronald
Reagan Blvd Longwood, FL 32750
407-790-4961

Mark Cudia
Pinellas, Hillsborough and
Pasco 1650 N. Hercules Ave,
Suite H Clearwater, FL 33765
727-240-4933

Joseph Bianco
Sarasota and Manatee Counties
5328 Provence Lane
Sarasota, FL 34233
941-702-5704

Anthony Nesta and John Nesta
Flagler
2 Shadow Lane, Ormond Beach, FL 32174
386-387-5590

Joe Maltese
South Palm Beach County
6257 Chase Wood Drive
Suite D, Jupiter, Florida 33458
561-281-3668

FORMER FRANCHISEES WHO LEFT THE SYSTEM
IN THE FISCAL YEAR ENDING DECEMBER 31, 2023

Mike Senig
Duval County
947 Beville Road, Unit
4 South Daytona, FL
32750 386-236-8786

Otto Senig
Volusia County
947 Beville Road, Unit
4 South Daytona, FL
32750 386-236-8786

Natoya and Victor Raymos
Polk County
33 Briarbrook Lane
Haines City, FL
33844 863-852-
6324

If you buy this Business, your contact information may be disclosed to other buyers when you leave this System.

EXHIBIT E

FINANCIAL STATEMENTS

PREMIUN DEPOT.COM, INC.
DBA PREMIUN PAINTERS FRANCHISOR
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

AJICPA
ACCOUNTANTS & ADVISORS

PREMIUN DEPOT.COM, INC.
DBA PREMIUN PAINTERS FRANCHISOR
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

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AJICPA
ACCOUNTANTS & ADVISORS

7791 NW 46th St, Suite 311
Doral, FL 33178
(305) 477-9336 Office
(786) 513-3986 Fax
info@ajicpa.com
www.ajicpa.com

INDEPENDENT AUDITOR'S REPORT

To the Stockholders of
Premium Depot.Com, Inc., DBA Premium Painters Franchisor
Hollywood, FL

Opinion

We have audited the accompanying financial statements of Premium Depot.Com, Inc., DBA Premium Painters Franchisor, (The "Company"), (a Florida Entity), which comprise the balance sheets as of December 31, 2023, 2022 and 2021 the related statements of income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Premium Depot.Com, Inc., DBA Premium Painters Franchisor, as of December 31, 2023, 2022 and 2021 and the results of its operations and it´s cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one years after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Alberto J. Ibarra, P.A.
Certified Public Accountants
Doral, Florida
February 9, 2024

PREMIUN DEPOT.COM, INC.
DBA PREMIUN PAINTERS FRANCHISOR
BALANCE SHEETS
DECEMBER 31, 2023, 2022 AND 2021

ASSETS	2023	2022	2021
Current Assets			
Cash	$ 19,814	$ 3,890	$ 43,111
Accounts receivables, net	68,564	15,819	37,049
Total current assets	88,378	19,709	80,160
Property and equipment, net	124,200	159,091	103,015
Other assets			
Security deposit	2,500	2,500	2,500
Total other assets	2,500	2,500	2,500
Total assets	$ 215,078	$ 181,300	$ 185,675
LIABILITIES AND STOCKHOLDER'S EQUITY			
Current Liabilities			
Accrued expenses	2,162	5,537	6
Current portion of capital lease	2,174	2,017	1,770
Total current liabilities	4,336	7,554	1,776
Long term debt- capital lease	579	2,466	4,873
Total long term liabilities	579	2,466	4,873
Stockholder's equity			
Capital Stock, 100 Share issued and outstanding with $0 par value	-	-	-
Addicional paid capital	100	100	100
Retained Earning s	210,063	171,180	178,926
Total member's equity	210,163	171,280	179,026
Total liabilities and member`s equity	$ 215,078	$ 181,300	$ 185,675

PREMIUN DEPOT.COM, INC.
DBA PREMIUN PAINTERS FRANCHISOR
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	2023	2022	2021
Revenue			
Sales	$ 342,595	$ 250,405	$ 268,530
Refunds	1,833	-	-
Total revenues	344,428	250,405	268,530
Less: cost and sales	28,174	25,087	40,442
Gross profit	316,254	225,318	228,088
General and administrative			
Advertising	33,526	45,741	33,277
Automobile expenses	25,362	26,956	15,038
Bad debts	15,844	-	
Depreciation	38,044	31,972	28,240
Donations	-	3,000	365
Interest expense	1,130	865	1,007
Office expenses	17,322	19,576	10,911
Professional fees	27,429	7,500	7,908
Rent expense	17,495	19,800	17,600
Travel expenses	31,558	26,067	16,779
Other	36,661	40,088	49,965
Total general and administrative	244,371	221,565	181,090
Net Income	$ 71,883	$ 3,753	$ 46,998

