#

FRANCHISE DISCLOSURE DOCUMENT

TAILORED LIVING, LLC
A California Limited Liability Company
1927 North Glassell Street
Orange CA 92865
Telephone (714) 637-2100
Email info@tailoredliving com
URL http //www tailoredliving com

tailored living

The franchised business is the mobile retail design, sale and installation of organizing units and storage and organizing accessories for closets, pantries, home offices, storerooms, utility rooms, basements, laundry rooms, attics and garages

The total investment necessary to begin operation of a TAILORED LIVING® franchised business ranges from $156,930 to $297,295 This includes $74,950 to $109,950 that must be paid to the franchisor

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 payments to, the franchisor or an affiliate in connection with the proposed franchise sale **Note, however, that no governmental agency has verified the information contained in this document**

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

ISSUANCE DATE MARCH 16, 2017

STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit E-1 for information about the franchisor, or about franchising in your state

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

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN CALIFORNIA OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE

2 THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 FRANCHISEES MUST PAY ROYALTIES OF $300 PER MONTH FOR MONTHS 1THROUGH 6, $700 PER MONTH FOR THE MONTHS 7 THROUGH 12, $1,100 PER MONTH FOR MONTHS 13 THOUGH 24, $1,500 FOR MONTHS 25 THROUGH 36 AND $2,000 PER MONTH FOR EACH MONTH AFTER THAT, EVEN IF THE FRANCHISED BUSINESS HAS NO REVENUE IN ADDITION, ADVERTISING FEES ARE $300 PER MONTH AND WILL INCREASE EACH TIME THERE ARE 100 MORE FEE-PAYING TERRITORIES UP TO $2,000 PER MONTH WHEN THERE ARE 500 FEE-PAYING TERRITORIES

4 THE FRANCHISEE'S SPOUSE IS REQUIRED TO SIGN A PERSONAL GUARANTY OF THE FRANCHISEE'S OBLIGATIONS, MAKING THE SPOUSE JOINTLY AND SEVERALLY LIABLE FOR ALL DEBTS TO THE FRANCHISOR EVEN IF THE SPOUSE IS NOT INVOLVED IN THE OPERATION OF THE FRANCHISED BUSINESS THIS REQUIREMENT PLACES THE PERSONAL AND MARITAL ASSETS OF THE SPOUSE AT RISK

5 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise A franchise broker or referral source represents us, not you We pay this person a fee for selling our franchise or referring you to us You should be sure to do your own investigation of the franchise

EFFECTIVE DATES See next page

STATE EFFECTIVE DATES

The following states require that the franchise disclosure document be registered or filed with the state, or be exempt from registration California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin

The franchise disclosure document is registered, on file or exempt from registration in the following states having franchise registration disclosure laws, with the following effective dates

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

SPECIAL MICHIGAN NOTICE

The State of Michigan requires each franchisor to include the following notice in disclosure documents distributed in connection with Michigan franchise sales

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you

(a) A prohibition on the right of a franchisee to join an association of franchisees

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act This will not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims

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

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

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

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

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

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

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

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

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

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

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

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general

TABLE OF CONTENTS

FRANCHISE DISCLOSURE DOCUMENT OF TAILORED LIVING, LLC

ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

In this disclosure document, "we," "us" and "our" all refer to Tailored Living, LLC, the franchisor "You" and "your" refer to the person who buys the TAILORED LIVING® franchise If you are a company, "you" or "your" includes your owners

We have no predecessors Our affiliate, Budget Blinds, LLC (BB), a franchisor of window covering businesses, was organized as a California corporation on October 5, 1992 and converted to a California limited liability company on November 24, 2015 It began offering franchises in March 1994 Our affiliate, American Decorative Coatings, LLC (ADC), a franchisor of decorative concrete businesses, is a Delaware limited liability company that was organized on October 17, 2014 It began offering franchises in March 2015 Neither BB nor ADC has ever operated a business of the type we franchise, nor have they offered franchises of the type we franchise

Our principal business address and that of BB and ADC is 1927 North Glassell Street, Orange, California 92865 Our parent company is Home Franchise Concepts, LLC (HFC) Prior to November 30, 2015, HFC was a corporation, and its entity name was Home Franchise Concepts, Inc As of November 30, 2015, Trilantic Capital Management L P acquired a majority stake in HFC, and as part of that transaction, HFC converted to a limited liability company HFC shares our principal business address Trilantic Capital Management L P 's principal business address is 375 Park Avenue, 30th Floor, New York, New York 10152 Our agents for service of process are listed in Exhibit E-2

We were incorporated in California on January 24, 2006, under the name "Closet Tailors, Inc " On May 18, 2006, we converted to a California limited liability company named "Closet Tailors, LLC " On May 5, 2010, we changed our name to Tailored Living, LLC We have been offering franchises since 2006 We have never offered franchises in other lines of business Through our affiliate, Closet Tailors Direct Sales, Inc , we operated a business of the type you will operate under the franchise agreement from 2009 until 2011 Otherwise, our only business is granting TAILORED LIVING® franchises and training and assisting our franchisees

The business you will conduct under a TAILORED LIVING® franchise is a mobile business ("Franchised Business") for the design, sale, and installation of organizing units and storage and organizing accessories for closets, pantries, home offices, storerooms, utility rooms, basements, laundry rooms, attics, and garages using our expertise ("System") With very limited exceptions, Franchised Businesses also offer liquid garage flooring services You will use a motor vehicle identified with signage we specify to make sales calls and perform installation work

The market you will serve consists of residential and business customers within the territory assigned to you The market for liquid flooring and the design, sale, and installation of organizing units and storage and organizing accessories is very competitive You will compete not only with locally-based, regional, and national chains that specialize in organizing units and liquid flooring, but also with home builders and remodeling firms, do-it-yourself stores, specialty stores that feature organization products, and general department stores that sell pre-fabricated organizing products There are few barriers to entry into this market and there may be more competitors in the future

In 2010, we granted 78 conversion franchises to former franchisees of PremierGarage Systems, LLC ("PremierGarage") upon terms that were in some respects more favorable than those currently being offered We waived initial franchise fees and territory fees for territories these franchisees had already been operating with their former franchisor For second and subsequent territories that were in operation when these franchisees joined us, we granted delayed start dates for payment of royalties As liquid flooring was not a part of the Tailored Living business model in 2010, former PremierGarage franchisees were permitted to retain their right to sell liquid flooring in their former PremierGarage territories, even if we already had a Tailored Living franchisee in those territories If you are purchasing a territory in which a former PremierGarage franchisee conducted business, it is possible you may not be permitted to sell liquid flooring from your Franchised Business The offering for former PremierGarage franchisees did not include the start-up package at no additional charge that we provide under our standard franchise

Except for states that may have laws requiring licensing of contractors, to our knowledge there are no other laws or regulations that are specific to the operation of a TAILORED LIVING® franchise As of the date of this Disclosure Document, California requires a contractor's license to perform the services offered by a TAILORED LIVING® franchisee We do not know if other states require a contractor's license It is your sole obligation to comply with all state regulations with respect to contractor licensing in the states that require licensing You must also comply with laws and regulations that apply to business generally (like workers' compensation laws, OSHA and the Americans with Disabilities Act) Federal, state and local government laws, ordinances and regulations periodically change It will be your responsibility to ascertain and comply with all federal, state and local governmental requirements We do not assume any responsibility for advising you on these regulatory matters Some cities or other local government agencies impose local licensing requirements You should investigate the state and local laws that will apply to you You should consult with your attorney about laws and regulations that may affect your Franchised Business

ITEM 2 BUSINESS EXPERIENCE

Shirin Behzadi - Chief Executive Officer and Director

Shirin Behzadi became our Chief Executive Officer and Director in December 2015 She also serves in these capacities for HFC, BB and ADC She also became President of HFC and BB in December 2015 Prior to assuming her current roles, she served as Chief Financial Officer for us and HFC since 2006, BB since January 2003, and for ADC since 2014

Dan Tafoya - President

Dan Tafoya has been our President since September, 2014 Prior to becoming our President, he was HFC's Senior Vice President of Business Development since July 2006 In that role, his exclusive focus was on developing the Tailored Living System

Scott Barnes – Director of Franchise Support

Scott Barnes has been our Director of Franchise Support since January 2017 Prior to becoming our Director of Franchise Support, he was TL's Senior Business Coach since March 2007

Jonathan Thiessen - Vice President of Franchise Licensing

Jonathan Thiessen has been our Vice President of Franchise Licensing since 2011 Prior to becoming our Vice President of Franchise Licensing, he was our Director of Franchise Licensing since June 2006 He has held the same position with BB since 2011, prior to which he was Director of Franchise Licensing since June 2006 and Licensing Advisor since September 2003 He has held the position of Vice President of Franchise Licensing with ADC since 2014

Jennie Amante – Executive Vice President and General Counsel

Jennie Amante has been our Executive Vice President since December 2015 She holds the same position for HFC, BB and ADC, and has done so since December 2015 Ms Amante is, and has been General Counsel for us and HFC since 2006 She has also served in this role for BB since 2004, and ADC since 2014

Tom Hillebrandt – Chief Financial Officer

Tom Hillebrandt has been our Chief Financial Officer since April 2016 He holds the same position for HFC, BB and ADC, and has done so since April 2016 From March 2010 until July 2012, Mr Hillebrandt served as Vice President, Finance and IT for The Territory Ahead From September 2013 until November 2014, Mr Hillebrandt was Vice President, Corporate Controller for The Wet Seal, Inc While at The Wet Seal, Inc , he also concurrently served as Interim Chief Financial Officer from December 2014 to April 2015 The business of The Wet Seal, Inc was acquired by a private equity firm in April 2015 and began operating as The Wet Seal, LLC, where Mr Hillebrandt served as Chief Financial Officer from April 2015 until April 2016

Charles Fleischmann – Chairman of the Board of Directors

Charles Fleischmann has been our Chairman of the Board of Directors since December 2015 He holds the same position for HFC, BB and ADC, and has done so since December 2015 He has also been a partner with Trilantic Capital Partners L P in New York, New York since May 2015 From January 2004 through April 2015, he was an employee with Investcorp International, Inc in New York, New York

James ("Jamie") H Manges Jr - Director

James ("Jamie") H Manges Jr has been one of our Directors since December 2015 He is also a Director of HFC, BB and ADC, and has been since December 2015 He has also been a partner with Trilantic Capital Partners L P in New York, New York since April 2009

Michael J Bush – Director

Michael Bush has been one of our Directors since March 2016 He is also a Director of HFC, BB and ADC, and has been since March 2016 He has also been CEO of Phoeben dba Armenta in Houston, Texas since August 2014, Executive Chairman of Trumaker in San Francisco, California since January 2015, a Fellow at Harvard University in Cambridge, Massachussets from January to December 2013, CEO at NTN Buzztime in Carlsbad, California from April 2010 until May 2012 and Managing Member of BIV Investments in Boston, Massachussets since March 2007

Richard Dresdale – Director

Richard Dresdale has been one of our Directors since March 2016 He is also a Director of HFC, BB and ADC, and has been since March 2016 He has also been Managing Director of Fenway Partners, LLC in New York, New York since 1994

Chad Hallock – Director

Chad Hallock has been one of our Directors since 2006 He has held the same position for HFC since 2006 and ADC since 2014 and for BB since 1992 He served as the Chief Executive Officer and President of us and HFC from 2006 through November 2015 He also served as Chief Executive Officer and President for BB from 1993 through November 2015 and as Chief Executive Officer for ADC from October 2014 through November 2015

William A Lynch - Director

William Lynch has been one of our Directors since December 2015 He is also a Director of HFC, BB and ADC, and has been since December 2015 He has also been the Chairman, Chief Executive Officer and President of Safe-T-Shade, Inc in Huntersville, North Carolina since July 2010

Joseph Stein – Director

Joseph Stein has been one of our Directors since March 2016 He is also a Director of HFC, BB and ADC, and has been since March 2016 He is also a part owner of R&J Restaurants, LLC in Laguna Niguel, California since July 2013 and owner of Simply Innovate, LLC in Laguna Niguel, California since April 2010

ITEM 3 LITIGATION

Brendan Dwyer, George Lynch and Scott Sutch v Closet Tailors, LLC, et al., Case No 07CC11047, Orange County Superior Court, filed on October 18, 2007 Three of our franchisees brought an action against us (under our former name of Closet Tailors, LLC), Chip Tighe, and David Angers, members of our management, asserting causes of action for fraud, negligent misrepresentation, and violation of Business and Professions Code Section 17200 (unauthorized earnings claims and failure to disclose necessity of a contractor's license) On January 11, 2008, we filed a cross-complaint for breach of contract and declaratory relief, seeking damages for amounts owed under the franchise agreements according to proof, attorney fees, costs and expenses

On October 21, 2008, before any hearing on the merits of the claims, the parties settled the action We agreed to pay the total sum of $183,000 jointly and severally to the plaintiffs and the parties mutually released one another

Other than this one action, no litigation is required to be disclosed in this Item

ITEM 4 BANKRUPTCY

In re 3DB Successor Corporation fdba 3 Day Blinds, Inc , United States Bankruptcy Court, Central District of California, Santa Ana Division No 808BK16696

One of our directors, Michael Bush, was President of 3 Day Blinds, Inc (the "Debtor") from September 2007 to May 2010 On October 21, 2008 the Debtor filed a petition under Chapter 11 of the U S Bankruptcy Code for a prepackaged restructuring On February 23, 2009, the court granted an order approving the Debtor's motion for the sale of substantially all of the assets of the estate The Debtor changed its name to Delaware 3DB Corporation in June 2009 On September 12, 2011, the court granted the Debtor's voluntary motion to dismiss the Chapter 11 petition The principal business address of the Debtor was 25 Technology Drive, Suite B100, Irvine, California as of the date of the name change, and we do not believe that the Debtor entity is still in existence The Debtor ıs not the franchısor

In re The Wet Seal, Inc , Unıted States Bankruptcy Court, Dıstrıct of Delaware, No 1 15-BK-10081

One of our officers, Thomas Hıllebrandt, was Interım Chıef Fınancıal Officer of The Wet Seal, Inc (the "Debtor") from December 2014 to Aprıl 2015 On January 15, 2015 the Debtor filed a petıtıon under Chapter 11 of the U S Bankrutpcy Code The assets of the Debtor were acquıred out of bankruptcy by a prıvate equıty firm on Aprıl 15, 2015 and put ınto a new legal entıty named The Wet Seal, LLC from whıch the busıness was operated goıng forward The Wet Seal, Inc was renamed Seal 123, Inc and the effectıve date for the Plan of Lıquıdatıon of Seal 123, Inc was December 31, 2015

ITEM 5 INITIAL FEES

You wıll pay us an Inıtıal Franchıse Fee of $29,950 when you sıgn the franchıse agreement for your first terrıtory There ıs no Inıtıal Franchıse Fee payable under a subsequent franchıse agreement Unless you are a veteran, actıve servıce member or spouse of a veteran or actıve servıce member of the Unıted States Armed Forces, you wıll also pay us a Terrıtory Fee of $45,000 for the first terrıtory you obtaın under your first franchıse agreement If you are a veteran, actıve servıce member or spouse of a veteran or actıve servıce member of the Unıted States armed forces, you wıll pay us a dıscounted Terrıtory Fee of $40,000

If you enter ınto a second franchıse agreement for a second terrıtory at the same tıme, the Addıtıonal Terrıtory Fee wıll be $35,000 Otherwıse, for any subsequent franchıse agreement and terrıtory, the Addıtıonal Terrıtory Fee wıll be the same as the then-current Inıtıal Terrıtory Fee The Inıtıal Franchıse Fee ıs unıform as to all franchıses currently beıng granted

If you are preparıng to sıgn your first franchıse agreement and you wısh to reserve an assıgned Terrıtory for a brıef specıfied term (usually 60 days or less) before you sıgn the franchıse agreement, you may sıgn a Deposıt Receıpt and pay a "Deposıt Fee" of $10,000 The form of Deposıt Receıpt ıs attached as Exhıbıt G If you pay a Deposıt Fee and later enter ınto a franchıse agreement, the Deposıt Fee ıs fully applıcable agaınst the Terrıtory Fee under the franchıse agreement The Deposıt Fee ıs unıform as to all franchıses currently beıng granted

None of the fees descrıbed ın thıs Item are refundable under any cırcumstances

ITEM 6 OTHER FEES

TYPE OF FEE [1]	AMOUNT	DUE DATE	REMARKS
Royalty[2]	Monthly Payment $300 months 1 6 $700 months 7 12 $1 100 months 13 24 $1 500 months 25 36 $2 000 months 37 and later	Payable by the 5th of each month in advance	May be increased on April 1 annually by CPI
Advertising Fund Payment	Monthly Payment $700 until there are 199 fee-paying territories $1 250 once there are 200 fee paying territories $2 000 once there are 500 fee paying territories	Same as payment schedule for royalties	For purposes of determining this fee only franchise agreements within the U S on which the franchisee is currently obligated to pay fees will be counted Once we have achieved a given tier in the advertising fee schedule we will not revert to a prior tier even if the number of franchises decreases For 2017 we are limiting advertising fees to $500 per month May be increased on April 1 annually by CPI
Technology Fee	$95 per month May increase but will not exceed $175 per month	Same as royalty	May be increased on April 1 annually by CPI Covers our web based application and toll free telephone number
Telephone Fee	$45 per line	Same as royalty	May be increased on April 1 annually by CPI Covers the dedicated telephone number assigned to your Franchised Business
Initial Training	First 2 attendees are free We may charge up to $150 per day for additional attendees	One week before training begins	
Encroachment Payment	60% of your gross sales in another franchisee s territory	When you make sales in another franchisee s territory in violation of your franchise agreement	As an alternative to termination of your franchise for operating in another franchisee s territory we may require you to compensate the other franchisee instead
Optional Customer Referral Fees [3]	Not yet determined	Payable monthly by the 5th of each month for leads or sales during prior month	The specific details of a customer referral program have not yet been set
Transfer Fee	Our then applicable transfer fee currently $5 000 for each Territory transferred	Before transfer	Payable when you sell your franchise No charge if your franchise is assigned to a corporation or similar entity that you control
Lead Referral Fee	Our then applicable lead referral fee currently $15 000 plus all brokerage fees we incur	Upon a transfer of your franchise agreement to a buyer who was already listed in our sale database at the time you and the buyer began discussing a sale	Intended to partially reimburse us for our costs in developing leads who then purchase from existing franchisees
Renewal Fee	$1 000	When you sign a renewal franchise agreement	
Interest on Late Payments	1 5% per month or the maximum legal rate whichever is less	Date when payment was due	Payable only if there are insufficient funds are in your account to cover withdrawal of amounts due
Insufficient Funds Fee	$25	Immediately upon notice of insufficient funds	Assessed if we must reprocess debit from your bank account

1 All fees are imposed and collected by and payable to us Upon our written request, you must sign any document we require to authorize us to withdraw continuing royalties, advertising fees and any other ongoing fees directly from your bank account All fees are nonrefundable All fees in our current offering are uniformly imposed

2 If you purchase your business from an existing TAILORED LIVING franchisee who acquired the Territory under the selling franchisee s first franchise agreement with us, you will pay the royalty paid by the former franchisee instead of the amount described in this section Your royalty payment will thereafter increase according to the schedule in the "Amount" column

If you purchase your business from an existing TAILORED LIVING franchisee who acquired the Territory under the selling franchisee's second or subsequent franchise agreement with us and, as a result, the selling franchisee was paying Royalty at the discounted rate then applicable to second territories, you will pay the amount of Royalty applicable to an initial Territory Your commencing Royalty tier will be that applicable to the number of months from the commencement of the selling franchisee's franchise agreement at the time of the sale to you

3 No phase-in will apply upon renewal We may develop customer referral programs, such as a key account referral program or a web site referral program, under which franchisees or third-party operators of web sites may make customer referrals to franchisees in exchange for compensation At the present time, we have no such referral programs If and when we develop one or more such programs, we will tell you the details and you can decide whether to participate If you choose not to participate, we have the right to allow a participating franchisee to serve the customer even if the customer is in your territory or to serve the customer ourselves

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT					
	AMOUNT				
TYPE OF EXPENDITURE[1]	LOW	HIGH	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[2]	$29 950	$29 950	Lump sum or financed	When you sign the franchise agreement	Us
Territory Fee[3]	$45 000	$80 000	Lump sum	When you sign the franchise agreement	Us
Excess costs of training [4]	$250	$2 500	As incurred	During Training and during first 3 months after opening	Restaurants and other third parties
Work Vehicle[5]	$3 500	$44 500	Buy lease or finance	Upon opening	Vehicle lessor or dealer
Forklift [6]	$1 990	$16 425	Buy Lease or Finance	Upon opening	Vendor
Computer Equipment	$2 000	$3 500	Lease finance or lump sum	Upon acquisition	Vendor
Credit Card Terminal	$30	$500	Lease finance or lump sum	Upon opening	Vendor

YOUR ESTIMATED INITIAL INVESTMENT					
	AMOUNT				
TYPE OF EXPENDITURE[1]	LOW	HIGH	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Telephone Equipment	$60	$120	As negotiated	Before opening	Vendor
Auto Insurance	$500	$2 400	Lump sum or monthly installments	Before opening and during the year	Insurance company or broker
Commercial General Liability Insurance	$500	$2 400	Lump sum or monthly installments	Before opening	Insurance company or broker
Office/Warehouse[7] (Deposit and 3 months rent)	$3 000	$5 000	Several payments	When you sign the lease and monthly	Landlord
Contractor's License and Bond[8]	$150	$1 500	Lump sum	As required by applicable law	Bonding or insurance company Government agencies
Initial Marketing	$9 000	$15 000	As incurred	During first 3 months after opening	Media agencies
Additional Tools and Supplies [9]	$16 000	$28 500	Lump sum	Before opening	Vendor
Additional Funds Before Opening and First 3 Months [10]	$45 000	$65 000	As incurred	As incurred	Various
TOTAL	$156 930	$297 295			

1 None of the fees or payments you make to us are refundable Whether payments to others are refundable depends upon the arrangements you make with them

2 Payable only with your first franchise agreement

3 When you sign a franchise agreement you must buy your Territory from us and pay us either (a) an Initial Territory Fee of $45,000 or (b) if you are buying two Territories simultaneously, both an Initial Territory Fee and an Additional Territory Fee, for a total of $80,000

If you buy a second Territory at a later time, the Additional Territory Fee will be the same as the then-current Additional Territory Fee The Initial Territory Fee is discounted by $5,000 if you are a veteran, active service member or spouse of a veteran or active service member of the United States Armed Forces, as more particularly described in Item 5

4 If you buy your franchise from us, we will train you and one additional attendee for 11 days at our facilities in Orange, California Subject to space availability, we will allow additional people associated with you to attend at your request We do not charge for the initial training for you or your manager and one other attendee, but may charge a training fee of up to $150 per day for additional trainees We will pay up to the aggregate amount of $500 for airfare for you and one other person to attend training We will also pay for one hotel room (but not any charges to your room for telephone internet and similar expenses) of our choice for you or your manager You must pay any additional costs of transportation, lodging and meals that you and your employees incur during training as well as any wages of your employees for their time during training The high column includes the cost of third party training/certification if you are eligible, and elect to offer, liquid flooring We have estimated this cost at $2 000

5 This is a new or used white box van or enclosed trailer with the minimum dimensions of 14' long, 7' wide and 7' high (ideally, a Chevrolet W3500, Isuzu NPR "Tilt Master," or equivalent box van) on which the TAILORED LIVING Marks are placed The vehicle may be bought or leased We give you the logotypes as part of the start-up package and you have them installed, at your expense on your vehicle by a capable vendor you choose

6 Purchase or lease of a forklift is strongly recommended Low figure is the purchase price of a reconditioned unit and high figure is the price of a new unit If you wish to finance the forklift, you should check the availability of financing and its cost in your area

7 We recommend that you obtain commercial office/warehouse premises from which to operate your business because you will need work space and inventory storage facilities Your facility will need to be approximately 1,000 – 1,800 square feet and your warehouse will need roll-up doors and be located in an area where you may receive deliveries from large semi-trailer vehicles

8 A contractor's license and bond is required only in States that require a contractor's license

9 As part of the Start-up package, we give you some of the items included in this category at no additional charge For a complete description of the contents of the Start-up Package, please see Item 11 We only provide a Start-up Package if you buy your franchise from us, rather than from another franchisee, and if it is your first franchise agreement with us We do not provide additional samples and sample books when you sign a subsequent franchise agreement If you want more or additional sample books from other approved suppliers or samples of other products, you must obtain them from the supplier If you buy your franchise from another franchisee, you will need to purchase such items from the start-up package that you did not receive from the selling franchisee as part of your purchase We estimate the total cost of such items at $6 500

10 This category includes estimated employee wages, transportation expenses, and other miscellaneous expenses incurred before opening and during the first three months of operations We relied on the experience of our franchisees in developing these figures You should review these figures carefully in light of local conditions and the current economic outlook, consulting a business advisor if necessary The high column also includes additional working capital if you are eligible and elect to, offer liquid flooring We have estimated this amount at $10,000

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You may purchase liquid garage flooring (if you are authorized by us to offer liquid garage flooring), components for organizing units and storage and organizing accessories for closets, pantries, home offices, storerooms, utility rooms, basements, laundry rooms, attics and garages and other spaces and all components of these units and accessories ("Products") only from our approved suppliers

We will assign an account number to each approved supplier All your purchases of Products will be coded to the specific account number corresponding to that approved supplier, and all records of all your purchases of Products each month will be forwarded to us by the approved supplier Any purchases of Products by you from any vendor other than an approved supplier will be considered a material breach of the franchise agreement and constitutes grounds for immediate termination of the agreement upon written notice from us In addition, you will be required to purchase from approved suppliers sample books, marketing materials, or other items necessary to sell liquid flooring (if permitted), organizing units and storage and organizing accessories

Additionally, you may obtain materials containing our marks only from us or from suppliers we have approved, except that stationery and business cards may be obtained from any supplier as long as these items meet our standards for use of our marks

There are no inventory maintenance requirements

We approve suppliers on a case by case basis Approved suppliers are listed in the Confidential Operating Manual (Manual) We approve suppliers after careful review of the quality of the products they provide to us and our franchisees In deciding whether to approve suppliers, we consider reputation, product quality, prices, consistency, reliability, financial capability of the supplier, labor and customer relations, frequency and cost of delivery,, delivery network capability, standards of service, including prompt attention to complaints, and other criteria We may also condition approval of suppliers on the willingness of the supplier to provide discounts to us and/or its franchisees, to contribute to advertising costs, or to make other financial concessions If you would like us to consider another supplier, you or the supplier must submit to us a written request for approval and you or the supplier must provide us with samples of the supplier's products or work We will review the supplier and notify you and the supplier whether we will approve it as an additional supplier We expect to complete a review of a proposed new supplier within 30 days after receiving all necessary information and materials We do not expect to charge a fee for evaluating a supplier We will furnish our standards and specifications to you or suppliers on request, either orally or in writing, but only on a confidential basis

If we revoke our approval of a supplier, we will do so in writing

You must at all times maintain policies for commercial general liability insurance, auto or vehicle insurance, and all other insurance required by us that meets specifications stated in the Manual, and all such policies must name us as an additional insured In addition, you must purchase a work vehicle that meets our written specifications You must provide us proof of insurance upon request, in the form that we require We formulate our specifications based on the experience of our franchisees

Neither we nor any of our affiliates are currently approved suppliers of organizing units, storage units, or other organizing materials Our affiliate, Order Processing

Services, LLC ("OPS"), is an approved supplier of liquid flooring In 2016, OPS received $2,848,755 from this source We are an approved supplier of advertising and promotional materials using our Marks In 2016, we received $9,685, or about 0 2% of our total revenue of $4,146,050 from this source

Some approved suppliers of inventory provide us rebates, allowances or cooperative advertising dollars (collectively "Allowances") based on purchases by our franchisees We received $1,169,291, or 28 2% of our total revenue, in rebates from suppliers based on sales to our franchisees during 2016 Most of these Allowances were structured as a percentage of the purchase price of the products, and were generally between 3% and 5% of the purchase price We may use all Allowances received for any purpose that we and our affiliates deem appropriate

Approximately 90% of your initial purchases and leases will be from approved suppliers or must meet our specifications We anticipate that materials that you must purchase from us or approved suppliers on an ongoing basis will be approximately 30% to 50% of your monthly expenses in operating your Franchised Business

None of our officers own an interest in any approved supplier or any supplier of goods that must be purchased according to our specifications

We do not currently participate in any purchasing or distribution cooperatives We do not provide material benefits to our franchisees based on their purchase of particular products or services or use of designated or approved sources

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

	OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
a	Site selection and acquisition/lease	2 4 3 2-3 3	8
b	Pre-opening purchases/leases	8 1 8 4	7 8
c	Site development and other pre-opening requirements	3 2 7 1 8 1 8 4	7 11
d	Initial and ongoing training	7 1-7 4	711
e	Opening	8 1	11
f	Fees	Article 4 5 2(a)(iii) 7 2 9 2 (b)(viii)	5 6
g	Compliance with standards and policies/Operating Manual	Articles 4 and 6 8 1 8 2 8 7, 8 14	11

OBLIGATION		SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
h	Trademarks and propnetary information	Article 6 7 5	13 14
ı	Restrictions on products/services offered	6 7 8 1(a-c) 8 2 8 8(a-b)	16
J	Warranty and customer service requirements	13 1	Not applicable
k	Territorial development and sales quotas	2 2 2 4	12
l	Ongoing product/service purchases	8 1(c) 8 3 8 4 8 14	8
m	Maintenance appearance and remodeling	Not applicable	Not applicable
n	Insurance	8 1(b) 8 4	6
o	Advertising	4 4 8 3	6, 11
p	Indemnification	13 2	Not applicable
q	Owner's participation/management/ staffing	7 1 8 1(a g)	11 15
r	Records and reports	8 5	6
s	Inspections and audits	8 5 8 6	6
t	Transfer	Article 9	17
u	Renewal	5 2	17
v	Post-termination obligations	12 1	17
w	Non-competition covenants	8 8(c-g)	17
x	Dispute resolution	Article 11	17
y	Personal guaranties of agreements	Schedule 1	15

ITEM 10 FINANCING

If you meet our credit standards, we will, at your request, provide financing as shown below

To obtain financing, you must sign a Secured Promissory Note and General Security Agreement substantially in the form of Exhibits L and M to this disclosure document No separate personal guaranty is required to obtain financing Payments begin with the first royalty due date The note can be prepaid without penalty at any time during its term The General Security Agreement grants us a security interest in substantially all of your assets to secure your payments under the Secured Promissory Note You waive your right to notice of a collection action and to assert any defenses to collection against us

Key terms are as follows

Item Financed	Amount Financed	Minimum Down Payment	Term (months)	Rate of Interest Plus Finance Charge	Monthly Payment	Prepay Penalty	Liability Upon Default	Loss of Legal Right
Initial Franchise Fee	$30 000	$0	60	10%	$637 41	None	Lose franchise pay unpaid balance attorney fees and costs	Waive notice

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

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

Pre-Opening Services

Before you begin your Franchised Business, we will provide the following services and assistance to you

Training

With the first franchise you buy from us rather than from another franchisee, we will train you and one other person without charge at our headquarters in Orange, California (Franchise Agreement § 7 1)

Operations Manual

We will lend you one copy of the Manual and other applicable manuals at initial training (Franchise Agreement §§ 7 4 and 8 2) Exhibit G to this disclosure document includes a copy of the table of contents of the Manual

Start-Up Package

With the first franchise you buy from us rather than from another franchisee, we will provide you with a Start-Up Package that includes a transportation allowance in the maximum total amount of $500 and payment for one hotel room in the maximum total amount of $500 of our choice during training, a personalized web site, design software, a case of product samples, door hangers, marketing materials, stationery, yard signs and supplies for training (Franchise Agreement § 7 1, Schedule 3) The Start-Up Package does not include incidental expenses that may be billed to your room, such as telephone or Internet connection charges If you are buying your franchise from another franchisee you will not receive a Start-Up Package from us and you will need to purchase such of the items from the Start-Up Package that you did not acquire as part of your purchase

Site Selection and Time to Opening

We recommend that you secure office/warehouse space for your Franchised Business We do not have to provide any assistance to you in the selection of an office/warehouse site There is no time limit for you to find your site You do not need our approval of your site, as long as it is in your Territory

The typical length of time between the signing of the franchise agreement and beginning operation of your Franchised Business is 60 to 90 days Factors that may affect the time between signing the franchise agreement and beginning operation include the satisfactory completion of initial training and availability of TAILORED LIVING® materials for you to begin operating the Franchised Business If you do not begin operating the Franchised Business on the date specified in the franchise agreement and do not obtain a written extension of time from us, you must begin paying fees even if you have not yet begun operating

Post-Opening Services

During the operation of your Franchised Business, we will provide the following services and assistance to you

Advertising

We will spend advertising fees for local, regional and national advertising, development of marketing support, public relations, Internet marketing, market research, and promotional campaigns designed to promote and enhance the value of the TAILORED LIVING® Marks and their general public recognition and acceptance (Franchise Agreement § 4 4(e))

Meetings and Conferences

We may hold annual conferences and regional meetings to discuss the organizing industry, sales techniques, personnel training, accounting, performance standards, and advertising programs (Franchise Agreement § 7 3)

Additional Support

Our representatives will be available on an ongoing basis during normal business hours at our headquarters for coaching, consultation and guidance with respect to the operation and management of your Franchised Business (Franchise Agreement § 7 4)

Toll-Free Number

We will operate a toll free number to be used by all our franchisees (Franchise Agreement § 8 3)

Dedicated Telephone Number

At your expense (the Telephone fee) we provide you with a dedicated telephone number for use in your Franchised Business (Franchise Agreement § 8 3)

Web Site

We will establish a web site on the Internet that provides information about the System and that identifies you and our other franchisees (Franchise Agreement §§ 8 9 and 8 10)

Intranet

We have an intranet to enable private communication for use by authorized members of the TAILORED LIVING® network (Franchise Agreement § 8 11)

Advertising

The money paid by TAILORED LIVING® franchisees as advertising fees is primarily used for local, regional and national advertising, to enhance the TAILORED LIVING® image, and to develop marketing support (Franchise Agreement § 4 4) During 2016, we spent the advertising fund as follows

0% Production

89 79% Media Placement (cost of placing national consumer advertising, almost entirely on the Internet, including "skyscraper" ads, banner ads, links, sponsorship of key relative sites, Internet Yellow Pages and "pay per click)

0% Administrative (although we were entitled to a 15% administrative fee, we waived that fee during the past year to maximize the impact of the advertising fund)

10 21% Other (including Internet management, marketing consulting, public relations, advertising reporting, tracking, and monitoring, and various agency fees)

We use several advertising agencies to provide us with advertising materials and assist with media planning and buying in various types of media We also provide in-house advertising support

The amount of your monthly payment of advertising fees will be based on the number of fee-paying TAILORED LIVING® territories nationwide, and will increase as we grant franchises The monthly advertising fee is $700 per month until we have 199 territories, then $1,250 until we have 499 territories, and $2,000 from then on For 2017 we are limiting advertising fees to $500 per month

Businesses owned by us or our shareholders and affiliates or franchisees who purchased under prior offerings may contribute to the advertising fund at a different rate or not at all We alone will determine all matters involving advertising, public relations, and promotional campaigns On a national basis, we may impose an additional assessment on some or all of our franchisees for special advertising or promotional activities if two thirds of all affected TAILORED LIVING® Franchised Businesses agree in writing (Franchise Agreement § 4 4)

Some local advertising is funded by the advertising fund You will also place your own local advertising You may purchase advertising materials from us or develop advertising materials for your own use, at your own cost, but we must approve the advertising materials in advance and in writing

Aside from this, we are not, in any way, required to spend any advertising fees in your Territory However, all advertising funds are spent to benefit all TAILORED LIVING® franchisees generally, including you

If we do not spend all Advertising Fees collected during the year, the remaining money is retained for future years Advertising fees are not refundable or rebated to you None of the advertising fees are used specifically to solicit franchise sales Our advertising may include a telephone number to call about franchising opportunities

We will deposit advertising fees into a separate advertising operating account No interest is credited for your benefit or paid to you (Franchise Agreement § 4 4) The advertising fund is not in a trust, fiduciary relationship, or any other similar special arrangement

Upon your request, we will provide you with a statement of annual receipts and expenditures from the advertising fund during the prior calendar year on or before March 31 (Franchise Agreement § 4 4) The advertising fund is not separately audited from our general funds audit

There is no advertising council composed of franchisees that advises us on advertising policies

You will not have to participate in a local or regional advertising cooperative

You may not develop, create, generate, own, franchise, lease, or use in any manner any computer medium or electronic medium (including any Internet home page, e-mail address, Web site, bulletin board, newsgroup or other Internet-related medium) which in any way uses or displays, in whole or part, the Marks, or any of them, or any words, symbols, or terms confusingly similar to any of them without our express prior written consent (Franchise Agreement § 6 7)

Computer and Software

You must have a 32GB (preferably 64GB) WiFi iPad, and a laptop computer operating on a Microsoft Windows 7 platform or newer, with at least 8 gigabytes of RAM We recommend Windows 10 Professional or better Microsoft Office 2010 software, preferably Office 2016 or 365 Standard or better, must be installed In order to protect you and the entire system from Internet threats, your computer must have an active subscription of MacAfee, Norton or similar antivirus software **If your computer system deviates from these specifications, it will be incompatible with our hardware and software and we will be unable to provide you with technical support** Your computer must have high-speed (broadband, DSL, FIOS) Internet access Currently, we provide to all franchisees, without additional charge, access to our custom designed web-based application ("CRM System") The CRM System provides customer relationship management, price configuration, and order placement, tracking and reporting It is housed at a data center that is accessible nearly 24/7 Currently, your monthly Technology Fee, disclosed in Item 6, pays for upgrades and support for the software We estimate that the cost of your iPad and computer system will range between $2,000 and $3,500 We can require you to use any web-based application or software that we or others develop and can require you to enter into any software license and maintenance agreements for the software that we prescribe We also can require you to sign or assent to a "terms of use" agreement with respect to all software that we designate You must acquire any computer hardware necessary for the software we designate (Franchise Agreement § 8 1(e)) There are no contractual limitations on the frequency or cost of required upgrades Since computer technology is evolving rapidly, it is difficult to predict the extent of required upgrades or your estimated costs

We provide to you without additional charge one copy of our proprietary TAILORED LIVING® D'Vinci™ design software (Software) that will allow you to design an organizational system for a customer and show the customer what the storage system will look like If the Software is modified in the future, you may need to upgrade or replace your computer to run the modified Software There are no contractual limitations on the frequency or cost of mandated upgrades Updates and support for the Software are included in the Technology Fee

We have independent access to the data that you generate and store in the CRM System

Training

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Business Systems & Product Knowledge	8	0	Orange, CA
Closet & Garage Design	8	0	Orange CA
Installation – Closet & Garage	8	0	Orange CA
Garage Flooring Product Knowledge	8	0	Orange CA
Garage Flooring Installation	13	0	Orange CA
Vendor Alliance and Order Flow	8	0	Orange, CA
Business Education and Sales	8	0	Orange CA
MyCRM and Marketing	8	0	Orange CA
Sales	8	0	Orange CA
Next Steps & Business Coach Hand Off	5	0	Orange CA

The training program lasts for 11 days

Our training program is supervised by Dan Tafoya, our President Mr Tafoya has been with us since our organization in 2006, and has ten years of experience in the field All our instructors have at least five years of experience in the fields they teach

For your first franchise agreement with us, training for up to two people is provided without charge The Start-up Package you receive from us covers the cost of one hotel room (single or double occupancy for 13 nights) at a hotel we select and transportation in the maximum total amount of $500 to attend the initial training program We will not pay incidental expenses, such as telephone charges and Internet access, that may be charged to your room

There is no training requirement for franchise agreements other than your first one with us

If we have room at a training session, you may send additional people to training We will train one additional person at the same training session as the original trainee at no additional charge Additional people may attend either the same or later training sessions, subject to class availability, by paying a charge of $150 per person per day Only one person, you or your manager, will be allowed to participate in field trips or vendor visits You must pay all other costs associated with training, including lodging and airfare in excess of the amounts described above, meals, and wages for your employees during training

You or your manager must complete the initial training program to our satisfaction before you begin operating the Franchised Business At the initial training program, we give you proprietary information for use in training your staff These materials may include recorded media The materials we provide remain our sole property We also may make available to you for purchase recorded, third-party materials relevant to the System and the Franchised Business Initial training is conducted as needed, usually every other month

Upon reasonable notice and at no charge to you, we may require you or your designated personnel to attend additional training courses, seminars, conferences or other programs that we consider relevant or appropriate to the successful operation of the System You must pay all costs you and your employees incur while attending any additional training programs, including costs of travel, hotel and meals We currently hold annual meetings, but do not require attendance We have the right to make attendance mandatory

Coaching

We will provide you with professional business coaching valued at $5,000 Coaching will be provided by outside consultants whom we have retained to provide specified coaching services to our franchisees (Franchise Agreement § 7 4)

ITEM 12 TERRITORY

During the term of the Franchise Agreement, we will grant you a protected Territory with limited exclusivity, and we will not establish a company-operated or franchised business that sells and installs organizing units and storage and organizing accessories using our System and Marks Your Territory will be described by United States Postal Service ZIP Codes in your franchise agreement Each Territory will begin with approximately 75,000 households The ZIP codes making up your territory will not change even if their boundaries are expanded or contracted by the Postal Service or if the population within them decreases or increases

As discussed above, your territorial protection or exclusivity is limited Therefore, you will not receive an exclusive territory You may face competition from other franchisees (to the extent they operate outside of their territories, even if not permitted under their contracts), or from other channels of distribution or competitive brands that we control

In limited instances, we may have granted franchises to certain former franchisees of PremierGarage that include the right to sell and install floor coating at locations within your Territory If this is the case, you may not sell or install liquid floor coating without our prior written consent

We may, in the future, negotiate agreements with Key Accounts, such as home developers, to offer our franchisees' goods and services to their customers under programs that require commissions or other types of payments to the Key Accounts in exchange for the business they provide You are considered to have opted in to all such agreements unless and until you expressly advise us that you opt out of one or more agreements that we present to you If you choose to opt out with respect to any Key Account in your Territory, or if you do not provide sales, installations, or other services to a particular Key Account in your Territory on any two occasions in a 12-month period, we may provide or grant others the right to provide sales, installations, or other services with respect to that particular Key Account in your Territory There is no requirement that we compensate you for soliciting or accepting these orders if you elect not to participate

In addition, some Key Accounts are designated "Significant Key Accounts" which are Key Accounts that we determine, in our sole judgment, to potentially be of substantial benefit to the System as a whole Significant Key Accounts may require only certain franchisees meeting the Significant Key Account's qualifications service the Significant Key Account This means that you may not be authorized by the Significant Key Account to service the Significant Key Account in your Territory at the time you purchase the Territory If your Territory is one in which another franchisee is the Qualifying Franchisee for the Significant Key Account at the time you purchase the Territory, that Qualifying Franchisee will continue to be permitted to do jobs for the Significant Key Account in your Territory until such time as you qualify as a Qualifying Franchisee in your own right Until then, the Qualifying Franchisee will be required to compensate you on the same terms and conditions as it compensates other franchisees who have previously given the Qualifying Franchisee consent to service Significant Key Accounts in their territories

We may also, in the future, arrange other referral programs, such as web site referral programs, under which you pay fees to referral sources in return for business in your Territory We will give you information about these programs as they are developed and you may decide whether to opt out of them If you do not expressly opt out of a referral program, you will be considered to have opted in

You must promote, market, and engage in the Franchised Business diligently and effectively, develop to the best of your ability the potential of the Franchised Business within your Territory, and devote and focus your full time attention and efforts to its promotion and development

You may not use the Internet to solicit business You may not intentionally direct your advertising or marketing at customers in other franchisees' territories You must obtain our prior written approval before selling organizing units and storage and organizing accessories for installation in unassigned "gray areas" outside your assigned Territory Generally, we will grant permission for you to operate in gray areas The organizing units and storage and organizing accessories you sell must be installed in buildings located in your Territory, or with our consent, in gray areas

If we give you permission to operate in gray areas, we have the right to sell or assign them or any part of them at any time, without notice to you You will not have a right of first refusal or option to buy a territory that was formerly designated as a gray area

Although we will not grant anyone else the right to operate in your Territory, except as permitted under a customer referral program, the joint marketing provisions contained in section 2 2(c) of the franchise agreement or for the purpose of selling and installing liquid floor coating, we do not promise that another franchisee will not violate his or her franchise agreement and conduct business in your Territory

We have the right to operate or establish businesses similar to your Franchised Business, using the same Marks you will use and providing service to customers anywhere outside your Territory, regardless of how close they are to your Territory

We have the right to make sales using our principal mark within your Territory by means of the Internet, catalog sales, direct marketing or any other means that does not involve both sale and installation of in-home organizers We may introduce e-commerce capabilities in the future If we do so, you will be required to participate

We have the right to establish businesses similar to the Franchised Business that operate under a different trade name and marks within your Territory without compensating you However, we do not have any plans to do so We and our affiliates may (a) manufacture organizing units and storage and organizing accessories for sale to other retailers and wholesalers who will sell the organizing units and storage and organizing accessories under different trademarks, and (b) sell organizing units and storage and organizing accessories at retail, without custom measuring or installation, under different trademarks

As discussed above, your territorial protection or exclusivity is limited Therefore, you will not receive an exclusive territory You may face competition from other franchisees (to the extent they operate outside of their territories, even if not permitted under their contracts), or from other channels of distribution or competitive brands that we control

We may respond to customer complaints in your Territory, which we may resolve in our discretion

You will not have any options or rights of first refusal or similar rights within your Territory or adjacent Territories You will not have the right to acquire additional TAILORED LIVING® franchises anywhere

Under the franchise agreement, your territorial protection or limited exclusivity will not depend upon the volume of sales generated nor on your penetration of the potential market Except as described in this Item, there are no circumstances under which we may modify your territorial rights during the term of the franchise agreement

ITEM 13 TRADEMARKS

You will have the right to operate your business under the Marks described below

REGISTRATION OR SERIAL NUMBER	MARK	REGISTRATION/FILING DATE
Registration No 3 909 441	TAILORED LIVING	Registered January 18, 2011
Registration No 4 091 809	tailored living	Registered January 24 2012
Registration No 3126861		Registered August 8 2006 Renewed September 11 2015
Registration No 2894764	PREMIERGARAGE	Registered October 19, 2004 Renewed January 28 2014

We have filed all required affidavits

You must follow our rules when you use our Marks You cannot use all or any part of our name or Marks as all or part of your company's legal name You may not use any modifying words, designs or symbols with our Marks You may use the phrase "Tailored Living of ________________" as a fictitious business name You may not use our Marks or name in connection with the sale of unauthorized product or service or in a manner we have not authorized in writing

No agreements limit our rights to use or license the use of our Marks

You must notify us immediately if you learn about an infringement of or challenge to your use of our Marks We will take the action we think appropriate We will defend you against any claim against you because of your authorized use of our Marks except a claim by a prior user of the name "Tailored Living " We control any administrative proceedings or litigation involving a trademark we license to you

You must modify or discontinue the use of our Marks at your own expense if we modify or discontinue them You may not directly or indirectly contest our right to our Marks

We do not know of any prior rights or infringing uses in your Territory or of any material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, trademark administrator of this state, or any court, or any pending infringement, opposition, or cancellation proceeding, that could materially affect your use of our Marks We do not know of any litigation involving the Marks

The name "Tailored Living" or "PremierGarage" may be in use by other businesses in the United States who are not our franchisees or in any way affiliated with us You acknowledge that you are responsible for finding out whether the name "Tailored Living" or "PremierGarage" is already being used in the Territory As a material part of the consideration for our grant of a franchise to you, you agree that we are not liable to you for any prior use of the name "Tailored Living" or "PremierGarage" by anyone else We cannot prevent anyone who began using the name "Tailored Living" or "PremierGarage" before our use of it from continuing their use of that name in the area of prior use

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Although we have not filed a copyright registration application for the Manual, we claim a copyright in its contents The information contained in the Manual is proprietary Except for your right to use the Manual and our marketing materials, you do not receive the right to use any item covered by a copyright