PREMIUN DEPOT.COM, INC.
DBA PREMIUN PAINTERS FRANCHISOR
STATEMENT OF CHANGES IN STOCKHOLDER’S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Common Stock	Additional Paid in Capital	Retained Earnings	Total
Balance, December 31, 2020	-	100	126,840	126,940
Net Income	-	-	46,998	46,998
Balance, December 31, 2021	$ -	$ 100	$ 173,838	$ 173,938
Dividend distributions			(6,311)	$ (6,311)
Net Income	-	-	3,753	$ 3,753
Balance, December 31, 2022	-	100	171,280	171,380
Dividend distributions	-	-	(33,000)	(33,000)
Net Income	-	-	71,883	71,883
Balance, December 31, 2023	$ -	$ 100	$ 210,163	$ 210,263

Please Read Independent Auditor’s Report and Notes to Financial Statements

PREMIUN DEPOT.COM, INC.
DBA PREMIUN PAINTERS FRANCHISOR
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021.

	2023	2022	2021
Cash Flow From Operating Activities			
Net income	$ 71,883	$ 3,753	$ 46,998
Adjustments to reconcile net income to net cash provide by operating activities			
Depreciation	38,044	31,972	28,240
Bad debts	15,844	-	-
Changes in operating assets and liabilities:			
Decrease (increase) in accounts receivable	(68,588)	21,230	(20,427)
Increase (decrease) in accounts payable	(3,376)	343	5,188
Total adjustments	(18,076)	53,545	(15,239)
Net cash used by operating activities	53,807	57,298	59,999
Cash Flows From Investing Activities			
Acquisition of property and equipment	(3,153)	(88,048)	(51,030)
Net cash used in investing activities	(3,153)	(88,048)	(51,030)
Cash Flows From Financing Activities			
Dividend distributions	(33,000)	(6,311)	-
Repayments of capital lease	(1,730)	(2,160)	(1,736)
Net cash used in financing activities	(34,730)	(8,471)	(1,736)
Net increase (decrease) in cash	15,924	(39,221)	7,233
Cash, beginning of year	3,890	43,111	35,878
Cash, end of year	$ 19,814	3,890	43,111
Supplemental disclosure of cash flows information:			
Interest paid	$ 1,130	$ 1,336	$ 1,007

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

ORGANIZATION AND NATURE OF BUSINESS

Premium Depot.Com, Inc., DBA Premium Painters Franchisor, was incorporated in 2005 under the laws of the state of Florida. Premium Depot.Com, Inc. operates a professional painting business offering residential and commercial services. As a franchisor, Premium Depot have multiple franchisees across the Florida and the east coast.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") 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.

CASH

The Company maintains its cash in a bank selected based upon Management's assessment of its financial stability. Balances may periodically exceed the $250,000 federal depository insurance limit; however, the Company has not experienced any losses on deposits. At the end of each year, the Company's bank balance did not exceed the federally insured limit.

ACCOUNTS RECEIVABLE

Accounts receivable are recorded for the collection invoiced to the franchises that the company collects as determined by the franchises agreements. The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts that reflects the best estimate of the amounts that will not be collected. The related bad debt expense is included within operating expenses in the financial statements. The Company determines the allowance based on historical write-off experience, the state of the economy, and other factors that affect franchises agreements. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential recovery is considered remote. Management determined that the allowance for doubtful accounts of $15,844 , $0 and $0 as of December 31, 2023, 2022 and 2021 were adequate.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation is computed on the straight-line method based on the estimated useful lives of the depreciable assets, which range from five to seven years.

Expenditures for major repairs or betterments that extend the useful lives of property and equipment are capitalized. Routine expenditures for maintenance and repairs are charged to expense as incurred.

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

REVENUE RECOGNITION

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. The Company adopted this ASU on January 1, 2020. The Company recognizes sales revenue, net of sales taxes and estimated sales returns, at the time it provide services to the customer. Additionally, estimated sales returns are calculated based on expected returns. Contract assets include accounts receivable associated with sales, which had balances of $68,564, $15,819 and $37,049 as of December 31, 2023, 2022 and 2021 respectively.

LEASES

As of January 1, 2022, the Company changed its accounting method for leases as a result of implementing the requirements in the Financial Accounting Standard Board's Accounting Standards Codification (ASC) 842, Leases. There was no cumulative effect adjustment required to the Company's retained earnings as of January 1, 2022.