We do not own rights in or licenses to any patents or pending patent applications that are material to the franchise

You must promptly tell us when you learn about unauthorized use of any of our proprietary information We are not obligated to take any action but will respond to this information as we think appropriate We will indemnify you for losses recovered by a third party because of claims of infringement or misappropriation of proprietary information, patents, or copyrights based on your authorized use of this information

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

We prefer franchisees who plan to participate actively in the direct operation and daily affairs of the Franchised Business We do not want to grant franchises to people who are merely seeking a passive investment If you do not operate the Franchised Business yourself, you must employ at least one manager on a full time basis The manager does not have to have an equity interest in you You must disclose the identity of the manager to us and, should the identity of the manager change, you must notify us in writing The manager must complete our initial training program, devote his or her entire time during normal business hours to the management, operation, and development of the Franchised Business, maintain confidentiality of the trade secrets described in Item 14 and conform to the covenants not to compete described in Item 17

If the franchisee is a company, anyone who has direct or indirect control of the company or a direct or indirect beneficial interest in the company must sign the Personal Covenant and Guarantee attached to the franchise agreement as Schedule 1 If the franchisee is married, his or her spouse must sign the Personal Covenant and Guarantee

ITEM 16 RESTRICTION ON WHAT FRANCHISEE MAY SELL

You may offer and sell in the Franchised Business only goods and services that we have authorized you to sell You do not have to sell all the products and services we authorize, but we suggest that you do so

We have the right to change the authorized goods and services The investment you must make in equipment, supplies and initial inventory because of these changes will not exceed $5,000 per year without your prior approval

Unless we approve otherwise in writing, you may only provide sales and services with respect to closets, pantries, home offices, storerooms, utility rooms, basements, laundry rooms, attics, garages or other spaces located within your Territory You may not sell or install liquid floor coating without our express consent. Unless we instruct otherwise, you may operate in unassigned territories known as "gray areas" adjoining your Territory Any operations in gray areas are subject to sale of a territory that includes them or part of them to another franchisee, to initiation of "company-owned" operations in the gray area, and to our rules and regulations Any advertising in gray areas (including in telephone directories) may include only our toll-free telephone number, and not your local telephone number

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN AGREEMENT	SUMMARY
a Length of the franchise term	5 1	The initial term is 10 years beginning on the date you are scheduled to start operating
b Renewal or extension of the term	5 2	If this is your first term and you meet conditions in 17c you may add an additional term of 10 years
c Requirements for franchisee to renew or extend	5 2	Pay renewal fee and sign franchise agreement in our then-current form The new franchise agreement may have materially different terms and conditions from our current franchise agreement
d Termination by franchisee	None	Not applicable
e Termination by franchisor without cause	None	Not applicable
f Termination by franchisor with cause	10 1	We can terminate (i) if you commit a material default or (ii) if a condition occurs the non-occurrence of which was presumed
g Cause" defined - curable defaults	10 3	You have 7 days to cure Mark violations (must begin the cure within 24 hours after notice) You have 30 days to cure defaults not listed in Section 10 2

THE FRANCHISE RELATIONSHIP			
This table lists certain important provisions of the franchise and related agreements You should read these provisions in the agreements attached to this disclosure document			
h	"Cause' defined -non-curable defaults	10 2	Non-curable grounds for termination include conviction of felony repeated defaults even if cured loss of insurance abandonment, trademark misuse unapproved transfers adjudication as a bankrupt in a voluntary bankruptcy filing of an involuntary bankruptcy petition against you that is not dismissed within 30 days, an assignment for the benefit of your creditors appointment of a receiver or trustee in a bankruptcy or similar officer for you or your property a dissolution action is begun by or against you if you are a corporation or partnership or a final judgment against you for the lesser of more than $50 000 or 10% of your Gross Sales for the preceding year or purchase of Products from a vendor other than approved suppliers
i	Franchisee s obligations on termination/non-renewal	12 1	Obligations include removal of TAILORED LIVING® marks and payment of amounts due us You must assign all telephone numbers relating to the business to us (See r below)
j	Assignment of contracts by franchisor	9 1	No restriction on our right to assign
k	Transfer" by franchisee – definition	1 11, 9 2	Includes transfer of contract or assets or any ownership change
l	Franchisor approval of transfer	9 2(b)	We have the right to approve all transfers but will not unreasonably withhold approval
m	Conditions for franchisor approval of transfer	9 2(b)(i)-(viii)	New franchisee qualifies transfer fee paid purchase agreement approved training arranged release signed by you all money due and owing to us paid by you and current agreement signed by new franchisee (Also see r below)
n	Franchisor s right of first refusal to acquire franchisee s business	9 3	We can match any offer for your Franchised Business
o	Franchisor s option to purchase	None	Not applicable
p	Death or disability of franchisee	9 6	Heir or successor must complete initial training within 30 days after the date of transfer
q	Non-competition covenants during the term of the franchise	8 8	No involvement in competing business anywhere in U S or in any other country where we have applied to register our trademarks
r	Non-competition after the franchise is terminated or expires	8 8 12 1	You may not engage in any competing business for 2 years within former territory or within any TAILORED LIVING® territory You must totally de-identify when your franchise rights have ended
s	Modification of the agreement	14 3	No modifications generally but Manual is subject to change

THE FRANCHISE RELATIONSHIP		
This table lists certain important provisions of the franchise and related agreements You should read these provisions in the agreements attached to this disclosure document		
t Integration/merger clause	14 2	Only the terms of this franchise disclosure document the franchise agreement and Manual are binding (subject to state law) Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable
u Dispute resolution by arbitration or mediation	11 1 - 11 4	Except for certain claims all disputes must be arbitrated or mediated in Orange County California
v Choice of forum	11 4 11 6	Subject to applicable state law claims for equitable or injunctive relief must be conducted in California
w Choice of law	14 1	Federal law applies to arbitration and trademark issues The law of your state applies to amendment of your franchise agreement the maximum rate of interest that can be charged and post-termination non-competition issues California law applies to all other issues

Note Please see "Specific State Disclosures" attached to this disclosure document as an addendum immediately following Item 23

ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote our franchise

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following is historical financial information concerning the reported annual sales and other financial measures of a subset of our existing outlets, namely, those franchisees who were open for business for all of calendar year 2016 (12 single territory franchisees representing 6% of the system's territories, and 21 multiple territory franchisees representing 77 territories, or 38% of the system's territories) The data are as reported by a subset of franchisees who responded to a survey that we conducted in February and March 2017 asking about their experiences during 2016 The survey was sent to all our franchisees, and 38 franchisees (50% of the system) representing 95 territories (47% of the system) returned fully completed surveys Thirty-eight (38) franchisees (50% of the system) representing 106 territories (53% of the system) did not respond to the survey for 2016 We do not have data to establish whether the experiences of the franchisees who responded are typical of all franchisees, so you must consider the possibility that these data may not be typical The questions asked as part of the survey and the results are described below

A Annual Sales Levels

The following table shows annual gross sales reported by franchisees with a single territory and with multiple territories, that were in business throughout calendar year 2016 Figures for franchisees that had multiple territories are total sales for all territories – not average per territory All gross sales figures are presented without regard to the size of the territory Although we currently grant territories that include approximately 75,000 households, not all territories are that size These variations in size arise both because we formerly sold territories of differing sizes and because territories can experience either growth or contraction after a franchise is sold

During 2016 there were 12 franchisees responding to the survey who operated a single territory throughout the year, and 21 franchisees who operated multiple territories each throughout the year The average number of multiple territories owned by these franchisees was 4

These sales results are based upon sales reported to us by the franchisees We have not audited or verified these sales results, and we generally depend upon the franchisees to report their sales accurately We do not have information concerning how our franchisees maintain their records, or whether those records are kept in accordance with generally-accepted accounting principles

MEASURE	2016	2015	NUMBER OF FRANCHISEES/ TERRITORIES REPRESENTED	EXPLANATION
Average Sales – One Territory	$473,730	$440,120	12 franchisees/12 territories	Equals total sales by all franchisees owning one or multiple territories divided by the number of franchisees with that number of territories
Average Sales – Multiple Territories	$1 337 470	$1 213 604	21 franchisees/77 territories	4 or 33% of the single territory franchisees and 6 or 29% of the multiple territory franchisees attained or surpassed the stated average results for the year

Median Sales – One Territory Median Sales – Multiple Territories	$363 500 $620 000	$324 637 $603 912	12 franchisees/12 territories 21 franchisees/77 territories	Shows mid-point of annual sales by franchisees with indicated number of territories 6 or 50% of the single territory franchisees and 11 or 52% of the multiple territory franchisees attained or surpassed the stated median results for the year

The sales of new franchisees are likely to start out lower than these figures In addition, your total sales will be affected by a variety of factors, including the number and nature of competitors in your territory, how well you follow our system, how hard you work, the number of people buying and selling homes in your territory, the general economy in your territory, and other factors (some of which are beyond the control of both you and us) You should conduct your own research into the situation in your potential territory, including investigating the number and nature of competitors in your area, the prices charged by those competitors for sales and installation of space organizers, and information about home sales in the area

B Cost of Goods Sold

As part of the survey, we asked our franchisees to report their experiences concerning average cost of goods sold (that is, the cost to franchisees of space organizers sold by the franchisees) as a percentage of the price at which the franchisees sold those same space organizers to their customers According to that survey, the average cost of goods sold was 45% of the gross (retail) sales price We have not independently verified this amount, but that figure is consistent with information concerning suggested mark-ups that is discussed during franchisee training classes Your cost of goods sold may vary from this average, depending upon the number and nature of competitors in your area, the prices at which they sell similar space organizers, your abilities and efforts, and other factors

In addition to the cost of goods sold, you will also incur other expenses that are not included in this calculation, such as monthly payments (lease or financing) for the required van, labor costs for anyone you hire, rent for office/warehouse space, telephone and other utility expenses, automobile, general liability, and other types of insurance, royalties and advertising expenses, federal, state and local taxes, and financing expenses if you finance any part of your investment You may also incur other expenses, depending upon the manner in which you operate the business You should consult with your advisors and with other business owners concerning the other types and amounts of expenses you will incur

C Closing Rate

As part of the survey referred to above, we also asked our franchisees about their "closing rate" (that is, the number of sales calls that result in an actual sale) The average response was 55%The average number of sales closed monthly was 9 We have not independently verified this amount Your closing rate may vary from this average, depending upon how well you follow our system, the number and nature of competitors in your area, the prices at which your competitors sell similar products and services, your abilities and efforts, and other factors

D Average Sale

As part of the survey, we also asked our franchisees to tell us how much their average sale or "ticket price" was in 2016 The average was $3,800

E Residential vs Commercial Sales

As part of the survey, we asked our franchisees about their percentage of residential versus commercial sales and received the following responses

	%
Residential New Home Sales	
In-home Cabinets	12
Garage Cabinets	8
Flooring	10
Residential Existing Home Sales	
In-home Cabinets	21
Garage Cabinets	21
Flooring	24
Commercial Sales	
Cabinets	1
Flooring	3

F Product Mix

As part of the survey, we asked our franchisees about their percentage of volume for various product categories and received the following responses

PRODUCT	%
Flooring	37
Garage cabinetry	29
In-home/Commercial cabinetry	34

G Employees

As part of the survey, we asked our franchisees how many employees were employed in their Franchised Business and received the following responses

EMPLOYEES	% FRANCHISEES
Sole owner/operator	3
Partnership including with spouse	0
One additional employee	34
Two additional employees	33
Three additional employees	15
Four additional employees	9
Five or more additional employees	6

The franchisees with additional employees reported that they held the following positions

POSITION	% ADDITIONAL EMPLOYEES
Installers	59
Salespersons	16
Administrators	15
Management	10

H Warehouse Data

As part of the survey we asked our franchisees about the floor area of their warehouse space The average was 1,973ft^2

I Number Years In Business

As part of the survey we asked our franchisees how long they had been in business and received the following responses

NUMBER OF YEARS IN BUSINESS	%
1 – 2	41
3 – 6	16
7 – 9	12
10 Plus	31

J Franchise Owner Background

As part of the survey we asked our franchisees about their business background and received the following responses

OWNER BACKGROUND	% FRANCHISEES
Sales	57
Management	93
Executive	36
Military Service	11
Skilled Labor	14
Technical	39
Engineer	11
Professional	46

Your financial results may differ from the results shown above

Written substantiation for this financial performance representation will be made available to you upon reasonable request

Other than the preceding financial performance representation, we do not make any financial performance representations We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Shirin Behzadi at 1927 North Glassell Street, Orange, California 92865, telephone (714) 637-2100, the Federal Trade Commission, and the appropriate state regulatory agencies

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ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

ITEM 20 TABLE NO 1
SYSTEMWIDE OUTLET SUMMARY FOR YEARS ENDING DECEMBER 31, 2014, 2015, AND 2016

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2014	98	112	+14
	2015	112	149	+37
	2016	149	157	+8
Company-Owned	2014	0	0	0
	2015	0	0	0
	2016	0	0	0
Total Outlets	2014	98	112	+14
	2015	112	149	+37
	2016	149	157	+8

ITEM 20 TABLE NO 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS OTHER THAN TAILORED LIVING FOR YEARS ENDING DECEMBER 31, 2014, 2015, AND 2016

State	Year	Number of Transfers
Illinois	2014	0
	2015	1
	2016	0
Ohio	2014	0
	2015	1
	2016	0
Texas	2014	4
	2015	0
	2016	0
Virginia	2014	0
	2015	0

State	Year	Number of Transfers
	2016	1
Washington	2014	0
	2015	0
	2016	3
Total	2014	4
	2015	2
	2016	4

ITEM 20 TABLE NO 3
STATUS OF FRANCHISED OUTLETS FOR YEARS ENDING DECEMBER 31, 2014, 2015, AND 2016

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
AL	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
AZ	2014	2	0	1	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
CA	2014	27	1	4	0	0	0	24
	2015	24	5	0	0	0	0	30[2]
	2016	30	0	1	0	0	0	29
CO	2014	1	2	0	0	0	0	3
	2015	3	2	0	0	0	0	5
	2016	5	0	1	0	0	0	4
CT	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	1	0	0	0	0	2
DE	2014	0	1	0	0	0	0	1
	2015	1	1	0	0	0	0	2
	2016	2	0	0	0	0	0	2
FL	2014	21	1	1	0	0	0	21

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2015	21	3	0	0	0	0	24
	2016	24	1	0	0	0	0	25
GA	2014	0	0	0	0	0	0	0
	2015	0	5	0	0	0	0	5
	2016	5	0	0	0	0	0	5
IA	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	2	0	0	0	0	2
ID	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
IL	2014	1	1	0	0	0	0	2
	2015	2	1	0	0	0	0	3
	2016	3	0	0	0	0	0	3
IN	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
KY	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
LA	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
MD	2014	1	0	0	0	0	0	1
	2015	1	1	0	0	0	0	2
	2016	2	1	1	0	0	0	2
ME	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
MI	2014	4	0	0	0	0	0	4
	2015	4	0	0	0	0	0	4
	2016	4	1	0	0	0	0	5
MN	2014	3	0	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
MO	2014	0	1[2]	1[2]	0	0	0	0[2]
	2015	0	2	0	0	0	0	2
	2016	2	0	0	0	0	0	2
MT	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
ND	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
NE	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
NH	2014	1	1	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
NJ	2014	3	0	1	0	0	0	2
	2015	2	2	0	0	0	0	4
	2016	4	0	0	0	0	0	5[4]
NV	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	1	0	0	0	0	2
NY	2014	2	2	0	0	0	0	4
	2015	4	0	1	0	0	0	3
	2016	3	0	0	0	0	0	2[4]
NC	2014	0	1	0	0	0	0	1
	2015	1	1	0	0	0	0	2
	2016	2	3	1	0	0	0	4
OH	2014	0	4	0	0	0	0	4
	2015	4	3[3]	2[3]	0	0	0	6[1 & 3]
	2016	6[3]	0	0	0	0	0	4
OK	2014	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Termina tions	Non Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2015	0	1	0	0	0	0	1
	2016	1	1	0	0	0	0	2
OR	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
PA	2014	0	3	0	0	0	0	3
	2015	3	4	0	0	0	0	7
	2016	7	2	0	0	0	0	9
SC	2014	0	1	0	0	0	0	1
	2015	1	2	0	0	0	0	3
	2016	3	1	0	0	0	0	4
TN	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
TX	2014	10	1	0	0	0	0	11
	2015	11	1	0	0	0	0	12
	2016	12	1	3	0	0	0	10
UT	2014	0	1	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
VA	2014	3	2	0	0	0	0	5
	2015	5	2	0	0	0	0	7
	2016	7	0	2	0	0	0	5
WA	2014	4	0	1	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	1	0	0	0	0	4
WI	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
Totals	2014	98	23	9	0	0	0	112
	2015	112	40	3	0	0	0	149
	2016	149	17	9	0	0	0	157

1 *One territory was relocated from Ohio to California*
2 *One outlet opened in 2014 and the same outlet terminated in 2014*
3 *Two outlets opened in 2015 and the same two outlets terminated in 2015*
4 *One territory was relocated from New York to New Jersey*

ITEM 20 TABLE NO 4
STATUS OF COMPANY-OWNED OUTLETS FOR YEARS ENDING DECEMBER 31, 2014, 2015, AND 2016

Not applicable

ITEM 20 TABLE NO 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2016

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Alabama	0	0	0
Alaska	0	0	0
Arizona	0	1	0
Arkansas	0	0	0
California	0	2	0
Colorado	0	1	0
Connecticut	0	0	0
Delaware	0	0	0
Florida	1	3	0
Georgia	1	1	0
Idaho	0	0	0
Illinois	0	2	0
Indiana	0	0	0
Iowa	0	0	0
Kansas	0	0	0
Kentucky	0	0	0
Louisiana	0	0	0
Maine	0	0	0

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Maryland	0	1	0
Massachusetts	0	1	0
Michigan	0	1	0
Minnesota	0	1	0
Mississippi	0	0	0
Missouri	0	1	0
Montana	0	0	0
Nebraska	0	0	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	0	1	0
New Mexico	0	0	0
New York	0	2	0
North Carolina	0	2	0
North Dakota	0	0	0
Ohio	2	2	0
Oklahoma	0	0	0
Oregon	0	0	0
Pennsylvania	0	2	0
Rhode Island	0	0	0
South Carolina	2	1	0
South Dakota	1	0	0
Tennessee	0	1	0
Texas	2	3	0
Utah	0	0	0
Vermont	0	1	0
Virginia	0	1	0
Washington	0	1	0

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Washington, DC	0	0	0
Wisconsin	0	0	0
Wyoming	0	0	0
Totals	9	31	0

Attached to this disclosure document as Exhibit C is a list of all current franchisees as of January 17, 2017, with the address and telephone number of each of their Businesses

Attached to this disclosure document as Exhibit D is the name, last known city and state, and telephone number of each franchisee whose franchise has, during the most recently completed fiscal year, been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business or who has not communicated with us within ten weeks of the issuance date of this disclosure document Exhibit D lists 9 terminated franchises and 4 transferred franchises

If we grant you this franchise, your contact information may be disclosed to other prospective franchisees when you leave the franchise system

We have entered into agreements with some former franchisees that contain confidentiality clauses In some instances, current and former franchisees signed provisions restricting their ability to speak openly about their experience with us You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit B are our audited financial statements for the years ending December 31, 2016, 2015, and 2014

ITEM 22 CONTRACTS

The followıng agreements are proposed for use ın thıs state ın connectıon wıth the franchıse we offer

TITLE OF AGREEMENT	EXHIBIT/ SCHEDULE #	SIGNED BY
Franchıse Agreement and State Specıfic Addendum	Exhıbıt A	You and us
Personal Covenant and Guarantee	Schedule 1 to Exhıbıt A	All people havıng dırect or ındırect "Control'* over the Franchısee or a dırect or ındırect beneficıal ownershıp ınterest ın Franchısee ıncludıng any spouse of Franchısee
Deposıt Receıpt	Exhıbıt G	Applıcant and Taılored Lıvıng
Consent to Transfer and Assumptıon of Franchıse Agreement (ıncludes release of claıms)	Exhıbıt H	You new franchısee and us
Floorıng Addendum	Exhıbıt I	You and us
Veterans Addendum to Franchıse Agreement	Exhıbıt J	You and us
Escrow Agreement (MD only)	Exhıbıt K	Wılmıngton Trust and us
Secured Promıssory Note	Exhıbıt L	You (Oblıgor)
General Securıty Agreement	Exhıbıt M	You (Pledgor) and us

**'Control" means possessıon of the dırect or ındırect power to dırect or cause the dırectıon of your management and polıcıes, whether through the ownershıp of votıng securıtıes, by contract, or otherwıse*

ITEM 23 RECEIPT

Attached, as the last page of thıs dısclosure document ıs a receıpt Please sıgn ıt, date ıt **as of the date you receıve the dısclosure document** and return ıt to us A duplıcate of the receıpt ıs attached for your records

ADDENDUM TO DISCLOSURE DOCUMENT: STATE SPECIFIC DISCLOSURES

California

Neither the franchisor, nor any person identified in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U S C A 78a et seq , suspending or expelling the person from membership in the association or exchange

California Business and Professions Code §§ 20000 through 20043 (Franchise Relations Act) provide rights to the franchisee concerning termination or non-renewal of a franchise If the franchise agreement contains a provision that is inconsistent with the law, the law will control

The franchise agreement provides for termination upon bankruptcy This provision may not be enforceable under federal bankruptcy law (11 U S C A Sec 101 et seq)

The franchise agreement contains a covenant not to compete that continues after the termination of the franchise This provision may not be enforceable under California law

Under both the California Franchise Relations Act and the Franchise Investment Law, a provision in a franchise agreement that requires you to waive your rights under either or both of these laws is void Any release of claims that the franchisor asks you to sign will specifically exclude claims under these franchise laws

Unless the transaction is exempt under the statute, Section 31125 of the California Corporations Code requires the franchisor to give the franchise a special disclosure document before soliciting a proposed material modification of an existing franchise

The franchise agreement requires binding arbitration The arbitration will occur in Orange County, California, with the costs being determined according to the rules of the American Arbitration Association

The franchise agreement contains a liquidated damages clause Under Civil Code Section 16711 certain liquidated damages clauses are unenforceable

The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information

OUR WEBSITE ADDRESS IS WWW TAILOREDLIVING COM OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT <u>WWW DBO CA GOV</u>

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF EACH PROPOSED AGREEMENT RELATING TO THE GRANT OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT

Illinois

Many states have statutes concerning the relationship between franchisor and franchisee These statutes deal with such matters as renewal and termination of franchises Provisions of this sort will prevail over inconsistent terms in a franchise agreement Illinois has such a statute (815 ILCS 705/19 and 705/20)

The franchise agreement provides for termination upon bankruptcy A provision in a franchise agreement that terminates the franchise upon bankruptcy of the franchisee may not be enforceable under Title 11, U S Code § 101

Item 17v (Choice of Forum) is amended to state "None for equitable/injunctive relief and California for arbitration/mediation proceedings" under the heading for "Summary "

The franchise agreement includes a choice of law clause designating another state's law as the governing law Under Illinois law, a franchise agreement may not provide for a choice of law of any state other than Illinois Accordingly, Item 17 w is amended to state "none" under the heading for "Section in franchise agreement" and "not applicable" under the heading for "Summary "

The franchise agreement requires you to sign a release of claims as a condition of transfer or renewal of the franchise Under the law of Illinois, any provision that purports to bind a person acquiring a franchise to waive compliance with the franchise disclosure law of Illinois is void Accordingly, insofar as the franchise agreement requires you to waive your rights under the Illinois franchise law, these requirements are deleted from the franchise agreement This provision will not prevent the franchisor from requiring you to sign a release of claims as part of a negotiated settlement of a dispute

Maryland

The following language is inserted before the last sentence of the first paragraph in Item 5 of the disclosure document "The Initial Franchise Fee, Territory Fee and, if applicable, Additional Territory Fee will be held in escrow until we have fulfilled all of our pre-opening obligations to you " The second paragraph in Item 5 of the disclosure document is deleted because Maryland franchisees may not reserve Territories with a Deposit Receipt

Amendments to Item 17 of the disclosure document

Item 17v (Choice of Forum) is amended to state "None for equitable/injunctive relief and California for arbitration/mediation proceedings" under the heading for "Summary "

The franchise agreement provides for termination upon bankruptcy This provision may not be enforceable under federal bankruptcy law (11 U S C A Sec 101 et seq)

The franchise agreement says that we may require you to sign a release of claims as a condition of renewal or transfer of your franchise The release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law

Under the franchise agreement, you must disclaim the occurrence and/or acknowledge the non-occurrence of acts that might constitute a violation of the Maryland Franchise law These representations are not intended to nor do they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

Any claims arising under the Maryland Franchise Registration and Disclosure law must be brought within three years after the franchise is granted

Minnesota

Amendments to Item 17 of the disclosure document

The franchise agreement requires binding arbitration The arbitration will occur in a state other than Minnesota, with costs being borne by the non-prevailing party Under Minnesota Statutes § 80C 21 and Minnesota Rule Part 2860 4400J, this provision may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes

The franchise agreement requires application of the laws of a state other than Minnesota Under Minnesota Statutes § 80C 21 and Minnesota Rule Part 2860 4400J, this § may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes

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

The franchise agreement requires you to sign a release of claims as a condition of renewing or Transferring a franchise Minn Rule 2860 4400J prohibits us from requiring you to sign a release of claims arising under the Minnesota Franchise Law Therefore, any release we require you to sign will exclude claims arising under the Minnesota Franchise Law

The Agreements provide that we are entitled to a temporary injunction or decree of specific performance without bond if we can demonstrate to a court of competent jurisdiction that there is substantial likelihood of your breach or threatened breach of any of the terms of the Agreements The Agreements are amended to provide that we are entitled to seek a temporary injunction or decree of specific performance under these circumstances, not that we are necessarily entitled to obtain this relief

New York

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS

Except as stated in Item 3 of this prospectus, neither the franchisor, its predecessor or predecessors nor any person or sales agent identified in Item 2 of this prospectus (i) has pending any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) alleging a felony, violation of any franchise law, securities' law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations, (ii) has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if the misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restrain of trade, unfair or deceptive practices, misappropriation of property or comparable allegations, (iii) is subject to any injunctive or restrictive order or decree relating to franchises or under any Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency

Neither the franchisor, its affiliate, its predecessor, officers, nor general partner during the 10-year period immediately before the date of the disclosure document (a) filed as debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code, (b) obtained a discharge of its debts under the bankruptcy code, or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code or that obtained a discharge of its debts under the U S Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership

The introduction to Item 17 is amended to read as follows

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT

The Summary column of Item 17d is amended to read "You may terminate upon any grounds permitted by law "

The Summary column of Item 17j is amended to read "We may assign only to a financially responsible assignee that we reasonably believe capable of performing its obligations under the franchise agreement and which expressly assumes these obligations in writing "

The Summary column of Item 17s is amended to add the following "Revisions to the Manual will not unreasonably affect your obligations, including your economic obligations, under the franchise agreement "

The Summary column of Item 17w is amended to add the following The foregoing choice of law should not be considered a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33 "

This disclosure document does not knowingly omit any material fact or contain any untrue statement of material fact

North Dakota

In North Dakota, the disclosure document is amended as follows to conform to North Dakota law

Item 17r is amended to add the following "To the extent that covenants not to compete apply to periods after the term of the franchise, they are generally considered unenforceable in the State of North Dakota "

Item 17u (Dispute Resolution by Arbitration or Mediation) is amended to omit any reference to the location of mediation or arbitration

Item 17v (Choice of Forum) is amended to state "None" under the heading for Section in Agreement and "Not Applicable" under the heading for "Summary "

The franchise agreement includes a waiver of the right to a jury trial That requirement will not apply to North Dakota franchises and is deemed deleted in each place it appears in the disclosure document and franchise agreement

The franchise agreement includes a waiver of exemplary and punitive damages That requirement will not apply to North Dakota franchises and is deemed deleted in each place it appears in the disclosure document and franchise agreement

Rhode Island

The Rhode Island Securities Division requires the following specific disclosures to be made to prospective Rhode Island franchisees

In spite of the provisions of Item 17v and Item 17w of the disclosure document, any litigation (but not arbitration) arising under the franchise agreement will take place in Rhode Island or other place mutually agreed to by the franchisee and franchisor

To the extent required by § 19-28 1-14 of the Rhode Island Franchise Investment Act, the Agreements will be governed by the laws of the State of Rhode Island

South Dakota

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

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

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

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

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

Virginia

In recognition of the restrictions contained in Section 13 1-564 of the Virginia Retail Franchising Act, the franchise disclosure document for Tailored Living, LLC, for use in the Commonwealth of Virginia is amended as follows

Additional Disclosure The following statements are added to Item 17 h

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable

Washington

The State of Washington has a statute, RCW 19 100 180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor, including the areas of termination and renewal of the franchise

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

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

In Washington, provisions of the franchise agreement which unreasonably limit the statute of limitations or remedies under the Washington Franchise Investment Act, such as the right to jury trial, may not be enforceable

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

FRANCHISE AGREEMENT

EXHIBIT A

TAILORED LIVING®
FRANCHISE AGREEMENT

EXHIBIT A

TABLE OF CONTENTS

FRANCHISE AGREEMENT

This Franchise Agreement (Agreement) is entered into as of ____________ (Effective Date), between Tailored Living, LLC , a California limited liability company (Franchisor),and ____, a(n) ____________________________ proposing to do business in the state of ____________________ as Tailored Living of ____________________ (Franchisee) Franchisee will begin operation under this Agreement on ____________ (Operating Date) and will make the first payment of monthly "Fees" (as defined below) on ________________

RECITALS

A Franchisor is engaged in the administration and development of programs for a mobile business (Franchised Business) for the design, sale, and installation of organizing units and storage and organizing accessories for closets, pantries, home offices, storerooms, utility rooms, basements, laundry rooms, attics, and garages using our expertise (System) and TAILORED LIVING® marks (Service Marks), as defined below, as well as other proprietary information owned by, and identified with, Franchisor Franchisor is the owner of the Service Marks, the System, and all rights in respect of each of them Franchisor's activities in general, and its franchise program in particular, are undertaken to develop, maintain, and enhance the Service Marks and Franchisor's overall reputation in retail sales and related services relating to organizing units and storage and organizing accessories for closets and other spaces

B Franchisee wishes to be franchised by the Franchisor to use the System, the Service Marks, and the goodwill of Franchisor to conduct "Franchised Business" (as defined below) Franchisor is willing to grant to Franchisee a franchise for the System and the Service Marks, in accordance with the provisions of this Agreement and Franchisor's "Confidential Operating Manual," on the terms and conditions set forth below

C Franchisee acknowledges that, in the administration of this Agreement and in taking actions with respect to its relationship with Franchisee, Franchisor must take into account the needs of all people operating under the Service Marks, the effect upon those people as a whole, and the need to protect the Service Marks for the benefit of those people and Franchisor

1 DEFINITIONS

1 1 Affiliate

An "Affiliate" of Franchisor or Franchisee, as the case may be, means all people in the following categories when they are conducting business activities related to

Franchisor or Franchisee (a) all people who Control, are Controlled by, or are under common Control with, Franchisor or Franchisee, (b) all direct or indirect shareholders, partners, members, or owners of a Franchisor or Franchisee, regardless whether they Control Franchisor or Franchisee, and (c) all officers, directors, employees, and agents of Franchisor or Franchisee and of Franchisor's or Franchisee's other Affiliates

1 2 Control

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

1 3 Franchised Business

The term "Franchised Business" means maintaining and operating a retail operation for the sale to customers located in the Territory of Franchisee, in accordance with the System and using the goodwill associated with the Service Marks, all upon the terms and conditions stated in this Agreement For purposes of this Agreement, a customer is located in the Territory if the location where the Franchised Business services will be performed is located in the Territory

1 4 Key Account

The term "Key Account" means any (a) potential or existing customer that has multiple sites, offices, or retail premises, at least one of which is located outside the Territory, (b) any home improvement retail or wholesale outlet, construction company, contractor, or similar business whose clientele includes potential customers for space organizers, and (c) operators of Internet Web sites (or similar referral sources) that offer to refer customers to Franchisor and its franchisees for a fee

1 5 Manager

The term "Manager" means the employee or agent of Franchisee who has been designated by Franchisee as the person responsible for the day-to-day operation of the Franchised Business and who has successfully completed Initial Training If Franchisee is an individual, Franchisee may be the Manager

1 6 Manual

"Manual" is the Confidential Operating Manual and the collection of policies and procedures (regardless of title) to be adhered to by Franchisee in performing under this Agreement In Franchisor's discretion, the Manual may be delivered to Franchisee in one or more printed volumes or may be made available on Franchisor's Intranet Regardless of the form of presentation, the Manual includes all amendments and supplements prescribed by Franchisor from time to time In the event of any doubt, the copy of the Manual maintained by Franchisor at its headquarters will conclusively be considered to be "official" version of the Manual

1 7 Materials

The term "Materials" means all forms, contracts, agreements, signs, displays, stationery, and other items permitted or required by Franchisor to be used in the operation of the Franchised Business

1 8 Marks

The term "Marks" means "TAILORED LIVING®" and all other proprietary marks registered or pending with the United States Patent and Trademark Office, as well as all common law trademarks and Marks, trade names, logotypes, insignias, designs, and other commercial symbols which Franchisor uses and authorizes others to use to identify the Franchised Business

1 9 Product

The term "Products" means organizing units and storage and organizing accessories for closets, pantries, home offices, storerooms, utility rooms, basements, laundry rooms, attics and garages and other spaces and all components of these units and accessories

1 10 System

The term "System" means a comprehensive marketing and operational system, as amended from time to time, prescribed by Franchisor to be used in the conduct of the Franchised Business, as described in this Agreement and the Manual The System includes, among other things, the Marks and certain advertising, marketing and sales programs and techniques, Franchisor-controlled telephone numbers, training programs and materials, artwork, graphics, and layouts, slogans, names, and titles, text, and other intellectual property that Franchisor makes available to Franchisee Franchisor, in its sole discretion, may improve and/or change the System from time to time (including adding to, deleting, or modifying elements of the System, establishing categories or classifications of Franchisees, and amending the Manual) for the intended purpose of making the System more effective, efficient, economical, or competitive, adapting to or taking advantage of competitive conditions, opportunities, technology, materials or local marketing needs and conditions, enhancing the reputation or public acceptance of the System, and/or better serving the public

1 11 Territory

The term "Territory" means the geographic area described in the attached Schedule 2, which is defined by U S Postal Service ZIP Codes (the boundaries of which are subject to adjustment by the Postal Service) On the Effective Date, the Territory consists of approximately 75,000 households, but the number of households (and the number of people per household) is subject to growth and shrinkage over the Term

1 12 Transfer

The term "Transfer" means any direct or indirect sale, assignment, transfer, conveyance, delegation of duties, gift, declaration of trust, pledge, mortgage, hypothecation, or other encumbrance, voluntarily or involuntarily, by operation of law or otherwise, whether as a single transaction or as part of a series of transactions, of any interest in a person, this Agreement, or all or substantially all of the assets of a person

2 THE FRANCHISED BUSINESS

2 1 Grant of Franchise

Franchisor grants to Franchisee, and Franchisee accepts, a franchise (Franchise) to participate in and use the System by conducting the Franchised Business solely within the Territory in strict accordance with this Agreement and the Manual, from the Operating Date until the end of the Term, unless sooner terminated **Nothing contained in this Agreement may be interpreted as a guarantee of success** Neither you nor any of your Affiliates may sell or install floor coating without our prior written consent, which we may grant or withhold in our absolute discretion Franchisee retains the right to conduct businesses and perform services other than the Franchised Business, but subject to the restrictions on engaging in competitive activities under Section 8 8, and subject to all other applicable provisions of this Agreement and the Manual Franchisee may not use the Marks, all or any part of the System, or any of Franchisor's other proprietary information in connection with any other businesses or services without the express prior written permission of the President or other executive officer of Franchisor, which permission, if granted, will bring the other businesses or services within the scope of the Franchised Business

2 2 Limited Exclusivity

(a) Except as provided in paragraphs (b), (c), (d) and (e) of this section, during the Term, Franchisor will not establish or operate within the Territory, or franchise any third party (other than Franchisee) to establish or operate within the Territory, any other business that both sells and installs organizing units and storage and organizing accessories for closets, pantries, home offices, storerooms, utility rooms, basements, laundry rooms, attics and garages using the System and the Service Marks

(b) Franchisee agrees that, from time to time, Franchisor may enter into agreements with Key Accounts, or permit other franchisees (on terms and conditions more specifically described in the Manual) to enter into agreements with Key Accounts that contemplate performance in the Territory of sales or installations of, or other services regarding, organizing units and storage and organizing accessories for closets, pantries, home offices, storerooms, utility rooms, basements, laundry rooms, attics and garages Franchisee is deemed to have opted in to all Key Account agreements unless and until Franchisee expressly opts out of one or more agreements that Franchisor presents to Franchisee If Franchisee chooses to opt out with respect to any Key Account in the Territory, or if Franchisee fails to provide sales, installations, or other services to a particular Key Account in the Territory on any two occasions in a 12-month period, Franchisor may provide or grant others the right to provide sales, installations, or other services with respect to that particular Key Account in the Territory for the remainder of the term

In exceptional cases, Franchisor may determine that a particular Key Account is of such significance that it represents a potentially substantial benefit to the System as a whole Such significant Key Accounts will be designated "Significant Key Accounts" in the Manual Significant Key Accounts may require only certain franchisees meeting the Significant Key Account's qualifications for participation ("Qualifying Franchisees") service customers of the Significant Key Account In such cases, the Qualifying Franchisee may nonetheless only service customers in another franchisee's territory with that franchisee's prior written consent in the form prescribed by Franchisor If the Qualifying Franchisee services "gray areas" (as defined in Section 2 4 of this Agreement) and such gray area is later sold as part of a new territory to another franchisee, Qualifying Franchisee may continue servicing customers of Significant Key Accounts in the formerly gray area until the new franchisee qualifies as a Qualifying Franchisee in its own right Until then, the Qualifying Franchisee will be required to compensate the franchisee of the formerly gray area on the same terms and conditions as it compensates other franchisees who have previously given Qualifying Franchisee consent to service Significant Key Accounts in their territories

(c) Franchisee acknowledges that, from time to time, opportunities may arise to participate in joint marketing efforts (such as home shows and Yellow Pages advertising) with other TAILORED LIVING® franchisees If Franchisee is afforded the opportunity to participate in joint marketing efforts but declines to do so, the participating TAILORED LIVING® franchisee must offer any leads for the Territory generated as a result of the joint marketing effort to Franchisee on reasonable terms and conditions (including maximum lead fees per referral) specified from time to time in the Manual If the participating franchisee complies with Franchisor's guidelines on the offering terms for the leads and Franchisee declines to accept the lead on the terms offered, then the participating franchisee will not be required to turn over the lead to Franchisee and the participating franchisee may instead work the lead in the Territory without compensation to Franchisee

(d) Franchisee agrees that if, as a result of Franchisee's default of this Agreement and as an alternative to termination, Franchisor withholds customer leads generated on Franchisee's behalf by Franchisor as described in sections 8 9(e) and 10 6 of this Agreement, Franchisor may provide or grant other franchisees the right to provide sales, installations or other services with respect to those customer leads in the Territory until Franchisee cures the breach

(e) Except to the limited extent expressly provided in paragraph (a) of this section the rights granted to Franchisee under this Agreement are non-exclusive and Franchisor expressly reserves all other rights, including the exclusive, unrestricted rights, directly and indirectly, itself and through its employees, representatives, franchisees, licensees, assigns, agents, and others (i) to own and operate, and to franchise others to own and operate, closet, pantry, home office, storeroom, utility room, basement, laundry room, attic and garage organizer businesses using the System and the Marks at any location outside the Territory, (ii) to solicit, sell to, and service Key Accounts and the clients of those Key Accounts, wherever located (including within the Territory), subject to compliance with paragraph (b) of this Section 2 2 and Section 8 14, (iii) to acquire or be acquired by a company that operates and/or franchises closet, pantry, home office, storeroom, utility room, basement, laundry room, attic and garage organizer businesses within the Territory without using the System and the Marks, (iv) to acquire or be acquired by a manufacturer of products associated with organizer activities, (v) to sell organizing units and storage and organizing accessories for closets, pantries, home offices, storerooms, utility rooms, basements, laundry rooms, attics and garages and other spaces through any other means that do not involve both the System and the Marks (including within the Territory), (vi) to advertise and promote the System and the Marks at any location within or outside the Territory and (vii) to grant franchises to certain TAILORED LIVING franchisees who were formerly PremierGarage franchisees to install floor coating at any location within or outside the Territory

2 3 Reserved Rights

Nothing contained in this Agreement will accord Franchisee any right, title or interest in or to the Marks, System, operational techniques, service concepts, proprietary information, or goodwill of Franchisor, except only those rights granted by this Agreement

2 4 Area and Scope of Operation

Unless otherwise approved in writing by Franchisor, Franchisee will only conduct its Franchised Business within the Territory, including (a) having any offices, warehouse, or other facilities located within the Territory, and (b) providing sales and services only with respect to spaces located within the Territory Franchisee will (i) diligently and effectively promote, market, and engage in the Franchised Business within the Territory, (ii) develop, to the best of its ability, the potential for the Franchised Business from within the Territory, (iii) operate the Franchised Business so as to maximize the total sales of organizer-related products and services of the Franchised Business, and (iv) devote and focus its full-time attention and efforts to that promotion and development

Unless otherwise instructed by Franchisor, Franchisee may operate in unassigned territories known as "gray areas" adjoining the Territory (for this purpose, a "gray area" is an area that is not part of any other franchisee's territory, nor an area served by Franchisor's "company-owned" operations) Any operations in gray areas are subject to sale of the territory to another franchisee, to initiation of "company-owned" operations in the gray area, and to Franchisor's rules and regulations, including that any advertising in gray areas (including in telephone directories) can only include Franchisor's toll-free telephone number, and not the local telephone number of Franchisee

Franchisee does not receive any right of first refusal or other rights of any type to a gray area by virtue of operations in that gray area Franchisor may sell any gray area territory at any time, without advance notice to Franchisee Upon notice from Franchisor, Franchisee will immediately cease all marketing activities in any gray area Franchisor may give a notice to cease marketing without regard to whether the gray area has been sold to another franchisee After Franchisor gives notice to cease marketing, Franchisee may (for a maximum of 30 days) complete installations of space organizers for which orders were completed before Franchisor gave Franchisee notice to cease marketing in the area

Franchisee's Initials

____

3 LOCATION OF BUSINESS

3 1 Principal Place of Business

Franchisee's principal place of business is at the following location

____

3 2 Office/Warehouse

Franchisor recommends that Franchisee use an office and/or warehouse at which (among other things) Franchisee may accept delivery of space organizers before installation At any time, Franchisee may, without further approval from Franchisor, develop an office and/or warehouse provided that the office/warehouse is located within the Territory (unless Franchisor consents in writing to the office/warehouse being located outside the Territory) Franchisee may display a discreet sign at the office/warehouse to direct deliveries, but may not use any signage designed to attract passing traffic

3 3 No Retail Storefront

The Franchise granted by this Agreement contemplates that Franchisee will operate a primarily mobile business Franchisee may not operate a fixed retail location for the display and/or sale of closet, pantry, home office, storeroom, utility room, basement, laundry room, attic and garage organizers and services (including at any office/warehouse), whether inside or outside the Territory, without Franchisor's written consent

4 PAYMENTS BY FRANCHISEE

4 1 Franchise Fee

Concurrently with Franchisee's signing of this Agreement, Franchisee will pay to Franchisor an "Initial Franchise Fee" of $29,950 Franchisee will receive the TAILORED LIVING® Start-Up Package (listed in Schedule 3 to this Agreement) when the Initial Franchise Fee is paid in full The Initial Franchise Fee is payable in a lump sum in lawful money of the United States of America upon signing of this Agreement by Franchisee, but Franchisor may finance up to $20,000 over five years if, in Franchisor's sole discretion, Franchisee qualifies for financing The Initial Franchise Fee is not refundable

4 2 Territory Fee

Concurrently with Franchisee's signing of this Agreement, Franchisee also will pay Franchisor a Territory Fee of $45,000 The Territory Fee is payable in a lump sum, all in lawful money of the United States of America, upon signing of this Agreement by Franchisee The Territory Fee is not refundable

4 3 Continuing Royalty

Throughout the Term of this Agreement, Franchisee will pay a flat fee "Continuing Royalty" of $2,000 (subject to phase-in as described below) for each month or portion of a month Franchisor may change the frequency of payment and reporting to weekly, and if Franchisor does so, the Continuing Royalty will be adjusted accordingly

In spite of the uniform Continuing Royalty described above, if the Territory was not franchised by Franchisor immediately before the Effective Date (i e , this is not a renewal term, and Franchisee did not accept a Transfer of the Territory from another Franchisee), the Continuing Royalty will be decreased during the first three years of the Term During this phase-in period, Franchisee will pay a Continuing Royalty according to the following schedule

Months From the Operating Date	Royalty
1^{st} through 6^{th} month	$300
7^{th} through 12^{th} month	$700
13^{th} through 24^{th} month	$1 100
25^{th} through 36^{th} month	$1 500
37^{th} and later	$2000

After the end of the three-year phase-in period, the Continuing Royalty will be $2,000 per month for the rest of the Term of this Agreement

If Franchisee renews this Agreement, the amount of the Continuing Royalty throughout the renewal term will be the Continuing Royalty provided for in the then-current form of Franchise Agreement being issued by Franchisor (and Franchisee will not be entitled to any phase-in offered under the renewal Franchise Agreement)

(b) Any payment of Continuing Royalty not received when due will be subject to a late penalty of $100 and will bear interest at 1 5% per month or the maximum rate permitted by applicable law, whichever is less, from the date due until the date received by Franchisor Payments not honored due to insufficient funds will be subject to a penalty of $25 Payments of Continuing Royalty are not refundable

(c) In spite of the Continuing Royalty Rate described in paragraph (a), above, if Franchisee purchased an existing TAILORED LIVING® business from another franchisee, as a result of which this Agreement was issued to Franchisee, then Franchisee will continue to pay the Continuing Royalty paid by the prior franchisee unless the prior franchisee was paying at the then-discounted rate applicable to a second territory and this is Franchisee's first Territory In such a case, Franchisee will pay at the rate prior franchisee would have been paying if the Territory had been the prior franchisee's first Territory For example, if the prior franchisee was in the 20th month of the Term on a first Territory, and was paying $1,100, Franchisee will start paying a Continuing Royalty of $1,100, which will increase to $1,500 on the 25th month after the prior franchisee's Operating Date and to $2,000 on the 37th month after the prior franchisee's Operating Date

4 4 Advertising Fee

(a) Throughout the Term of this Agreement, Franchisee will pay Franchisor a monthly advertising fee in the amount specified below The amount of the advertising fee is as follows

Time Period	Monthly Advertising Fee*
Until there are 99 territories	$300
Once there are 100 territories	$700
Once there are 200 territories	$1 250
Once there are 500 territories	$2 000

**For purposes of determining this fee, only franchise agreements within the U S will be counted Even if a franchised business is in operation, we will not count it for purposes of determining the Advertising Fee if the date on which payments are scheduled to begin has not yet arrived*

(b) Any payment of advertising fee not received when due will be subject to a late penalty of $100 and will bear interest at 18% per year or the maximum rate permitted by applicable law, whichever is less, from the date due until the date received by Franchisor Payments not honored due to insufficient funds will be subject to a penalty of $25 Payments of advertising fee are not refundable

(c) Franchisor may in the future establish the TAILORED LIVING® National Support Services Network, under which qualified representatives will be able to respond to inquiries from customers of TAILORED LIVING® franchisees The costs for these services may be reimbursed partially or wholly from the advertising fee

(d) On a national or regional basis, Franchisor may impose an additional assessment upon some or all of its franchisees for special designated advertising or promotional activities, if 2/3 of all affected TAILORED LIVING® franchisees agree to that assessment in writing