The new lease guidance requires the recognition of a right-of-use asset and a lease liability for operating leases. The Company elected the package of practical expedients, which allowed, among other things, for not reassessing the lease classification or initial direct costs for existing leases. The Company has not elected the hindsight practical expedient. As of January 1, 2022, there were no balance to be recognized as operating lease right-of-use assets and a corresponding operating lease liability. Adoption of the new guidance did not have a significant impact to the statement of operations for the year ended December 31, 2023.

The Company calculates operating lease liabilities using its safe rate as the discount rate, as the rate implicit in the leases are not readily determinable. The Company has made an accounting policy election to recognize leases of 12 months or less on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments is incurred. The Company also made an accounting policy election by class of underlying asset to not separate non-lease components and instead to account for each separate lease component and non-lease component associated with that lease component as a single lease component.

INCOME TAXES

Premium Depot.Com, Inc., with the consent of its Stockholders, has elected under the Internal Revenue Code to be an S Corporation. In lieu of corporation income taxes, the stockholders of an S Corporation are taxed on their proportionate share of the company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

Management has evaluated the income tax position taken or expected to be taken, if any, on income tax returns filed and the likelihood that, upon examination by relevant jurisdictions, those income tax positions would be sustained. Based on the results of this evaluation, management determined there are no positions that necessitated disclosures and/or adjustments.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2023, 2022 and 2021, consisted of the following:

	2023	2022	2021
Equipment	$ 34,864	$ 34,864	$ 24,229
Furniture and fixtures	1,789	1,789	1,789
Leasehold improvements	129,808	126,654	49,241
Vehicle	90,881	90,881	90,881
	257,342	254,188	166,140
Less accumulated depreciation	(133,142)	(95,097)	(63,125)
Net property and equipment	$ 124,200	$ 159,091	$ 103,015

NOTE 3 – CAPITAL LEASES AGREEMENT

Equipment under capital leases consists of four copiers with a combined capitalized cost of $9,600. Accumulated depreciation in the balance sheet included $4,800 relating to these leased copiers. Depreciation expense reported in the statement of activities includes $1,920 for the equipment under capital lease.

The following is a schedule of lease arrangements as of December 31, 2023:

Equipment lease payable of $9,600; payable in 60 monthly installments of $192.22 at a fixed interest rate of 7.5% until May 5, 2025.	$ 2,753
Less current portion	2,174
Long term debt- capital lease	$ 579

NOTE 3 – CAPITAL LEASES AGREEMENT (CONTINUED)

Lease maturities for each of the years following December 31, 2023, are as follows:

Year Ending December 31,	
2024	$ 2,174
2025	579
	$ 2,753

NOTE 4 – OPERATING LEASES AGREEMENT

The Organization leases office space on a month-to-month basis from a company related through common ownership. Rent expense for the years ended December 31, 2023 amounted to $17,495, respectively.

NOTE 5- OTHER EXPENSES

Other expenses at December 31, 2023, 2022 and 2021, consisted of the following:

	2023	2022	2021
Meals and entertainment	$ 19,944	$ 23,902	$ 15,928
Repair maintenance	4,296	1,460	-
Medical	1,505	1,200	956
Computer and internet expenses	1,976	813	709
Due & memberships	1,260	1,265	-
License & fees	1,878	4,193	3,447
Other	5,802	7,255	28,925
	$ 36,661	$ 40,088	$ 49,965

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 9, 2023, the date on which the financial statements were available to be issued.

EXHIBIT F

STATE ADDENDA TO DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

MARYLAND

For franchises and franchisees subject to the Maryland Franchise Registration and Disclosure Law, the following information replaces, supplements and/or otherwise amends, as the case may be, the corresponding disclosures in the main body of the text of the Premiumdept.com, Inc. Franchise Disclosure Document:

Item 17

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

With respect to this Item's discussion of our right to terminate you upon your bankruptcy, this provision in the Franchise Agreement may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq*.).

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

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

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

VIRGINIA

Additional Disclosure: The following statements are added to Item 17(e):

Under 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 the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

RIDER TO THE PREMIUMDEPOT.COM, INC.
FRANCHISE AGREEMENT FOR USE IN MARYLAND

This Rider is entered into this ____________________day of______________, 20___, by and between Premiumdepot.com, Inc. a Florida corporation ("**we**," "**us**," or "**our**"), and _____ ____("**Franchisee**," "**you**," or "**your**").

1. We and you are parties to that certain Franchise Agreement dated __, 20__(the "**Franchise Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of Maryland, and/or (b) the Franchised Business will be located or operated in Maryland.