(e) Franchisor will spend for the purposes of national, regional, or local advertising, market research, advertising production costs, and public relations and promotional campaigns designed to promote and enhance the value of the Marks and general public recognition and acceptance of the Marks, an amount equal to (i) the aggregate advertising fees collected from all of its Franchisees less (ii) an administrative fee equal to 15% of the annual aggregate advertising fees received by Franchisor

(f) No interest on unexpended advertising fees will be imputed for the benefit of or payable to Franchisee and no interest on Franchisor expenditures in excess of advertising fees collected will be imputed for the benefit of, or payable to, Franchisor

(g) Franchisor will determine the cost, form of media, content, format, production, timing, location (including regional or local concentration and seasonal exposure) and all other matters relating to advertising, public relations, and promotional campaigns

(h) On or before March 31 of each year, if requested in writing by Franchisee, Franchisor will deliver to Franchisee a statement of receipts and expenditures of the aggregate advertising fees relating to the preceding calendar year, certified to be correct by an officer of Franchisor

(i) The advertising fees paid by Franchisee (and Franchisor's other franchisees) do not constitute a "fund" or the corpus of a trust, and may be freely intermingled by Franchisor with its other assets Neither payment of the advertising fee, Franchisor's contractual undertaking to expend an amount equal to the aggregate payments of advertising fees by franchisees in a specified fashion, nor any matter related to them may in any way be construed as creating a "trust," a "fiduciary relationship," or any other similar special arrangement

4 5 Technology Fee

Throughout the Term of this Agreement, Franchisee will pay Franchisor a monthly technology fee of $95 This amount may increase to reflect increases in our costs The technology fee includes the cost of operating the toll free telephone number (referred to in Section below) and upgrades and support for the TAILORED LIVING® D'Vinci™ design software (referred to in Section 8 15 below)

4 6 Telephone Fee

Commencing upon completion of Initial Training and throughout the Term of this Agreement, Franchisee will pay Franchisor a monthly telephone fee of $45 per line for Franchisee's dedicated business telephone number provided by Franchisor under Section 8 3 below This amount may increase to reflect increases in our costs

4 7 Means and Time of Payment

Franchisee must authorize Franchisor to withdraw continuing royalty fees, advertising fees, technology fees and all other fees due under this Agreement directly from Franchisee's bank account Funds to cover fees must be available for withdrawal from Franchisee's bank account from the first day of each month in which payment is due Franchisee must immediately make arrangements with its bank to authorize these withdrawals Franchisee must sign any document required by Franchisor to enable its payment to Franchisor of continuing royalties, advertising fees and any other ongoing fees by electronic funds transfer, pre-arranged draft, sweep of its bank account or any other method of funds transfer, at Franchisor's option Payments not honored due to insufficient funds will be subject to a penalty of $25

4 8 Interest on Delinquent Payments

All delinquent payments of any sums due Franchisor will bear interest at 1 5% per month or the maximum rate permitted by applicable law, whichever is less

4 9 No Accord or Satisfaction

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

4 10 Optional Customer Referral Fees

Franchisor may offer one or more programs that can result in referrals to Franchisee of potential customers, such as referrals from Web sites not owned or operated by Franchisor or Key Account referral programs under which franchisees can be rewarded for establishing relationships with customers that require organizers in multiple territories Franchisee will be provided information about these programs before receiving any referrals from them (such as agreed pricing, required service agreements, and required referral fees as a dollar amount or as a percentage of sales to the referred customer), and is not required to accept referrals from any of these programs If, after receiving details of a particular referral program, Franchisee elects to accept referrals from the program, Franchisee will pay the referral fees required as part of the program if Franchisee then receives referrals from the program No referral fee will be required if Franchisee independently develops a lead (even with a customer that is otherwise participating in the program) without receiving a referral from the program All referral fees payable as a result of Franchisee's participation in a particular referral program are payable to Franchisor monthly, by the 5th day of the month, for sales made in the prior month as a result of referrals

4 11 Consumer Price Index

Each amount payable under this Agreement may be increased on April 1 annually by the increase, if any, in the Consumer Price Index for the Los Angeles area for the prior year ended December 31

5 TERM

5 1 Initial Term

The initial term of this Agreement (Term) is ten (10) years from the Operating Date, unless sooner terminated under the provisions of this Agreement

In the event this Agreement is executed in connection with a renewal of an existing franchise agreement or with the grant of an additional term, Section 5 2 below is deemed deleted and is of no force or effect

5 2 Additional Term

(a) Subject to the terms and conditions contained in this Section 5 2, Franchisee may extend its franchise relationship for one additional ten-year term, upon the following conditions

(i) Franchisor will notify Franchisee of the expiration date of the Term of this Agreement and will transmit to Franchisee a copy of its then current franchise agreement and franchise disclosure document approximately 180 days before the expiration of the Term

(ii) After receipt by Franchisee of the then current franchise agreement complete in all material respects, but not later than 30 business days after receipt by Franchisee of the notice, franchise agreement and disclosure document, Franchisee will sign and return the then current Franchise Agreement Upon receipt, Franchisor will sign one copy and return it to Franchisee The new agreement will become effective concurrently upon expiration of the Term of this Agreement If Franchisee fails or refuses to sign and return to Franchisor the new Franchise Agreement within the time frame stated in this section, all of Franchisee's rights and options to enter into an additional franchise agreement will expire

(iii) Franchisee will pay a $7,500 renewal fee at the time the new franchise agreement is signed by Franchisee

(iv) On the Operating Date of the new franchise agreement, Franchisee and its Affiliates may not be in default under this or any other agreement with Franchisor and its Affiliates, and Franchisee must have materially performed all of its obligations under this Agreement over the life of this Agreement

(b) If Franchisor ceases granting Franchises in the state in which the Franchised Business is operating, Franchisor will notify Franchisee at least 180 days before the expiration of the Term of that cessation, whereupon Franchisee's right to enter into a new franchise agreement will be terminated in its entirety at the end of the Term

(c) If Franchisor determines not to grant an additional franchise agreement by reason of a default by Franchisee which is incurable or has not been cured by Franchisee within the applicable time period or failure of Franchisee to fully perform its obligations under this Agreement, Franchisor will give Franchisee notice of its intention not to grant an additional term (i) within the minimum time required by the jurisdictional authorities, or (ii) in the absence of a specific period, within 30 days after Franchisee gives its notice of its wish to enter into a new franchise agreement but not less than 90 days before the termination date of this Agreement

(d) After the signing by Franchisee of a subsequent franchise agreement, and before the effective date of the new franchise agreement, Franchisee will bring its Franchised Business into full compliance with the standards then applicable to new TAILORED LIVING® franchisees

5 3 Notice of Expiration Required by Law

If applicable law requires that Franchisor give a longer period of notice to Franchisee than provided in this Agreement prior to the expiration of the Term, Franchisor will give the additional required notice If Franchisor does not give the required additional notice, this Agreement will remain in effect on a month-to-month basis only until Franchisee has received the required additional notice

6 MARKS

6 1 Franchise

(a) Franchisor grants to Franchisee the right during the Term to use and display the Marks in accordance with the provisions contained in this Agreement and in the Manual, solely in the operation of the Franchised Business Franchisee acknowledges that Franchisor prescribes minimum standards respecting the nature and quality of the goods and services used by Franchisee in which the Marks are used Franchisee agrees to be responsible for and to supervise all of its employees and agents to insure the proper use of the Marks in compliance with this Agreement Franchisee will use the Marks solely in the Franchised Business and may not use or display the Marks in the operation of any business, the performance of any other service, or the conduct of any other activity outside the scope of the Franchised Business Franchisee agrees that all of Franchisee's use of the Marks under this Agreement inures to the benefit of Franchisor Nothing in this Agreement will give Franchisee any right, title, or interest in or to any of the Marks, except a mere privilege and franchise during the Term to display and use the Marks strictly according to the limitations provided in this Agreement and the Manual Franchisee agrees that all art work, graphics, layouts, slogans, names, titles, text, or similar Materials incorporating, or being used in connection with, the Marks which may be created by Franchisee, its employees, agents and subcontractors and any other party with whom Franchisee contracts to have the Materials produced will become the sole property of Franchisor, including copyright and trademark rights, and Franchisee agrees on behalf of itself, its employees, its agents, its subcontractors, and any other party with whom it may contract to have the materials produced, to promptly sign any and all appropriate documents in this regard Franchisee agrees to join with Franchisor in any application to enter Franchisee as a registered or permitted user, or the like, of the Marks with any appropriate governmental agency or entity Upon termination of this Agreement for any reason, Franchisor may immediately apply to cancel Franchisee's status as a registered or permitted user and Franchisee will consent in writing to the cancellation and will join in any cancellation petition The expense of any of the foregoing recording activities will be borne by Franchisor

(b) Franchisor has advised Franchisee that the name "TAILORED LIVING®" may have been used by other people in the conduct of a closet, pantry, home office, storeroom, utility room, basement, laundry room, attic and/or garage organizer business prior to Franchisor's registration of its Mark and that those prior users may have the legal right to continue to use the name "TAILORED LIVING®" in the geographical area in which they have used it Franchisor has further advised Franchisee that the mechanisms for determining whether a particular trade name is being used by another person (i) vary substantially from locale to locale and Franchisor cannot assure Franchisee that the name "TAILORED LIVING®" is not currently being used in the Territory, (ii) may require a search of local trademark and Mark registration records, fictitious business name filings, or both, or some other records maintained by city, county, or state agencies or entities, and (iii) may be imperfect and fail to reveal some protected uses Franchisee understands that, before signing this Agreement and accepting the Territory, Franchisee should have obtained advice from local counsel regarding the appropriate search and protection mechanisms and have conducted an appropriate search and investigation in the Territory to determine whether there is any prior user of the name "TAILORED LIVING®"

(c) The name "Tailored Living" may be in use by other businesses in the United States who are not Franchisor's franchisees or in any way affiliated with Franchisor Franchisee acknowledges that Franchisee is responsible for finding out whether the name "Tailored Living" is already being used in the Territory As a material part of the consideration for Franchisor's grant of a franchise to Franchisee, Franchisee waives any claim that Franchisor is liable to Franchisee for damages or losses resulting from any prior use of the name "Tailored Living" by anyone else Nothing in the preceding sentence, however, will be considered to limit a party's respective obligations under Section 6 6 below

6 2 Acts in Derogation of the Franchisor's Rights

(a) Franchisee agrees that the Marks are the exclusive property of Franchisor Franchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation or ownership by virtue of Franchisee's licensed use of the Marks or otherwise Ownership and title of the Marks and Franchisor's manuals, bulletins, instruction sheets, forms, methods of operation, and goodwill are and will remain vested solely in Franchisor, and Franchisee's right of use is only co-extensive with the Term of this Agreement Franchisee acknowledges that the material and information now and from now on provided and/or revealed to Franchisee under this Agreement (including the contents of the Manual) are confidential trade secrets of Franchisor and are revealed in confidence, and Franchisee will keep and respect the confidences so reposed, both during and after the Term of this Agreement Franchisor expressly reserves all rights with respect to the Marks, confidential trade secrets, methods of operation, and other proprietary information, except as expressly granted to Franchisee in this Agreement or in the Manual Franchisor will disclose its trade secrets to Franchisee by loaning to Franchisee for the Term of this Agreement manual and other written materials containing the trade secrets, through training and assistance provided to Franchisee, and by and through the performance of Franchisor's other obligations under this Agreement Franchisee acknowledges that Franchisor is the sole owner of all proprietary information and trade secrets, that the information is being imparted to Franchisee only by reason of its special status as a Franchisee of the System, and that the trade secrets are not generally known to the space organizer industry or public at large and are not known to Franchisee except by reason of the disclosure Franchisee further acknowledges that it will acquire no interest in the trade secrets, other than the right to use them in the development and operation of the Franchised Business during the Term of this Agreement In addition, Franchisee acknowledges that the use or duplication of the trade secrets except as expressly permitted by this Agreement will constitute an unfair method of competition and that Franchisor will suffer irreparable injury by it Franchisee agrees that it will not do or permit any act or in derogation of any of the rights of Franchisor in the Marks, either during or after the Term of this Agreement, and that Franchisee will use the Marks only for the uses and in the manner franchised under and as provided in this Agreement Furthermore, Franchisee and its employees and agents will not engage in any acts or conduct that impairs the goodwill associated with the Marks

(b) In connection with the operation of the Franchised Business, Franchisee agrees that at all times and in all advertising, promotions, signs, and other display materials, on its letterheads, business forms, and at all authorized business sites, in all of its business dealings related to them and to the general public, it will identify the Franchised Business under a fictitious business name, approved by Franchisor, together with the words "AN INDEPENDENTLY OWNED AND OPERATED FRANCHISEE" or any other similar designation that is prescribed by Franchisor, all in the form, size, and style as prescribed in the Manual In its sole discretion, Franchisor retains the right to deny the use of certain words or phrases in the fictitious business name Franchisee will file and keep current a "Fictitious Business Name Statement" (or similar document) with respect to its fictitious business name in the county or other designated region in which Franchisee is conducting business and at any other places as may be required by law Prior to beginning business under the Marks, Franchisee will supply evidence satisfactory to Franchisor that Franchisee has complied with relevant laws regarding the use of fictitious business names Franchisor must approve in advance the total appearance of the fictitious business name (and other identifying words) Franchisee further agrees that it will not identify itself as (i) Franchisor, (ii) a subsidiary, parent, division, shareholder, partner, joint venturer, agent, or employee of Franchisor or other owner of the Marks or (iii) any of Franchisor's other franchisees If Franchisee is a corporation, Franchisee will not use in its corporate name either the Marks or any words confusingly similar thereto

6 3 Use and Modification of Marks

Franchisor may add to, substitute, or modify any or all of the Marks from time to time, by directive in the Manual Franchisee will accept, use, display, or cease using, as may be applicable, the Marks, including any modified or additional trade names, trademarks, Marks, logotypes, and commercial symbols, and will within 30 days of receiving notification, begin to implement the changes and use its best efforts to complete the changes as soon as practicable at its own expense On the expiration or sooner termination of this Agreement, Franchisor may, if Franchisee does not do so, sign in Franchisee's name and on Franchisee's behalf any and all documents necessary, in Franchisor's judgment, to end and cause a discontinuance of the use by Franchisee of the Marks and fictitious business name registrations and Franchisor is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact to do so

6 4 Use of Other Trademarks

Franchisee may not use or display or permit the use or display of trademarks, trade names, Marks, insignias or logotypes, other than the fictitious business name (i) in any advertisement that contains the words "TAILORED LIVING®" or any other Marks, (ii) in or on any place of business of Franchisee in any manner that is reasonably visible from outside the place of business, or (iii) in any computer system used at any place of business of Franchisee, or otherwise in connection with the Franchised Business, in any manner that could lead any person to believe that the other trademarks, trade names, Marks, insignias, or logotypes or the products or services with which they are associated are owned or offered by the Franchisor or its affiliates, except as otherwise expressly permitted in this Agreement or in the Manual

6.5 Prohibition Against Disputing Franchisor's Rights

Franchisee may not, during or after the Term of this Agreement, in any way, dispute or impugn the validity of the Marks, the rights of Franchisor to the Marks, or the right of Franchisor or other franchisees of Franchisor to use the Marks

6.6 Mark Infringement Claims and Defense of Marks

If Franchisee receives notice or otherwise becomes aware of any claim, suit, or demand against it by any party other than Franchisor or its affiliates, on account of any alleged infringement, unfair competition, or similar matter arising from Franchisee's use of the Marks in accordance with the terms of this Agreement, Franchisee will promptly notify Franchisor of the claim, suit, or demand Franchisee may not settle or compromise any such claim, suit, or demand by a third party without the prior written consent of Franchisor Franchisor will defend, compromise, or settle at its discretion any such claim, suit or demand at Franchisor's cost and expense, using attorneys selected by Franchisor, and Franchisee agrees to cooperate fully in the matter Provided that Franchisee has fully complied with the obligations of this section, Franchisor will indemnify Franchisee against all judgments resulting from any claim, suit, or demand arising from Franchisee's use of the Marks in accordance with the terms of this Agreement Franchisor will have the sole discretion to determine whether a similar trademark or Mark being used by a third party is confusingly similar to the Marks being used by Franchisee and whether and what subsequent action, if any, should be undertaken with respect to the similar trademark or service mark

6.7 Use of Marks on the Internet

(a) Franchisee may not develop, create, generate, own, franchise, lease, or use in any manner any computer medium or electronic medium (including any Internet home page, e-mail address, Web site, bulletin board, newsgroup or other Internet-related medium) which in any way uses or displays, in whole or part, the Marks, or any of them, or any words, symbols, or terms confusingly similar to any of them without Franchisor's express prior written consent, and then only in the manner and in accordance with the procedures, policies, standards, and specifications that Franchisor establishes from time to time Without limiting the generality of the foregoing, Franchisee will not cause, permit or allow the Marks, or any of them, or any words, symbols or terms confusingly similar to any of them, be used or displayed in whole or part (i) as, or as a part of, an Internet domain name, (ii) as, or as a part of, a uniform resource locator (or "URL," the unique address assigned to each page of a Web site) at any level or address, or (iii) on or in connection with any Internet home page, Web site, bulletin board, newsgroup, chat-group, buddy list, instant messenger, meta-tag (or the comparable identifier in any future technology) or other Internet-related activity, without Franchisor's express prior written consent, and then only in the manner and in accordance with the procedures, policies, standards, and specifications that Franchisor establishes from time to time Franchisee may not link to or frame any part of Franchisor's Web site (including the Franchisee Page, if any) to any other Web site or authorize any third party to link to or frame any part of Franchisor's Web site (including the Franchisee Page, if any) without Franchisor's express prior written consent, and then only in the manner and in accordance with the procedures, policies, standards, and specifications that Franchisor establishes from time to time

(b) Except as provided below, Franchisee may not use, nor authorize any third party to use, the Marks to advertise, promote, offer, or sell any goods or services through the Internet, if those goods or services are the same as or similar to those (i) which are offered at or from the Franchised Business, (ii) which bear any of the Marks, or (iii) which are otherwise offered or sold under the Marks Franchisee may, however, use the Marks to sell goods or services through the Internet in compliance with the Manual or with Franchisor's prior written consent, but then only in the manner and in accordance with the procedures, policies, standards, and specifications that Franchisor establishes from time to time

(c) Franchisor is the owner of, and will retain all right, title, and interest in and to the domain name "TAILORED LIVING®", the URL "www tailoredliving com," all existing and future domain names, URLs, addresses and subaddresses (including the Franchisee Page subaddresses), all computer programs and computer code (e g , HTML, Java) used for or on Franchisor's Web site, excluding any computer programs and computer code owned by third parties (collectively, Software), all text, images, sounds, files, video, designs, animations, layout, color schemes, trade dress, concepts, methods, techniques, processes and data prepared for, used on or in connection with, displayed on, or collected from or through Franchisor's Web site (collectively, "Content), and all intellectual property rights in or to any of them

7 INSTRUCTION AND OPERATING ASSISTANCE

7 1 Initial Training

Unless the Initial Franchise Fee was waived under Section 4 1, immediately before the Operating Date, Franchisor will provide training to Franchisee's Manager in the System (including instruction in closet, pantry, home office, storeroom, utility room, basement, laundry room, attic and garage organizer design, measurement, and product installation, sales and marketing techniques, advertising techniques, availability and differences of space organizers, and Franchisor's policies and procedures (Initial Training) Franchisor will determine the duration of and the time(s) and place(s) at which the Initial Training will be conducted The Manager must complete Initial Training before the Operating Date Franchisor will provide the Initial Training to additional responsible management people as requested by Franchisee, subject to the provisions of Section

7 2 Before beginning the Initial Training, the Manager must deliver to Franchisor a signed confidentiality agreement in the form from time-to-time included in the Manual At or immediately before Initial Training (unless the Initial Franchise Fee was waived under Section 4 1 or Franchisee acquired the Franchised Business as a result of a Transfer from another franchisee), Franchisor will provide Franchisee with the TAILORED LIVING® Start-Up Package, comprised of those items enumerated in Schedule 3 to this Agreement

As part of the TAILORED LIVING® Start-Up Package, Franchisor will pay up to $500 in transportation costs for Franchisee's Manager to attend Initial Training, and charges for one room for 13 nights at a hotel of Franchisor's choice Franchisee or its Manager is responsible for car rental, meals, and entertainment during training

7 2 Additional Attendees

Provided there is sufficient room in an Initial Training class, Franchisor will allow additional responsible management people designated by Franchisee to attend Initial Training People attending Initial Training must have a demonstrable relationship to the management and operation of the Franchised Business by Franchisee Prior to beginning training, each person must deliver to Franchisor a signed confidentiality agreement in the form from time-to-time included in the Manual Franchisor will not assess a training fee for you and your Manager Franchisor reserves the right to assess a reasonable charge, not to exceed $150 per day, for training additional attendees At Franchisor's discretion, any additional trainees may not be allowed to participate in field trips or vendor visits during the Initial Training

7 3 Staff Training Courses

(a) Franchisor may make available to Franchisee, from time to time, optional staff training courses, seminars, conferences, or other programs, in a suitable location in Franchisor's discretion Following Initial Training, Franchisor reserves the right to exclude prospective trainees from any further training courses who have not attended prior Franchisor training courses which Franchisor believes to be necessary for the trainee to have taken first

(b) Upon reasonable notice, Franchisor may require attendance of designated personnel of Franchisee at training courses, seminars, conferences, or other programs other than Initial Training that are considered by Franchisor to be relevant or appropriate to the successful operation of the System Franchisor will charge no fees for required training courses, seminars, conferences, or other programs

(c) In connection with any staff training courses described in Sections 7 3(a) and 7 3(b) above, Franchisee will pay the travel, hotel and meal expenses for Franchisee's attendees

7 4 Continuing Assistance

Representatives of Franchisor will be available on an ongoing basis during normal business hours at its headquarters for consultation and guidance with respect to the operation and management of the Franchised Business In addition to the Manual, Franchisor may from time to time provide Franchisee with additional materials and/or training relating to the Franchised Business

Additionally, Franchisor may, at its cost, provide or facilitate structured coaching with respect to aspects of the Franchised Business as Franchisor determines appropriate

7 5 Proprietary Materials

At Initial Training or other training programs (if any), Franchisor will provide to Franchisee proprietary information for use in connection with the training of Franchisee's staff At Initial Training, Franchisor will lend to Franchisee, for Franchisee's use during the Term of this Agreement, one copy of the Manual, which is and will at all times remain the property of Franchisor Franchisor may also from time to time make available to Franchisee for purchase certain materials relevant to the System and the Franchised Business Franchisee may not, and may not allow its employees or others, to copy, reproduce, disseminate, or otherwise reveal to third parties any of the foregoing proprietary information and related materials without Franchisor's express prior written consent

8 OPERATION OF BUSINESS

8 1 Franchisee Operational Requirements

(a) Franchisee will employ or engage the services of, on a full time basis, at least one Manager who will devote his or her entire time and attention during normal business hours, as defined in the Manual, to the management, operation, and development of the Franchised Business and will not engage in any other business activity requiring his or her active participation during normal business hours

(b) At any time after the Effective Date, but before the Operating Date, Franchisee must purchase or lease at Franchisee's expense a motor vehicle meeting Franchisor's standards, as set forth in the Manual (a "Vehicle) for use in the Franchised Business As part of the TAILORED LIVING® Start-Up Package, Franchisor provides signage displaying the TAILORED LIVING® logo Franchisee must retain (at Franchisee's expense) a capable vendor to affix the signage to the Vehicle (placement of the signage on the Vehicle must be in accordance with the specifications of Franchisor as described in the Manual) Any subsequent modifications to the Mark and distinctive logo on the side of the Vehicle will be at Franchisee's expense Franchisee will be responsible for all operating and other expenses associated with the Vehicle Franchisee will deliver to Franchisor a copy of the bill of sale or lease for the Vehicle within ten days after Franchisee purchases or leases it Franchisee must at all times maintain a policy of comprehensive liability insurance that meets specifications stated in the Manual with Franchisor as an additional named insured The insurance requirements of the preceding sentence will survive so long as Franchisee uses the Vehicle in any business operating under the fictitious business names If this Agreement is terminated, for whatever reason, Franchisee will immediately remove the name and logo of TAILORED LIVING® from the Vehicle and cease any further use of that name and logo

(c) Franchisee must purchase Products only from approved suppliers Each approved supplier will have an account number assigned to it by Franchisor All purchases of Products by Franchisee will be coded to the specific account number corresponding to that approved supplier, and all records of all purchases of Products by Franchisee each month will be forwarded by the approved supplier to Franchisor Any purchases by a Franchisee from any vendor other than an approved supplier will be considered a material breach of this Agreement and constitutes grounds for immediate termination of this Agreement upon written notice from Franchisor If Franchisee purchases from a vendor other than an approved supplier, Franchisor also has the right, at its option, in lieu of termination, to redirect gray area and national account leads that would otherwise be directed to Franchisee to another compliant franchisee of Franchisor's choice In addition, Franchisee will be required to purchase from approved suppliers sample books, marketing materials, or other items necessary to sell organizing units and storage and organizing accessories, as well as stationery and business cards containing Franchisor's proprietary Marks

(d) Franchisee will purchase or lease and use in the Franchised Business a MasterCard/Visa terminal and other necessary items of office equipment and furnishings

(e) Franchisee must purchase and use in the Franchised Business computer equipment and software that meet Franchisor's written specifications, as updated from time to time (the "Computer System") Franchisor will have the right to specify or require that certain brands, types, makes and models of communications, computer systems, and hardware to be used by, between, or among Franchisees, including without limitation (i) memory and hard drive capabilities, printers and other peripheral devices, (ii) archival back-up systems, and (iii) internet access mode and speed Franchisor will have the right, but not the obligation, to develop or have developed for it, or to designate (i) additional computer software programs and additional accounting system software that Franchisee must use in connection with the Computer System ("Required Software"), which Franchisee will install, (ii) updates, supplements, modifications or enhancements to the

Required Software, which Franchisee will install, (iii) the tangible media on which Franchisee will record data, and (iv) the database file structure of Franchisee's Computer System Without limiting the generality of the foregoing, Franchisor reserves the right to develop proprietary business application software and to require Franchisee to use that software in operating the Franchised Business If Franchisor develops proprietary business application software, Franchisor will notify Franchisee Upon notice, Franchisee will sign a "terms of use" agreement governing use of the software and will acquire (by purchase or lease) the necessary computer hardware and software and Internet connections to make the proprietary business application software usable

(f) Franchisee will pay any and all personal property, income, sales, use, excise, ad valorem, and other taxes, regardless of source or nature, which may be imposed, levied, assessed, or charged on, against, or in connection with, the Franchised Business or any product or service sold or furnished by Franchisee under this Agreement or otherwise, by any federal, state, county, municipal, or other governmental agency or subdivision which may have jurisdiction over the Franchised Business or the products or services offered in connection with it

(g) Franchisor strongly suggests (but does not require) that Franchisee should have a minimum working capital of not less than $15,000 after paying the Initial Franchise Fee and Territory Fee, but before beginning of operations Depending upon the circumstances, Franchisee may need considerably greater working capital (of $25,000 or more) This working capital is to be used for initial advertising, Vehicle expenses, the office equipment required by Franchisor as well as miscellaneous other office equipment, insurance, all necessary business, contractors or other licenses required by Franchisee's state to do business, initial tools and supplies, deposits, initial start-up costs, and related expenses Those amounts (some of which may be paid to Franchisor and other amounts to outside vendors in connection with various expenses) are generally non-refundable Whether any amounts paid to third parties are refundable depends upon the agreements with the third parties

(h) From time to time, Franchisee will hire the additional full-time and part-time staff that Franchisee considers necessary to operate the Franchised Business properly Although Franchisor may make recommendations to Franchisee (in the Manual or otherwise) concerning employees, Franchisee will be solely responsible for all hiring, firing, and discipline issues concerning its employees Franchisee will indemnify Franchisor (under Section 13 2, below) for all claims arising out of or relating to Franchisee's employees and Franchisee's hiring, firing, and discipline decisions concerning those employees

8 2 Manual

(a) Franchisee will operate the Franchised Business in accordance with the Manual Franchisor will have the right to modify the Manual at any time by the addition, deletion or other modification of the provisions of the Manual Franchisor agrees that although the modifications to the Manual may be material in that they may have an effect on the operation of the Franchised Business, they may not conflict with or materially alter the terms of this Agreement All additions, deletions or modifications will be effective (i) five business days after Franchisor has deposited notification to Franchisee with the United States Postal Service properly addressed, or (ii) the next business day after verified receipt by Franchisee of electronic mail notification, or (iii) the next business day after notification is posted on Franchisor's Web site if Franchisee has password protected access to the Web site for the notifications

(b) All additions, deletions, or modifications to the Manual will be equally applicable to all similarly-situated Franchisees The Manual, as modified or amended from time to time, will not alter Franchisee's fundamental status and rights under this Agreement References to the Manual made in this Agreement, or in any amendments or exhibits to this Agreement, will be considered to mean the Manual, as amended from time to time

(c) If Franchisor produces a printed version of the Manual, Franchisor will lend to Franchisee at no additional charge one copy of the Manual All copies of the Manual will at all times remain the sole, confidential, and trade secret property of Franchisor Upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee will immediately return all printed copies of the Manual to Franchisor Except as specifically permitted by Franchisor, at no time may Franchisee, or its employees or agents, make, or cause to be made, any copies or reproductions of all or any portion of the Manual or disclose the terms of the Manual to any other person except employees and agents of Franchisee when required in the operation of the Franchised Business

8 3 Telephone Numbers and Directory Advertising

(a) Franchisor will operate a toll free telephone number to be used for the conduct of the Franchised Business All advertising relating to the Franchised Business will include this toll free number

(b) At Franchisee's expense (the "Telephone Fee" referenced in Section 4 6), Franchisor will provide and maintain telephone service for the Franchised Business Franchisee may insert this number in its directory listings (see paragraph (c), below), business cards, and stationery in conjunction with the Franchised Business, but may otherwise advertise this telephone number only with Franchisor's prior written consent If Franchisee operates the Franchised Business from Franchisee's residence, the business line provided by Franchisor must be separate and distinct from Franchisee's personal (residential) telephone number If Franchisee is engaged in businesses other than the Franchised Business, Franchisee must maintain different telephone numbers and may make no reference to the Franchised Business in any "white pages" or "yellow pages" listings in respect of the other businesses At the time of termination of this Agreement, for any reason, Franchisee will comply with the provisions of Section 12 1(b) below, with respect to telephone numbers

(c) Franchisee will advertise the Franchised Business in all primary (as determined by Franchisor) "white pages" and "yellow pages" directories in the Territory The form, size, content, and placement of yellow page advertising will be at the sole discretion of Franchisee, consistent, however, with procedures prescribed by Franchisor in the Manual All "display" advertisements in the yellow pages must state that each business is independently owned and operated, must list Franchisor's toll free telephone number, and may list the local telephone number for Franchisee's Franchised Business Franchisee may, at its option, join with other TAILORED LIVING® franchisees for a single yellow page advertisement, and if so, in addition to Franchisor's toll free telephone number, either the local telephone number of each TAILORED LIVING® franchisee must be listed in the yellow page advertisement or none of the local telephone numbers may be listed

(d) Upon termination of this Agreement, for any reason, Franchisor will revoke the telephone number relating to the Franchised Business Furthermore, upon termination, Franchisee will not indicate in any manner it was previously affiliated with Franchisor

(e) Franchisor may impose other requirements concerning telephones and telephone numbers in the Manual Among other requirements that may be imposed in the Manual, Franchisor may require that Franchisee's telephones be answered by a live person (either an employee of Franchisee or an answering service) during regular business hours, rather than using voice-mail or a telephone answering machine

8 4 Insurance

Franchisee will have in effect on the Operating Date and maintain during the Term a commercial general liability insurance policy and all other insurance in the types and amounts as are specified in the Manual All policies of insurance to be maintained by Franchisee will contain a separate endorsement naming the Franchisor, and if required, its affiliated companies, as additional insured parties The policies of insurance will not be subject to cancellation or modification except after 30 days prior written notice to the Franchisor Franchisee will cause certificates of insurance or other evidence of insurance coverage in the form Franchisor requests showing compliance with the above requirements to be delivered to the Franchisor annually upon renewal and at any other times that Franchisor requests If Franchisee does not maintain the insurance coverage required in the Manual, Franchisor may purchase the policies of insurance it considers to be required and Franchisee will reimburse Franchisor for all costs of the insurance

8 5 Reporting, Data, Records and Rights of Inspection

(a) Franchisor may, from time to time, specify in the Manual or otherwise in writing the information that Franchisee will collect and maintain on the Computer System installed at the Franchised Business, and Franchisee will provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained All data pertaining to the Franchised Business, and all data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the Franchised Business (including without limitation data pertaining to or otherwise concerning the Franchised Business's customers) or otherwise provided by Franchisee (including, without limitation, data uploaded to, or downloaded from, Franchisee's Computer System) is and will be owned exclusively without compensation to Franchisee Copies and originals of such data must be provided to Franchisor on Franchisor's request Franchisor by this Agreement licenses use of such data back to Franchisee for the Term of this Agreement, at no additional cost, solely for Franchisee's use in connection with the Franchised Business

(b) Franchisee will maintain during the Term, and for a period of 36 months following expiration or termination of this Agreement for any reason, complete and accurate records of all revenues related to the Franchised Business, in the form and manner specified by Franchisor in its Manual Franchisee will permit Franchisor or its representatives or agents selected in the sole discretion of Franchisor, during normal business hours, to examine, copy and/or audit the books of accounts, bank statements, documents, records, papers, and federal, state and local tax return records relating to the Franchised Business or individual officers, directors, owners, partners, or affiliated or related entities or shareholders If Franchisee's records require a substantial effort (as determined in the sole judgment of Franchisor, exercised in good faith) on behalf of Franchisor's auditors to be placed in a condition readily conducive to audit, Franchisee will be required to immediately pay to Franchisor the entire cost of the audit, otherwise, the cost of the audit will be borne by Franchisor Franchisee will furnish the Franchisor with a copy of any and all certified financial statements respecting Franchisee's business, without any cost or expense to Franchisor

(c) Within 60 days after each of Franchisee's fiscal years ends, Franchisee will furnish Franchisor with (i) a Profit and Loss Statement and Balance Sheet of the Franchised Business for the previous fiscal year, (ii) a statement of gross sales for the previous fiscal year, and (iii) a list of Franchisee's business offices (including the addresses and telephone numbers of each), along with any further information Franchisor reasonably requests All of the financial statements and information will be prepared according to the guidelines prescribed by Franchisor in the Manual, and will be certified by Franchisee, or in the case of a corporate Franchisee, by Franchisee's Chief Executive Officer or Chief Financial Officer, as being true and correct

(d) Franchisor may, at any time, use any financial report or statement, or any information derived from them, in aggregate form, as part of Franchisor's disclosure document or similar disclosure document

8 6 Review

Upon reasonable prior written notice, Franchisor will have the right to send representatives at reasonable intervals during normal business hours, into Franchisee's principal place of business or other offices to inspect Franchisee's operations, business methods, service, financial and other records, management, and administration, to determine the quality and the faithfulness of Franchisee's compliance with the provisions of this Agreement and the Manual

8 7 Compliance with Laws

Franchisee will (i) operate the Franchised Business in compliance with all applicable laws, rules and regulations of all governmental authorities, (ii) comply with all applicable wage and hour and other laws and regulations of the federal, state, or local governments, (iii) prepare and file all necessary tax returns, (iv) pay promptly all taxes imposed upon Franchisee or upon its business or property, and (v) at all times comply with the applicable licensing requirements if any, of a State Contractor's Franchise Board (or its equivalent) and other appropriate organizations Franchisee represents and warrants that it will obtain and maintain all necessary permits, certificates, and/or franchises necessary to conduct the Franchised Business in the Territory Franchisee will immediately notify Franchisor of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving Franchisee, or any entity affiliated with Franchisee, or any agent, employee, owner, director or partner of Franchisee, which notification will include all relevant details concerning the proceedings, according to the procedures described in the Manual

8 8 No Other Space Organizer Businesses

(a) Franchisee acknowledges that, under this Agreement, Franchisee will receive valuable specialized training, trade secrets, and confidential information, including information regarding the operational, sales, promotional, and marketing methods and techniques of the System Franchisee acknowledges that this specialized training, trade secrets, and confidential information provide a competitive advantage and will be valuable to Franchisee in the development and operation of the Franchised Business, and that gaining access to this specialized training, trade secrets, and confidential information is, therefore, a primary reason why Franchisee is entering into this Agreement

(b) In consideration for this specialized training, trade secrets, confidential information, and rights, Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee will not during the Term, either directly or indirectly, for itself or through, on behalf of, or in conjunction with any people, partnership, or corporation

(i) Divert or attempt to divert any business or customer of the Franchised Business to any "Competitor" (as defined below), by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System For purposes of this Agreement, a "Competitor" is a business that derives revenues from the direct or indirect retail sale of closet, pantry, home office, storeroom, utility room, basement, laundry room, attic and garage organizers or services or other products or services similar to those sold by the Franchisor or any of its franchisees

(ii) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations, or joint ventures), advise, assist, or make loans to, any Competitor located within the United States, its territories or commonwealths, or any other country, province, state, or geographic area in which Franchisor has used, sought registration of, or registered the Marks or similar marks, or operates or franchises others to operate a business under the Marks or similar marks

(c) For a continuously uninterrupted period of two years, beginning with "expiration date" specified below, Franchisee will not, directly or indirectly, for itself, or through, on behalf of, or in conjunction with any other person

(i) Divert or attempt to divert any business or customer of the Franchised Business to any Competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System

(ii) Employ or seek to employ any person who is at that time, or has been within the preceding six months, employed by Franchisor or by any other franchisee or developer of Franchisor, or otherwise directly or indirectly induce those people to leave their employment, except as permitted under any existing franchise agreement between Franchisor and Franchisee

(iii) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations, or joint ventures), advise, assist, or make loans to, any

Competitor that is, or is intended to be, located within the Territory or within the territory of any TAILORED LIVING® business in existence or under development as of the Operating Date of this section

For purposes of this section, "expiration date" is the date that this Agreement expires without renewal or is terminated (regardless of the reason for termination), or that Franchisee transfers all of its interest in this Agreement

(d) Franchisee acknowledges that each of the covenants contained in this section is a reasonable limitation as to time, geographical area, and scope of activity to be restrained, and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor Each of the covenants in this section will be construed as independent of any other covenant or provision of this Agreement If all or any portion of a covenant in this section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this section This section will not apply to the ownership of less than a 1% beneficial interest in the outstanding equity securities of any publicly held company

(e) Franchisee understands and acknowledges that Franchisor may, in its sole discretion, reduce the scope of any covenant stated in this section in this Agreement, or any portion of this section without Franchisee's consent, effective immediately upon notice to Franchisee Franchisee agrees that any covenant as so modified will be fully enforceable, and Franchisee covenants that it will comply with the modified covenant

(f) Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to the enforcement by Franchisor of the covenants in this section

(g) Franchisee must require and obtain signing of covenants similar to those set forth in this section (including covenants applicable upon the termination of a person's employment with Franchisee) from its Manager Additionally, at Franchisor's request, Franchisee will require and obtain signing of similar covenants to those identified in the preceding sentence from any personnel of Franchisee who have received or will have access to training from Franchisor Franchisee will also require all people who Control Franchisee or who own (directly or indirectly) 10% or more of Franchisee to sign similar covenants Any covenants required under this section will be substantially in the form of this section, but with signature lines for those making these covenants

8 9 Franchisor's Web Site

(a) Franchisor has established and will maintain from time to time one or more sites on the World Wide Web portion of the Internet that may, among other things, facilitate orders, provide information about the System and the products and services that are offered at businesses operated under the Marks, and allow end-users to locate a nearby business operated under the Marks (Franchisor's Web site) Franchisor has sole discretion and control over the design and content of Franchisor's Web site Franchisor may, at its sole option, from time to time, without prior notice to Franchisee (i) change, revise, or eliminate the design, content, and functionality of Franchisor's Web site, (ii) make operational changes to Franchisor's Web site, (iii) change or modify the URL and/or domain name of Franchisor's Web site, (iv) substitute, modify, or rearrange Franchisor's Web site, at Franchisor's sole option, including in any manner that Franchisor considers necessary or desirable to, among other things, (A) comply with applicable laws, (B) respond to changes in market conditions or technology, and (C) respond to any other circumstances, (v) limit or restrict end-user access (in whole or in part) to Franchisor's Web site, and (vi) disable or terminate Franchisor's Web site without any liability to Franchisee

(b) Franchisor may link Franchisor's Web site to the Web sites of third parties, including electronic service providers, Franchisor's Affiliates, and other providers of goods and services Franchisor may also permit third parties to link (including links to interior pages of Franchisor's Web site, including the Franchisee Page) and frame Franchisor's Web site (including the Franchisee Page) Franchisor may place legal notices, disclaimers, Franchisor's corporate logos and slogans, advertisements, endorsements, trademarks, and other identifying information on Franchisor's Web site, all of which may be modified, expanded, or eliminated at Franchisor's option Further, Franchisor may establish or participate in programs whereby Franchisor refers end-users to other Web sites, or Franchisor receives referrals from other Web sites All consideration (monetary and non-monetary) received by Franchisor on account of the placement or sale of advertisements, endorsements, and sponsorships on Franchisor's Web site (including any Franchisee Page), and all consideration (monetary and non-monetary) received by Franchisor on account of affiliate programs, will belong only to Franchisor Franchisor may also establish programs that encourage repeat visits to Franchisee's Web site by end-users

(c) Franchisor's Web site may include one or more interior pages that identify TAILORED LIVING® franchisees operating under the Marks, including the Franchised Business, by among other things, geographic region, address, telephone numbers, and other appropriate matters Franchisor's Web site may also include one or more interior pages dedicated to franchise sales by Franchisor and/or relations with Franchisor's investors

(d) Franchisor may, from time to time, establish one or more interior pages on Franchisor's Web site dedicated in whole or in part to the Franchised Business (Franchisee Page) Franchisor may permit Franchisee to customize or post certain information to the Franchisee Page, subject to Franchisee's signing of Franchisor's then-current participation agreement, and Franchisee's compliance with the procedures, policies, standards, and specifications that Franchisor may establish from time to time The participation agreement may require the Franchisee to pay a reasonable fee (not to exceed $600 per year) for the privilege of having a Franchisee Page, and may include specifications and limitations for the data or information to be posted to the Franchisee Page, customization specifications, the basic template for design of the Franchisee Page, parameters and deadlines specified by Franchisor, disclaimers, and other standards and specifications and rights and obligations of the parties as Franchisor may establish from time to time Any modifications (including customizations, alterations, submissions, or updates) to the Content made by Franchisee for any purpose will be considered to be a "work made for hire" under the copyright laws, and therefore, Franchisor will own the intellectual property rights in and to the modifications To the extent any modification does not qualify as a work made for hire as outlined above, Franchisee assigns those modifications to Franchisor for no additional consideration and with no further action required and will sign any further assignments as Franchisor may request

(e) Without limiting Franchisor's general unrestricted right to permit, deny, and regulate Franchisee's participation on Franchisor's Web site in Franchisor's sole discretion, if Franchisee breaches this Agreement, or any other agreement with Franchisor or its affiliates, Franchisor may disable or terminate the Franchisee Page and remove all references to the Franchised Business on Franchisor's Web site or redirect customer leads to other franchisees pursuant to section 2 2(d) until the breach is cured

(f) Franchisor has no control over the stability or maintenance of the Internet generally, as a result, Franchisor is not responsible for damage or loss caused by errors of the Internet Furthermore, Franchisor is not liable for any direct, indirect, special, incidental, exemplary, or consequential damages arising out of the use of, or the inability to use, Franchisor's Web site or the Internet, including loss of profits, goodwill, or savings, downtime, or damage to or replacement of programs and data, whether based in contract, tort, product liability, or otherwise

8 10 Electronic Commerce

Franchisor may, at its sole option, use Franchisor's Web site for the purpose of engaging in "Electronic Commerce " The term "Electronic Commerce" means offering and selling merchandise and services associated with the Marks, and receiving and accepting orders and payment for that merchandise and services, directly or indirectly, through any means of electronic communication, including receiving and accepting orders over the Internet Initially, Franchisor intends that Franchisor's Web site will offer end-users the ability to place orders for products to be delivered from franchised and company-owned TAILORED LIVING® businesses operating under the Marks Upon Franchisor's request, Franchisee will be required to participate in Electronic Commerce and will sign Franchisor's then-current electronic commerce participation agreement, which will, among other things (i) state the terms on which Franchisee and Franchisor will share program revenues and expenses, (ii) authorize Franchisor, from time to time, to establish, and thereafter modify, procedures, policies, protocols, and standards and specifications that govern Electronic Commerce and use of end-user information, (iii) require specified computer (hardware and software) and communications equipment, and (iv) authorize Franchisor to disable or terminate end-user's ability to place orders or schedule appointments with Franchisee during any period that Franchisee is in breach of this Agreement or any other agreement with Franchisor or its Affiliates

8 11 Franchisor Intranet/Extranet

(a) Franchisor may establish and maintain, at its option, either a series of "private" pages on Franchisor's Web site (described in Section 8 10) or an Intranet through either of which Franchisor, franchisees of Franchisor, and their respective employees may communicate with each other, and through which Franchisor may disseminate the Manual, updates to it, and other confidential information Franchisor will have sole discretion and control over all aspects of the Intranet, including the content and functionality of the Intranet Franchisor will have no obligation to maintain the Intranet indefinitely, and may dismantle it at any time without liability to Franchisee

The term "Intranet" means a private method of communication for use only by employees and franchisees of Franchisor The Franchisor's Intranet may be either a "true" intranet (a series of inter-connected computers that use the same type of software as the Internet, but that are not technically part of the Internet and do not use the Internet to transmit material to one another) or an extranet (which will actually transmit information over the Internet, but require a password to access data on the servers used by Franchisor)

(b) If Franchisor establishes an Intranet, Franchisee will have the privilege to use the Intranet, subject to Franchisee's strict compliance with the standards and specifications, protocols, and restrictions (collectively, "Franchisor Protocols) that Franchisor may establish from time to time The Franchisor Protocols may relate to, among other things, (i) the use of abusive, slanderous, or otherwise offensive language in electronic communications, (ii) communications between or among Franchisees that endorse or encourage breach of any franchisee's franchise agreement, (iii) confidential treatment of materials that Franchisor transmits via the Intranet, (iv) password protocols and other security precautions, (v) grounds and procedures for Franchisor's suspending or revoking a Franchisee's access to the Intranet, and (vi) a privacy policy governing

Franchisor's access to and use of electronic communications that franchisees post to the intranet Franchisee acknowledges that, as administrator of the Intranet, Franchisor can technically access and view any communication that any person posts on the Intranet Franchisee further acknowledges that the Intranet facility and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that Franchisee or any other person may assert

(c) Upon receipt of notice from Franchisor that Franchisor has established the Intranet, Franchisee will establish and continually maintain (during all times that the Intranet is established and until the termination of this Agreement) an electronic connection (the specifications of which will be specified in the Manual) with the Intranet that allows Franchisor to send messages to and receive messages from Franchisee, subject to the Franchisor Protocols

(d) If Franchisee breaches this Agreement or any other agreement with Franchisor or its Affiliates, Franchisor may disable or terminate Franchisee's access to the Intranet without Franchisor having any liability to Franchisee, and in which case Franchisor will only be required to provide Franchisee a paper copy of the Manual and any updates to it, if none have been previously provided to Franchisee, unless Franchisee is not otherwise entitled to the Manual

8 12 Change in Status Processing

Requests for (i) change of fictitious business name, (ii) changes in designated Manager or (iii) other changes in status as may be specified from time to time by Franchisor, will be made on the form as designated by Franchisor in the Manual

8 13 Key Accounts

Franchisee acknowledges that to competitively attract and effectively service Key Accounts, Franchisor may need to establish policies governing the manner in which Key Accounts will be solicited and serviced, including reserving to Franchisor the exclusive right to solicit particular Key Accounts or types and/or categories of Key Accounts, and requiring Franchisee to obtain Franchisor's prior consent before soliciting Key Accounts Franchisee will comply with all Key Account Policies