2. **Sections __**of the Franchise Agreement are hereby supplemented and amended as follows:

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

3. **Sections ____** of the Franchise Agreement is hereby supplemented and amended as follows:

The termination of this Agreement for this reason may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq*.).

4. **Section ___** of the Franchise Agreement is hereby supplemented and amended as follows:

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

5. **Section ____**of the Franchise Agreement is hereby supplemented and amended as follows:

Any limitation on the period of time mediation, arbitration, or litigation claims must be brought shall not act to reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. The Franchise Agreement is hereby supplemented and amended as follows:

The acknowledgments or representations of the franchisee made in the franchise agreement which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

7. Any capitalized terms that are not defined in this Rider shall have the meaning given them in the Franchise Agreement.

8. Except as expressly modified by this Rider, the Franchise Agreement remains unmodified and in full force and effect.

9. This Rider is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Rider and the Franchise Agreement, the terms and conditions of this Rider shall apply.

WITNESS WHEREOF, the parties have executed this Rider to the Franchise Agreement on the date the Franchisor signs below.

FRANCHISOR:

PREMIUMDEPOT.COM, INC.

By:____

Name:_____________________________________

Title:______________________________________

Date:_______________________________________

FRANCHISEE:

By:____

Name: _____________________________________

Title: ______________________________________

Date:_______________________________________

EXHIBIT G

<u>State Effective Dates</u>

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

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

STATE	EFFECTIVE DATE
Maryland	
Virginia	Pending

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

EXHIBIT H
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 Premiumdepot.com, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

[Michigan, Oregon, Washington and Wisconsin require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]

IF PREMIUMDEPOT.COM, INC. DOES NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE STATE AGENCIES LISTED IN EXHIBIT A.

The franchisor is Premiumdepot.com, Inc., 9425 SE Federal Highway, Hobe Sound, Florida, 33455. Its telephone number is 772-545-2154.

Issuance Date: April 2, 2024

The franchise seller(s) for this offering is/are (check all that apply):

□ David Rizzo, franchise@premiumpainters.com, 9425 SE Federal Highway, Hobe Sound, Florida, 33455. Telephone number: 772-545-2154.

□ Other (Specify name, company, address and telephone number):

Premiumdepot.com, Inc. authorizes the respective state agencies identified on Exhibit A to receive service of process for it in that particular state.
I have received a Franchise Disclosure Document with an issuance date and effective date(s) of state registration as described in the FDD. This Disclosure Document included the following Exhibits:

1. State Administrators and Agents for Service of Process
2. Franchise Agreement
3. Manual Table of Contents
4. List of Franchisees
5. Financial Statements
6. State Specific Addenda
7. State Effective Dates
8. This Receipt

Date: ______________________________ (Do Not Leave Blank)

Disclosee:____

Printed name: ____

Disclosee: ____

Printed name: ____

TO BE RETURNED TO:

Please return the signed receipt by signing, dating, and mailing it to Premiumdepot.com, Inc., 9425 SE Federal Highway, Hobe Sound, Florida, 33455. You may also return a signed and dated copy of the receipt to franchise@premiumpainters.com.

EXHIBIT H
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 Premiumdepot.com, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

[Michigan, Oregon, Washington and Wisconsin require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]

IF PREMIUMDEPOT.COM, INC. DOES NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE STATE AGENCIES LISTED IN EXHIBIT A.

The franchisor is Premiumdepot.com, Inc., 9425 SE Federal Highway, Hobe Sound, Florida, 33455. Its telephone number is 772-545-2154.

Issuance Date: April 2, 2024

The franchise seller(s) for this offering is/are (check all that apply):

□ David Rizzo, franchise@premiumpainters.com, 9425 SE Federal Highway, Hobe Sound, Florida, 33455. Telephone number: 772-545-2154.

□ Other (Specify name, company, address and telephone number):

Premiumdepot.com, Inc. authorizes the respective state agencies identified on Exhibit A to receive service of process for it in that particular state.
I have received a Franchise Disclosure Document with an issuance date and effective date(s) of state registration as described in the FDD. This Disclosure Document included the following Exhibits:

1. State Administrators and Agents for Service of Process
2. Franchise Agreement
3. Manual Table of Contents
4. List of Franchisees
5. Financial Statements
6. State Specific Addenda
7. State Effective Dates
8. This Receipt

Date: ___________________________ (Do Not Leave Blank)

Disclosee:____

Printed name: ____

Disclosee: ____

Printed name: ____

TO BE RETURNED TO:

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