Franchisee further acknowledges that Key Account policies to be established by Franchisor may obligate Franchisee to pay a fee (either a flat amount or a percentage of sales) in exchange for referral from or to the Key Account Without limiting the foregoing, Franchisee expressly acknowledges that Franchisor, may offer to subcontract Franchisee to furnish approved products and services on Franchisor's behalf to Key Accounts in Franchisor's sole discretion and subject to the applicable customer's approval and Franchisee's signing of a subcontract in the form prescribed by Franchisor

If Franchisor offers Franchisee such a subcontract, Franchisee will not be obligated to accept it However, if Franchisee declines, Franchisor may itself perform the services or may subcontract the services to another franchisee or an independent subcontractor Franchisee acknowledges that Franchisor makes no representation or warranty that any specified amount of Key Account business will be provided within the Territory

8 14 Computer and Software

One aspect of the System is the ability to display in the customer's home an on-screen layout of the space organizers proposed to be sold to the customer To that end

(a) Franchisee must obtain at least one laptop/desktop computer meeting Franchisor's criteria for the computer, including chipset, memory, hard drive size, operating system, and required commercial programs Franchisee is also required to obtain broadband internet access If required due to changes in technology, Franchisee must upgrade that computer and related items from time to time

(b) Franchisor will provide to Franchisee, at no additional charge, one copy of the TAILORED LIVING® D'Vinci™ software (Software), a software program that will allow Franchisee to provide the in-home demonstrations described above Franchisee may use the Software on only a single computer, but may obtain additional copies of the Software from Franchisor for Franchisor's then-current fee Franchisor will, from time-to-time in Franchisor's discretion, provide Franchisee with enhancements, improvements, and other upgrades to the Software Changes to or substitutions of the software may require Franchisee to upgrade the computer on which the software runs The Software will be disabled upon termination of this Agreement for any reason

8 15 Supplier Rebates

Franchisee acknowledges and agrees that Franchisor shall have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, commissions, credits, monies, payments or benefits (collectively, "Allowances") offered by suppliers to Franchisor or its affiliates based upon Franchisee's (and other franchisees') purchases of products and other goods and services Franchisee acknowledges that such Allowances are additional consideration for the rights granted by Franchisor to Franchisee under this Agreement and that Franchisor has exclusive right, title and interest in and to any and all such Allowances Franchisee further acknowledges that Franchisor is entitled to collect, retain and utilize any or all such Allowances without restriction (unless otherwise instructed by the supplier)

9 ASSIGNMENT

9 1 Assignment by Franchisor

Franchisor may Transfer this Agreement, or all or any part of its rights, privileges, and obligations under this Agreement, to any other person, provided that, in respect to any Transfer resulting in the subsequent performance by the assignee of the functions of the Franchisor (i) at the time Franchisor Transfers this Agreement, Franchisor reasonably believes that the transferee is financially responsible and economically capable of performing the delegated obligations of Franchisor, and (ii) the transferee of Franchisor expressly assumes and agrees to perform the obligations Following the Transfer by Franchisor, Franchisor will be relieved of all obligations or liabilities then existing or thereafter able to be asserted under this Agreement

9 2 Assignment by Franchisee

This Agreement is being entered into in reliance upon and in consideration of the singular personal skills and qualifications of Franchisee (if Franchisee is an individual) or the people who directly or indirectly Control Franchisee or directly on indirectly own (in this context, an "Equity Holder) a beneficial interest in Franchisee (if Franchisee is person other than an individual), and the trust and confidence reposed by Franchisor in Franchisee and its Equity Holders Franchisee and its Equity Holders each covenant to actively and substantially participate in the ownership and operation of the Franchised Business

(a) Without the prior written consent of Franchisor and subject to Franchisor's right of first refusal provided for in Section 9 3, neither Franchisee nor any Equity Holder may Transfer any interest in Franchisee, this Agreement, or all or substantially all of the assets of Franchisee used in connection with the Franchised Business As further clarification of the foregoing restrictions, Franchisee may not sub-franchise or attempt to sub-franchise this Agreement, or a portion but not all of Franchisee's rights under this Agreement, without the express prior written permission of Franchisor Any Transfer or purported Transfer in violation of this section will be void

(b) Franchisor may withhold its consent to a sub-licensing of all or part of Franchisee's interest in the Agreement for any reason whatsoever in Franchisor's sole discretion If Franchisee or any of its owners proposes to make any other form of Transfer, and if Franchisor elects not to exercise its right of first refusal (or if the right of first refusal is not applicable to the proposed Transfer, as provided in this Agreement), Franchisor will not unreasonably withhold its consent to the Transfer Franchisor may consider the effect that the Transfer and the prospective transferees will have or may reasonably be expected to have on the reputation or business operations of the Franchised Business, the Marks, or Franchisor, or any of Franchisor's affiliates

Additionally, it will not be unreasonable for Franchisor to impose, among other things, the following conditions precedent to its consent to any Transfer

(i) The proposed assignee of the interest to be subjected to the Transfer will complete Franchisor's application for a franchise agreement, and Franchisee and the proposed assignee will fully disclose in writing all of the terms and conditions of the proposed Transfer

(ii) The proposed assignee(s) of the interest to be subjected to the Transfer demonstrate(s) that it has or they have the skills, qualifications, and economic resources necessary, in Franchisor's reasonable judgment, to conduct the business contemplated by this Agreement Among other things, this may require the possession of certain skills and qualifications of the prospective transferee, including experience in or ability to learn the space organizer business, financial and operational skills and qualifications, economic resources, reputation and character of the prospective transferees, and the ability of the prospective transferee(s) to fully and faithfully conduct the Franchised Business as contemplated by this Agreement

(iii) The proposed assignee of the interest to be subjected to the Transfer expressly assumes in writing for the benefit of Franchisor all of the obligations of Franchisee under this Agreement

(iv) If the proposed Transfer will result in a new Franchisee under this Agreement, the new Franchisee signs the then current form of Franchise Agreement being used by Franchisor for the remainder of the unexpired Term of this Agreement

(v) As of the date of the proposed Transfer, Franchisee is in full compliance with all of its obligations to Franchisor, whether under this Agreement or under any other agreement, arrangement, or understanding with Franchisor

(vi) The proposed assignee of the interest to be subjected to the Transfer must agree in writing that Franchisor's Initial Training program described in Section 7 1 and any other training or orientation programs then required by Franchisor will be satisfactorily completed by necessary personnel within 30 days after the effective date of the Transfer However, the proposed assignee must pay for all of its expenses incurred in connection with them, including travel, hotel, and meal expenses

(vii) Franchisee, Assignee and each shareholder of a corporate Assignee sign the then current form of our Consent to Transfer and Assumption of Franchise Agreement

(viii) Franchisee pays to Franchisor a non-refundable transfer fee equal to the amount then being charged by Franchisor, in addition, if the proposed assignee of the interest to be subjected to the Transfer was already in Franchisor's lead database at the time of first contact between Franchisee (or its Equity Holder) and the proposed assignee, then Franchisor may require Franchisee to pay the referral fee then being charged by Franchisor plus the amount of any broker fees that Franchisor must pay a third-party (not an employee of Franchisor)

(c) If Franchisee is not an individual, Franchisee will provide Franchisor at the Effective Date with a copy of Franchisee's governing documents (such as articles of incorporation, bylaws, operating agreement, or partnership agreement) and all other agreements among the Equity Holders (such as buy/sell agreements) If Franchisee is a corporation or other entity that issues capital stock, Franchisee will provide Franchisor at the Effective Date with a prototype stock certificate As a condition to entering into the Franchise Agreement, a Franchisee that issues capital stock will be required to place the following legend on all stock certificates

> **"The transfer of this stock is subject to the terms and conditions of that certain Franchise Agreement dated ________________________ between this corporation and TAILORED LIVING, LLC Reference is made to that Franchise Agreement and the restrictive provisions contained in them and as may be otherwise described in the Articles of Incorporation and by-laws of this corporation "**

(d) The cumulative Transfer in any 12 consecutive month period of 25% or more of the ownership interests or voting power in Franchisee will be considered to be a Transfer for purposes of this Section 9

9 3 Right of First Refusal

Except as provided in Sections 9 4, 9 5, and 9 6, the right of Franchisee or its Equity Holders to Transfer any interest in this Franchise Agreement will be subject to Franchisor's right of first refusal with respect thereto Franchisor may exercise the right of first refusal in the following manner

(a) Franchisee will deliver to Franchisor a written notice setting forth (i) all of the terms and conditions of any bona fide offer relating to a proposed Assignment by Franchisee, and (ii) all available information concerning the proposed assignee of the interest proposed to be subject to a Transfer

(b) Within ten days after Franchisor's receipt of the notice (or if Franchisor requests additional information, within ten days after receipt of the additional information), Franchisor may either consent or withhold its consent to the Transfer, in accordance with Section 9 2 or, at its option, may accept the Transfer itself or on behalf of its nominee upon the terms and conditions specified in the notice

(c) If Franchisor elects not to exercise the right of first refusal and consents to the Transfer, Franchisee will for a period of 90 days, and subject to the provisions of Section 9 2, be free to complete the proposed Transfer upon the terms and conditions specified in the notice If, however, the terms are materially changed, or if the 90-day period expires, Franchisor will again have the right of first refusal with respect to the offer and Franchisee will again be required to comply with Section 9 3(a) above

9 4 Transfers to Family Members

An individual Franchisee or an Equity Holder, may with Franchisor's consent, which will not be unreasonably withheld, Transfer the Franchised Business or an equity interest in Franchisee to the person's spouse, parent, sibling, niece, nephew, descendant, or spouse's descendant (each, a "Family Member) provided that adequate provision is made for the management of the Franchised Business and the transferor guarantees, in form and substance satisfactory to Franchisor, the performance of the transferee's obligations under this Agreement

9 5 Transfers to Affiliated People

Franchisee or an Equity Holder may, without the consent of Franchisor, upon 30 days prior written notice to Franchisor, Transfer the Franchised Business or an equity interest in Franchisee to a person (other than an individual) entirely owned by natural person(s) making the Transfer in the same proportionate amount of ownership as before the Transfer, provided that adequate provision is made for the management of the Franchised Business and that the transferor guarantees, in form and substance satisfactory to Franchisor, the performance of the transferee's obligations under this Agreement No transfer fee will be payable in respect of a Transfer under this section

9 6 Transfers Upon Death or Incapacity

In spite of any of the foregoing, upon the death or legal incapacity of Franchisee or an Equity Holder that is an individual, the person's interest in this Agreement or its equity interest in the Franchisee will Transfer in accordance with the person's will or, if the person dies intestate, in accordance with laws of intestacy governing the distribution of the person's estate, provided that adequate provision is made for the management of the Franchised Business and the transferee is one or more of the decedent's spouse, parents, siblings, nieces, nephews, descendants, or spouse's descendants A Transfer under this section will be free from Franchisor's right of first refusal provided in Section 9 3, and no transfer fee will be payable in respect of a Transfer pursuant to this section

Any subsequent Transfer will be subject to all provisions of this Section 9

If Franchisor determines, in its reasonable judgment, that the heirs, personal representatives, or conservators, as applicable, are not capable of operating the Franchised Business, Franchisor may immediately begin operating the Franchised Business on behalf of Franchisee pending a Transfer to a qualified buyer For this management assistance, Franchisor may charge Franchisee a fee equal to 8% of the Gross Sales during Franchisor's operation of the Franchise and the wages or salary for an interim Manager

10 DEFAULT AND TERMINATION

10 1 General

(a) Franchisor may unilaterally terminate this Agreement upon Franchisee's material breach of this Agreement or upon the occurrence of any of the conditions listed in Section 10 2 The listing in Section 10 2 of some conditions as constituting specific grounds for termination does not imply that other material breaches of this Agreement are not also good cause for termination, even though some of the conditions listed in Section 10 2 parallel obligations of Franchisee described elsewhere in this Agreement Franchisor will exercise its right to terminate this Agreement in the manner described in this Section 10

(b) In spite of anything contained in this Agreement to the contrary, in those circumstances under which Franchisor may terminate this Agreement, Franchisor may in its sole discretion, offer to Franchisee an alternative remedy to termination of this Agreement If Franchisee declines Franchisor's alternative offer, Franchisor may proceed to terminate this Agreement

(c) Notwithstanding anything to the contrary in this Agreement, in those circumstances under which Franchisor may terminate this Agreement for Franchisee's default, Franchisor may exercise all remedies available to it at law or in equity, including seeking specific performance and damages (including direct, indirect, special, incidental, or consequential damages) All rights and remedies provided in this Agreement are in addition to and not in substitution of the rights and remedies available to a party at law or in equity

10 2 Termination Without Opportunity to Cure

The obligations of Franchisor under this Agreement are contingent upon the non-occurrence of each of the conditions described below Franchisor may terminate this Agreement immediately upon notice to Franchisee, without prior opportunity to cure, upon the occurrence of any of the following conditions, each of which constitutes grounds for immediate termination of this Agreement without notice or opportunity to cure (except as specifically stated in these conditions)

(a) To the extent permitted by law, if Franchisee or the Franchised Business is declared bankrupt or judicially determined to be insolvent, or if all or a substantial part of the assets used by Franchisee in connection with the Franchised Business are assigned to or for the benefit of any creditor, or if Franchisee admits Franchisee's inability to pay its debts as they come due

(b) If Franchisee Abandons the Franchised Business The term "Abandon" means failure to operate the Franchised Business for a period of seven consecutive days (without Franchisor's prior written consent) during a time that Franchisee is required to operate the Franchised Business under the terms of this Agreement, or any shorter period under which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the Franchised Business A repeated pattern of failure to operate the Franchised Business for periods of less than seven consecutive days may result in the Franchise being considered Abandoned if in the judgment of Franchisor the closure adversely impacts the Franchised Business The Franchised Business will not be considered Abandoned if the failure to operate is due to acts of God or other matters beyond the control of Franchisee (other than Franchisee's inability to procure money), provided that Franchisee gives notice of any cessation of operations to Franchisor promptly after the initial occurrence of the event resulting in the cessation of operations (and in any event within ten days) and Franchisor acknowledges in writing that the cessation of operations is due to one of the foregoing causes and provided further that Franchisee re-establishes the Franchised Business and is fully operational within 120 days after the initial occurrence of the event resulting in the cessation of operations or any longer period that Franchisor permits

(c) If Franchisor and Franchisee agree in writing to terminate this Agreement

(d) If Franchisor discovers that Franchisee made any material misrepresentations relating to the acquisition of the Franchised Business, or if Franchisee engages in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the Marks

(e) If Franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchised Business

(f) If Franchisee, after curing any breach in accordance with Section 10 3 commits the same breach, whether or not the breach is corrected after notice

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

(h) If the Franchised Business or business premises of the Franchisee are seized, taken over, or foreclosed by a government official in the exercise of the official's duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor, if a final judgment against Franchisee for more than $1,000 remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed), or if a levy of signing has been made upon the franchise granted by this Agreement or upon any property used in the Franchised Business, and it is not discharged within five days after the date of the levy

(i) If Franchisee is convicted of a felony, of a misdemeanor involving moral turpitude, or of other criminal misconduct which is relevant to the operation of the Franchised Business

(j) If Franchisee fails to pay any Continuing Royalty or other amounts due to Franchisor within five days after receiving written notice that the fees are overdue

(k) If Franchisor makes a reasonable determination that continued operation of the Franchised Business by Franchisee will result in an imminent danger to public health or safety

(l) If any other franchise agreement between Franchisor and Franchisee is terminated by Franchisor because of breach or default by Franchisee or failure of a condition to continued effect of the franchise agreement

(m) If Franchisee purchases Products from a vendor other that a Designated Vendor

10 3 Termination Subject to Opportunity to Cure

Except for failure of the conditions listed in Section 10 2, above, or as otherwise expressly provided in this Agreement, Franchisee will have 30 days after Franchisor's written notice within which to cure any breach of this Agreement, and to provide evidence of the cure to Franchisor If any default is not cured within that time period, or any longer time period that applicable law requires or that Franchisor specifies in the written notice, this Agreement and all rights granted by it will thereupon automatically terminate without further notice or opportunity to cure

10 4 Description of Default

The description of any breach, default, or failure of a condition in any notice served by Franchisor upon Franchisee will in no way preclude Franchisor from specifying additional or supplemental breaches, defaults, or failures of conditions (including matters discovered after the termination is effective) in any action, arbitration, mediation, hearing, or suit relating to this Agreement or the termination of this Agreement

<u>**10 5 Statutory Limitations**</u>

In spite of anything to the contrary in this Section 10, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties limits Franchisor's right to terminate this Agreement or requires longer notice periods than those stated in this Agreement, and if the parties are prohibited by law from agreeing to the shorter periods stated in this Agreement, then Franchisor will conform to the requirements of those laws and regulations, but only to the extent necessary to bring Franchisor's actions within the requirements of the law or regulation

<u>**10 6 Alternative Remedies**</u>

In those circumstances under which Franchisor may terminate this Agreement, Franchisor may in its sole discretion (a) redirect customer leads generated by Franchisor on Franchisee's behalf to other franchisees as contemplated in section 2 2(d), and/or (b) grant to Franchisee, in lieu of immediate termination of this Agreement, (i) an extended period of time (not to exceed six months from the last day of the cure period otherwise applicable to the breach) to cure the breach which gave rise to Franchisor's right to terminate, (ii) an option to reimburse Franchisor up to $1,000 for investigating the breach of this Agreement, or (iii) if the breach consists of the offer or sale of closet organizer in the territory assigned to another franchisee of Franchisor, require Franchisee to pay, as liquidated damages, and not a penalty, an amount equal to 60% of the total gross sales generated by sales in the other franchisee's territory (which may exceed the out-of-pocket losses suffered by the other franchisee, but is intended to reimburse the other franchisee for the full value of the business diverted, including lost goodwill) Franchisee acknowledges that Franchisor's election to grant an extended cure period or to permit a reimbursement will not operate as a waiver of any of Franchisor's other rights under this Agreement

11 DISPUTE RESOLUTION

<u>**11 1 Alternate Dispute Resolution**</u>

Except for the disputes described in Section 11 2 of this Agreement and except as otherwise specifically modified by this Section 11, any dispute between Franchisor and any of its Affiliates, on the one hand, and Franchisee and any of its Affiliates, on the other, arising out of, relating to or referencing this Agreement or its breach in any way, including any claim sounding in tort arising out of the relationship created by this Agreement, and any claim that this Agreement or any other of its parts is invalid, illegal, or otherwise voidable or void, is subject to the dispute resolution provisions described in Section 11 of this Agreement

11 2 Disputes Not Subject To Alternate Dispute Resolution

Franchisee acknowledges that it is important that Franchisor be able to use reasonable efforts to protect the Marks, the System, and the integrity of the Marks and the System To that end, Franchisor may, at its option, seek injunctive or other equitable relief to enforce the provisions of Section 6 (Marks), Section 7 5 (Proprietary Materials), Section 8 8 (No Other Closet Organizer Business), or Section 12 1 (Franchisee's Obligations Following Termination or Expiration) of this Agreement, or the provisions of any separate confidentiality or non-disclosure agreement between Franchisor or its Affiliates (on the one hand) and Franchisee or its Affiliates (on the other hand) in the Court specified by Section 11 6

11 3 Option to Mediate Dispute

(a) In the event of a dispute between the parties, either party may initiate a mediation procedure in accordance with this Section 11 3 by making a written request for mediation with the Judicial Arbitration and Mediation Service (JAMS), the National Franchise Mediation Program administered by the CPR Center for Dispute Resolution of New York, or any other mediation service mutually agreed to by the parties Any mediation will be conducted according to the procedures of the selected mediation service

(b) The object of any mediation subject to this Section 11 3 is to assist the parties in reaching a mutually acceptable resolution of the dispute The mediation will, in all circumstances, be consistent with the rights and obligations created by this Agreement and will not be premised on the derogation or diminution of those rights or disregard of those rights The mediation process will begin promptly and be concluded expeditiously, unless the parties mutually agree otherwise Any and all discussions, negotiations, findings, or other statements by the mediator and/or the parties made in connection with the mediation will be privileged and confidential and will not be admissible into evidence in any litigation or arbitration

(c) All mediation proceedings will take place in Orange County, California, or if Franchisor so elects, in the county where the principal place of business of Franchisee is then located The fees of the mediator will be borne equally by Franchisor and Franchisee, and all other expenses relating to the mediation will be borne by the party incurring them

11 4 Arbitration

(a) Except disputes not subject to alternative dispute resolution as described in Section 11 2 above, any dispute between Franchisor or any of its Affiliates (on the one hand) and Franchisee or any of its Affiliates (on the other hand) arising out of or relating to this Agreement or its breach, including any claim that this Agreement or any of its parts, is invalid, illegal or otherwise voidable or void, which has not been resolved in accordance with Section 11 3 above, will be resolved by submission to arbitration conducted by a single impartial arbitrator appointed by JAMS according to its Comprehensive Arbitration Rules and Procedures, or any other single impartial arbitrator mutually agreed to by the parties

(b) All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained in this Section 11 will be governed by the Federal Arbitration Act (9 U S C 1 et seq) and the federal common law of arbitration All hearings and other proceedings will take place in Orange County, California, or if Franchisor so elects, in the county where the principal place of business of Franchisee is then located

(c) This arbitration provision is self-executing and will remain in full force and effect after expiration or termination of this Agreement Any arbitration will be conducted on an individual, and not a class-wide or multiple plaintiffs, basis If either party fails to appear at any properly-noticed arbitration proceeding, an award may be entered against the party by default or otherwise in spite of the failure to appear Judgment upon an arbitration award may be entered in any court having jurisdiction and will be binding, final, and not subject to appeal No punitive or exemplary damages will be awarded against Franchisor, Franchisee, or entities related to either of them, in an arbitration proceeding or otherwise, and are waived

11 5 Business Judgment

The parties recognize, and any arbitrator or judge is affirmatively advised, that certain provisions of this Agreement describe the right of Franchisor to take (or refrain from taking) action in the exercise of its business judgment, based on its assessment of the overall best interests of all people operating under the Marks Where that discretion has been exercised, and is supported by the business judgment of Franchisor, neither an arbitrator nor a judge may substitute his or her judgment for the judgment exercised by Franchisor unless the arbitrator or judge finds that Franchisor has exercised its judgment or discretion without any reasonable business basis for it

11 6 Venue, Submission to Court, Limitation of Damages

In view of the fact that the books, records and business personnel of Franchisor are located in Orange County, California, and in order to minimize disruption or interference with operation of (and Franchisor's support to) all persons operating under the Marks, Franchisee and Franchisor agree as follows

(a) All court proceedings arising out of or relating to this Agreement (including matters described in Section 11 2 above) will be brought in, and only in, the United States District Court for the Central District of California No individual or entity (whether named or otherwise designated) will be joined as a party to those proceedings if that joinder has the effect of destroying federal court jurisdiction, unless that individual or entity is a necessary party to the proceeding as a matter of law Where there is no United States District Court having jurisdiction over the dispute, the proceeding may be initiated in, and only in, a state court of competent jurisdiction in and for Orange County, California In either case, Franchisor and Franchisee consent to the exclusive exercise of jurisdiction by those courts

(b) The parties agree that all disputes submitted to the court under Section 11 2 will be tried to the court sitting without a jury, in spite of any state or federal constitutional or statutory rights or provisions

(c) No punitive or exemplary damages will be awarded against either Franchisor or Franchisee, or any affiliates of either of them, in any proceeding arising under Section 11 2, and all claims to punitive or exemplary damages are waived by both parties

11 7 Independence of Provisions

The provisions of this Section 11 are independent of any other covenant or provision of this Agreement If any part of this Section 11 is held to be indefinite, invalid, unconscionable, or otherwise unenforceable by a court of competent jurisdiction, the indefinite, invalid, unconscionable, or unenforceable provision will be considered deleted, and the remaining parts of this Section 11 will continue in full force and effect If the court determines that deletion of portions of this Section 11 would lead to an unintelligible provision, the parties request the court to modify or interpret the provisions to the minimum extent necessary to have them comply with the law while retaining the essence of the parties' agreement

12 FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES UPON TERMINATION

12 1 Franchisee's Obligations following Termination or Expiration

(a) In the event of termination or expiration of this Agreement, whether by reason of Franchisee's breach, default, non-renewal, lapse of time, or other cause, in addition to any other obligations provided for in this Agreement, Franchisee will immediately discontinue the use and/or display in any manner of the Marks and all Materials containing or bearing the Marks Franchisee will not thereafter operate or do business under the Marks or any other name or in any manner that might tend to give the general public the impression that Franchisee is in any way associated or affiliated with Franchisor, or any of the businesses conducted by Franchisor In that event, Franchisee also will comply with Section 12 1(b)(viii) respecting the return to Franchisor of certain materials and will not thereafter use, in any manner, or for any purpose, directly or indirectly, any of Franchisor's trade secrets, procedures, techniques, or materials acquired by Franchisee by virtue of the relationship established by this Agreement, including (i) any training or other materials, manuals, bulletins, instruction sheets, or supplements to any of them, or (ii) any equipment, videotapes, videodiscs, forms, advertising matter, marks, devices, insignias, slogans, or designs used from time to time in connection with the Franchised Business

(b) Among the steps that Franchisee must take as a result of termination or expiration of this Agreement as described in Section 12 1(a) above, Franchisee will promptly take the following steps

(i) Franchisee will remove at Franchisee's expense identifying marks on the Vehicle and all other signs erected or used by Franchisee and bearing the Marks, or any word or mark indicating that Franchisee is associated or affiliated with Franchisor

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

(iii) Franchisee will permanently discontinue all advertising to the effect that Franchisee is associated or affiliated with Franchisor

(iv) Franchisee will refrain from doing anything that might indicate that Franchisee is or ever was an authorized franchisee of the Marks or the System, including indicating, directly or indirectly, that Franchisee was licensed to use the Marks or any other distinctive System features or that Franchisee at any time operated under any name, word, or mark associated or affiliated with Franchisor

(v) If Franchisee engages in any business thereafter, Franchisee will use trade names, Marks, or trademarks (if any) which are significantly different from the Marks and use sign formats (if any) which are significantly different in color and type face and take all necessary steps to ensure that its Affiliates observe the foregoing obligations,

(vi) At the option of Franchisor, Franchisee will assign to Franchisor all rights to all e-mail addresses, URLs, domain names, Internet listings, and Internet accounts related to the Franchised Business Furthermore, Franchisee will sign any forms or documents that Franchisor considers necessary to appoint Franchisor as Franchisee's attorney-in-fact with full power and authority for the sole purpose of assigning these rights to Franchisor

(vii) Franchisee will return to Franchisor (at no expense to Franchisor), any and all copies of the Manual and of all software, software manuals, and related documentation provided to Franchisee by or on behalf of Franchisor In addition, if Franchisor provided, without additional charge in connection with the operation of the Franchised Business, any computer equipment, video equipment, video tapes, videodiscs, or any other communications media and material, Franchisee will also return to Franchisor (at no expense to Franchisor) that computer equipment, video equipment, video tapes, videodiscs, and other communications media and material

(c) If Franchisee fails to make or cause to be made any removal or change described in Section 12 1(b) above, then Franchisor may, after 15 days written notice, enter upon Franchisee's premises upon which the Franchised Business was being conducted without being considered guilty of trespass or any other tort, and make or cause to be made the required changes at the expense of Franchisee, which expense Franchisee agrees to pay Franchisor promptly upon demand Franchisee irrevocably appoints Franchisor as its lawful attorney upon termination of this Agreement with authority to file any document in the name of and on behalf of Franchisee for the purpose of terminating any and all of Franchisee's rights in the fictitious business name and any of the Marks

12 2 Rights of Franchisor

The expiration or termination of this Agreement will be without prejudice to any rights of Franchisor against Franchisee and the expiration or termination will not relieve Franchisee of any of its obligations to Franchisor existing at the time of expiration or termination or terminate those obligations of Franchisee which, by their nature, survive the expiration or termination of this Agreement

12 3 Franchisor's Right to Cure Defaults by Franchisee

In addition to all other remedies granted by this Agreement, if Franchisee defaults in the performance of any of its obligations or breaches any term or condition of this Agreement or any related agreement involving third parties, Franchisor may, at its election, immediately or at any time thereafter, without waiving any claim for breach under this Agreement and without notice to Franchisee, cure the default for the account of and on behalf of Franchisee, and all costs or expenses (including attorney fees) incurred by Franchisor on account of curing the default will be due and payable by

Franchisee to Franchisor on demand

12 4 Waiver and Delay

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

12 5 Attorney Fees and Expenses

In the event of any arbitration (including any petition for confirmation, modification, or vacation of the award) or litigation (including appeals) arising out of or relating to this Agreement, the breach or alleged breach of this Agreement, or the relationship of the parties, then the prevailing party will be reimbursed by the losing party for all costs and expenses incurred in connection with them, including reasonable attorney fees for the services rendered to the prevailing party

13 GENERAL CONDITIONS AND PROVISIONS

13 1 Relationship of Franchisee to Franchisor

The parties intend by this Agreement to establish between Franchisor and Franchisee the relationship of franchisor and franchisee It is further agreed that Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever Neither Franchisor nor Franchisee is the employer, employee, agent, partner, fiduciary, or co-venturer of or with the other, each being independent Franchisee agrees that it will not hold itself out as the agent, employee, partner, or co-venturer of Franchisor All employees or agents hired or engaged by or working for Franchisee will be only the employees or agents of Franchisee and will not for any purpose be considered employees or agents of Franchisor, nor subject to Franchisor's control, and in particular, Franchisor will have no authority to exercise control over the hiring or termination of employees, independent contractors, or others who work for Franchisee, their compensation, working hours or conditions, or the day-to-day activities of those people, except to the extent necessary to protect the Marks Franchisee agrees to respond to customer indications of dissatisfaction with services rendered by Franchisee in a diligent and professional manner and agrees to cooperate with representatives of Franchisor in any investigation undertaken by Franchisor of complaints respecting Franchisee's activities Each of the parties agrees to file its own tax, regulatory, and payroll reports with respect to its respective employees or agents and operations, and to indemnify the other party against any liability by virtue of the tax, regulatory, and payroll reports filed by the party

13 2 Indemnity

Except as otherwise expressly provided in Section 6 6, Franchisee agrees to defend, and indemnify Franchisor and its Affiliates and designees against all costs and expenses actually incurred by them or for which they are liable, including attorney fees, court costs, losses, liabilities, damages, claims and demands of every nature, and including those incurred under a settlement entered into in good faith, arising out of or in connection with the Franchised Business, including any claim or controversy arising out of (i) any Transfer by Franchisee referred to in Section 9 2, (ii) acts or omissions of Franchisee which are not in strict compliance with this Agreement and the Manual, (iii) acts or omissions of Franchisee which tend to create an impression that the relationship between the parties is other than one of Franchisor and Franchisee, or (iv) any acts or omissions of Franchisee's employees In spite of the foregoing, Franchisee will have no obligation to indemnify Franchisor, or its Affiliates or designees against costs or expenses arising from the conduct of Franchisor found to be willful, malicious or grossly negligent

13 3 Survival of Covenants

The covenants contained in this Agreement that by their terms require performance by the parties after the expiration or termination of this Agreement will be enforceable in spite of the expiration or other termination of this Agreement

13 4 Successors and Assigns

This Agreement will be binding upon and benefit the successors and assigns of Franchisor and Franchisee and their respective heirs, executors, administrators, successors, and assigns, subject to the restrictions on Assignment by Franchisee contained in this Agreement

13 5 Joint and Several Liability

If Franchisee consists of more than one person, the obligation and liabilities to Franchisor of each person are joint and several

13 6 Counterparts

This Agreement may be signed in any number of copies, each of which will be considered to be an original, and all of which together will be considered to be one and the same instrument

13 7 Notices

(a) All notices which the parties may be required or may desire to give under or in connection with this Agreement will be in writing and will be sent either by certified mail, return receipt requested, postage prepaid, or by reliable overnight delivery service, addressed as follows

(i) If to Franchisor, to

TAILORED LIVING, LLC
1927 N Glassell
Orange CA 92865

With a copy to General Counsel at the same address

(ii) If to Franchisee, to the attention of the Manager at the address indicated in Section 16 2(c)

(b) Notices sent in accordance with this Section 13 7 will be considered given three business days after deposit with the United States Postal Service or the next business day after deposit with a reliable overnight delivery service

(c) The addresses given in this Agreement for notices may be changed at any time by either party by written notice given to the other party as provided in this Agreement If the address to which notices are otherwise required to be given under this Section 13 7 is known or believed by the person giving notice no longer to be valid, notices will also be sent to the last known valid address of the party receiving the notice

13 8 Franchisor's Business Judgment

Franchisee understands and agrees that Franchisor may operate and change the System and its business in any manner that is not expressly and specifically prohibited by this Agreement Whenever Franchisor has expressly reserved in this Agreement or is deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make such decision or exercise its right and/or discretion on the basis of Franchisor's judgment of what is in Franchisor's best interests, including without limitation Franchisor's judgment of what is in the best interests of the franchise network, at the time Franchisor's decision is made or its right or discretion is exercised

14 CONSTRUCTION OF AGREEMENT

14 1 Governing Law

The United States Arbitration Act (9 U S C 1 et seq) will govern jurisdictional issues respecting arbitration of disputes under this Agreement The Lanham Act (15 U S C 1051 et seq) will govern any issue involving the Marks To the extent applicable, the laws of the state where Franchisee is domiciled will govern all issues involving (i) modification of this Agreement while it is in effect, (ii) the maximum rate of interest that may be charged under this Agreement, and (iii) enforcement of post-termination non-competition provisions Except as otherwise provided in Section 10 and this section, this Agreement and the legal relations among the parties will be governed by and construed in accordance with the laws of the State of California Franchisee waives, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which the Territory is located

14 2 Entire Agreement

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements Nothing in this or in any related Agreement, however, is intended to disclaim the representations Franchisor made in the franchise disclosure document

14 3 Modification

This Agreement cannot be modified or changed except by (i) written instrument signed by all of the parties, or (ii) by Franchisor's reduction of the scope of any of Franchisee's obligations under this Agreement, which may be done without Franchisee's consent and which will be effective immediately upon notice

14 4 Titles for Convenience Only

Section titles used in this Agreement are for convenience only and will not be considered to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement

14 5 Gender

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

14 6 Severability

Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law Whenever there is any conflict between any provisions of this Agreement or the Manual and any present or future statute, law, ordinance, regulation, or judicial decision, contrary to which the parties have no legal right to contract, the statute, law, ordinance, regulation, or judicial decision will prevail, but in that event the provision of this Agreement or the Manual thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law If any part, Section, sentence, or clause of this Agreement or the Manual is held to be indefinite, invalid, or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be considered deleted, and the remaining parts will continue in full force and effect, unless the provision pertains to the payment of fees under Section 4, in which case this Agreement will terminate

14 7 No Third Party Beneficiaries

This Agreement is not intended to benefit any other person except the named parties No other person may claim any rights under this Agreement by virtue of so-called "third party beneficiary rights" or otherwise

14 8 Examples Not Exclusive

The verb "to include" (in all its tenses and variations, such as "including) is always used in a non-exclusive sense (as if followed by one of the phrases "without limitation" or "but not limited to) The failure to list a particular example after a variation of the word "including" is not to be construed as an indication that the example is excluded

14 9 "Person" Inclusive

The term "person" means all forms of juridical persons, including individuals, partnerships, corporations, trusts, unincorporated associations, and governmental entities

15 SUBMISSION OF AGREEMENT

The submission of this Agreement to Franchisee does not constitute an offer, and this Agreement will become effective only upon the signing of this Agreement by both Franchisor and Franchisee This Agreement will not be binding on Franchisor unless and until it has been accepted and signed by the President or other executive officer of Franchisor This Agreement may not become effective until and unless Franchisee has been furnished by Franchisor with any disclosure, in written form, required under or according to applicable law

16 ACKNOWLEDGMENTS AND REPRESENTATIONS OF FRANCHISEE

16 1 Certain Acknowledgments and Representations of Franchisee

(a) If required, Franchisee is a duly licensed state contractor under the laws of the state within which the Territory is situated (or has otherwise made arrangements to operate under an existing state contractor's license in accordance with applicable law) and is in compliance with all applicable laws, rules, and regulations of authorities having jurisdiction

(b) Franchisee understands and acknowledges (i) that all people operating under the Marks and the System benefit from uniform and ethical standards of quality, appearance, and service described in and required by the Manual, and (ii) the necessity of operating the Franchised Business under the standards stated in the Manual Franchisee represents that it has the capabilities, professionally, financially, and otherwise, to comply with the standards of Franchisor

(c) If Franchisee is not an individual, Franchisee is duly incorporated or organized and is qualified to do business in the Territory

(d) The signing of this Agreement by Franchisee will not constitute or violate any other agreement or commitment to which Franchisee is a party

(e) Any individual signing this Agreement on behalf of Franchisee is duly authorized to do so and the Agreement will constitute a valid and binding obligation of the Franchisee and, if applicable, all of its partners, if Franchisee is a partnership

(f) Franchisee has (or if Franchisee is not an individual, Franchisee's principals have) carefully read this Agreement and all other related documents to be signed by Franchisee concurrently or in conjunction with the signing of this Agreement Franchisee has had the opportunity to obtain the advice of legal counsel in connection with the signing and delivery of this Agreement, understands the nature of this Agreement, and intends to comply with this Agreement and to be bound by this Agreement

(g) The formation of this Agreement and the disclosures made in connection with the relationship described in this Agreement are governed in part by the franchise relations acts, the franchise investment laws, the franchise disclosure laws and the regulations promulgated under those laws and regulations in the states in which Franchisor and its franchisees do or intend to do business Those laws, regulations, and disclosure requirements have been implemented for the protection and benefit of franchisees and prospective franchisees Franchisee acknowledges that it has been advised to obtain legal advice and counsel to evaluate the opportunity of becoming a franchisee of Franchisor and the benefits and duties of this Agreement Franchisee acknowledges that it has chosen to enter into this Agreement solely based upon its independent judgment as to its needs at a time when other franchise and franchise opportunities were available No promises or assurances have been made by Franchisor other than as explicitly stated in this Agreement

16 2 Additional Information Respecting Franchisee

(a) Attached as Schedule 4 is a schedule containing complete information respecting the owners, partners, members, officers, and directors, as the case may be, of Franchisee

(b) Unless otherwise disclosed to Franchisor in writing, Franchisee's financial and other records will be maintained at Franchisee's principal place of business indicated in Section 3 1

(c) The name and business address of Franchisee's Manager is

____

Franchisee will deliver, under Section 13 7, written notice of any change in this information after the Effective Date

(d) Franchisee has delivered to Franchisor complete and accurate copies of all organizational documents relating to Franchisee, including (as appropriate) all partnership agreements, certificates of partnership, Articles or certificates of incorporation, by-laws, shareholder agreements, and operating agreements, as well as all amendments, side letters, and other items modifying any of those documents

(e) The Term (as described in Section 5 1) of this Agreement expires on ______________________

*** REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK ***

IN WITNESS TO WHICH, the parties to this Agreement have caused this Agreement to be signed on or as of the dates indicated below

FRANCHISOR
TAILORED LIVING, LLC

Date _______________ By ___________________________________
Jennie Amante, Executive Vice President

1927 North Glassell Street
Orange, CA 92865

Sign here if Franchisee is an individual

FRANCHISEE

Date _______________ ___________________________________

Print Name ___________________________________

Print Address ___________________________________

____

Sign here if Franchisee is a company

FRANCHISEE

Print Company Name ___________________________________

Date _______________ By ___________________________________

Print Name ___________________________________

Print Title ___________________________________

Print Address ___________________________________

____

STATE SPECIFIC ADDENDUM TO TAILORED LIVING® FRANCHISE AGREEMENT

1 INTRODUCTION

This Addendum (Addendum) is effective on the same date as the Franchise Agreement (Agreement) to which it is attached The parties to the Addendum are the parties to the Agreement The purpose of this Addendum is to modify certain clauses of the standard Agreement to meet the requirements of regulatory agencies in the States of Illinois, Maryland, Minnesota, New York, North Dakota and Rhode Island

2 AGREEMENT

The parties agree as follows

<u>2 1 Illinois</u>

The following provisions apply to you if your State is Illinois

<u>2 1 1 Venue</u>

Section 11 6(a) (Venue, Submission to Court, Limitation of Damages) of the Agreement is amended to read as follows

No individual or entity (whether named or otherwise designated) will be joined as a party to those proceedings if that joinder has the effect of destroying federal court jurisdiction, unless that individual or entity is a necessary party to the proceeding as a matter of law Where there is no United States District Court having jurisdiction over the dispute, the proceeding may be initiated in a state court of competent jurisdiction In either case, Franchisor and Franchisee consent to the exclusive exercise of jurisdiction by those courts

<u>2 1 2 Governing Law</u>

Section 14 1 (Governing Law) of the Agreement is amended to read as follows
The United States Arbitration Act (9 U S C 1 et seq) will govern jurisdictional issues respecting arbitration of disputes under this Agreement The Lanham Act (15 U S C 1051 et seq) will govern any issue involving the Marks To the extent applicable, the laws of the state

where Franchisee is domiciled will govern all issues involving (i) modification of this Agreement while it is in effect, (ii) the maximum rate of interest that may be charged under this Agreement, and (iii) enforcement of post-termination non-competition provisions Otherwise, except as to matters within the purview of the Illinois Franchise Investment Law, this Agreement and the legal relations among the parties will be governed by and construed in accordance with the laws of the State of California

<u>2 1 3 Release of Claims</u>

Section 9 2 (Assignment by Franchisee) of the Agreement says that we may require you to sign a release of claims, as a condition of renewal or transfer of your franchise However, this release will not apply to any liability arising under the Illinois Franchise Disclosure Act This provision will not prevent us from requiring you to sign a release of claims as part of a negotiated settlement of a dispute

<u>2 2 Maryland</u>

The following provisions apply to you if you live in Maryland or your business will be located in Maryland

<u>2 2 1 Franchise Fee</u>

The first two sentences in Section 4 1 (Initial Fee) of the Agreement are amended to read as follows

Concurrently with Franchisee's signing of this Agreement, Franchisee will pay to Franchisor an "Initial Franchise Fee" of $14,950 The Initial Franchise Fee will be held in escrow until Franchisor has fulfilled all of its pre-opening obligations to Franchisee Franchisee will receive the TAILORED LIVING® Start-Up Package (listed in Schedule 3 to this Agreement) upon signing this Agreement

The third sentence of Section 4 1 is deleted

<u>2 2 2 Territory Fee</u>

The first sentence in Section 4 2 (Territory Fee) is amended to read as follows

Concurrently with Franchisee's signing of this Agreement, Franchisee also will pay Franchisor a Territory Fee of $40,000 if this Agreement is signed on or before December 31, 2015, or $45,000 if this Agreement is signed on or after January 1, 2016 The Territory Fee will be held in escrow until Franchisor has fulfilled all its pre-opening obligations to

Franchisee

The third sentence of Section 4 2 is deleted

2 2 3 Release of Claims

Section 9 2 (Assignment by Franchisee) of the Agreement says that we may require you to sign a release of claims as a condition of renewal or transfer of your franchise However, this release will not apply to any liability arising under the Maryland Franchise Registration and Disclosure Law

2 2 4 Disputes Not Subject To Alternate Dispute Resolution

Section 11 2 (Disputes Not Subject To Alternate Dispute Resolution) of the Agreement is amended to read as follows

Except for claims subject to arbitration, a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

2 2 5 Venue

Section 11 6(a) (Venue, Submission to Court, Limitation of Damages) of the Agreement is revised to read as follows

No individual or entity (whether named or otherwise designated) will be joined as a party to those proceedings if that joinder has the effect of destroying federal court jurisdiction, unless that individual or entity is a necessary party to the proceeding as a matter of law Where there is no United States District Court having jurisdiction over the dispute, the proceeding may be initiated in a state court of competent jurisdiction In either case, Franchisor and Franchisee consent to the exclusive exercise of jurisdiction by those courts

2 2 6 Disclaimers

Under the franchise agreement, you must disclaim the occurrence and/or acknowledge the non-occurrence of acts that might constitute a violation of the Maryland Franchise law These representations are not intended to nor do they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

2 2 7 Time Period for Bring Claims

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise Any limitation on the period of time arbitration and/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

2 3 Minnesota

The following provisions apply to you if your State is Minnesota

2 3 1 Release of Claims

Section 9 2 (Assignment by Franchisee) of the Agreement says that we may require you to sign a special release of claims as a condition of renewal or transfer of your franchise Under Minnesota Statutes § 80C 21 and Minnesota Rule Part 2860 4400J, this section may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes

2 3 2 Arbitration Venue

Section 11 4 (Arbitration) of the Agreement requires binding arbitration of most disputes The arbitration will occur in a state other than Minnesota, with costs being borne according to the Rules for Commercial Arbitration of the American Arbitration Association Under Minnesota Statutes § 80C 21 and Minnesota Rule Part 2860 4400J, this section may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes

2 3 3 Venue

Section 11 6(a) (Venue, Submission to Court, Limitation of Damages) of the Agreement is amended to read as follows

No individual or entity (whether named or otherwise designated) will be joined as a party to those proceedings if that joinder has the effect of destroying federal court jurisdiction, unless that individual or entity is a necessary party to the proceeding as a matter of law Where there is no United States District Court having jurisdiction over the dispute, the proceeding may be initiated in a state court of competent jurisdiction In either case, Franchisor and Franchisee consent to the exclusive exercise of jurisdiction by those courts

2 4 New York

The following provision applies to you if your State is New York

2 4 1 Governing Law

Section 14 1 (Governing Law) of the Agreement is amended to read as follows *The United States Arbitration Act (9 U S C §1 et seq) will govern jurisdictional issues respecting arbitration of disputes under this Agreement The Lanham Act (15 U S C §1051 et seq) will govern any issue involving the Marks To the extent applicable, all issues involving (i) modification of this Agreement while it is in effect, (ii) the maximum rate of interest that may be charged under this Agreement, or (iii) post-termination non-competition provisions will be governed by the laws of the state where Franchisee is domiciled Except as otherwise provided in Article 10 of this Agreement and this Section, this Agreement and the legal relations among the parties to this agreement will be governed by and construed according to the laws of the State of California The foregoing choice of law should not be considered to be a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33*

2 5 North Dakota

The following provisions apply to you if your State is North Dakota

2 5 1 Mediation and Arbitration Venue

Article 11 (Dispute Resolution) of the Agreement requires mediation and arbitration to take place in California The North Dakota Securities Commissioner has held that franchise agreements providing that the parties must agree to the mediation or arbitration of disputes at a location that is remote from the site of the franchisee's business is "unfair, unjust, or inequitable to North Dakota franchisees "

2 5 2 Venue

Section 11 6(a) (Venue, Submission to Court, Limitation of Damages) of the Agreement is revised to read as follows

> *No individual or entity (whether named or otherwise designated) will be joined as a party to those proceedings if that joinder has the effect of destroying federal court jurisdiction, unless that individual or entity is a necessary party to the proceeding as a matter of law Where there is no United States District Court having jurisdiction over the dispute, the proceeding may be initiated in a state court of competent jurisdiction In either case, Franchisor and Franchisee consent to the exclusive exercise of jurisdiction by those courts*

2 5 3 Submission to Court and Limitation of Damages

Section 11 6(b) (Submission to Court) and 11 6(c) (Limitation of Damages) of the Agreement are deleted

2 5 4 Bankruptcy

A provision in the Franchise Agreement that terminates the franchise upon bankruptcy of the franchise may not be enforceable under Title 11, United States Code Section 101

2 5 5 Governing Law

Section 14 1 of the Agreement (Governing Law) is revised to read as follows

The United States Arbitration Act (9 U S C 1 et seq) will govern jurisdictional issues respecting arbitration of disputes under this Agreement The Lanham Act (15 U S C 1051 et seq) will govern any issue involving the Marks To the extent applicable, the laws of the state where Franchisee is domiciled will govern all issues involving (i) modification of this Agreement while it is in effect, (ii) the maximum rate of interest that may be charged under this Agreement, and (iii) enforcement of post-termination non-competition provisions Otherwise, except as to matters within the purview of the North Dakota franchise law, this Agreement and the legal relations among the parties will be governed by and construed in accordance with the laws of the State of California

2 6 Rhode Island

The following provisions apply to you if your State is Rhode Island

2 6 1 Governing Law

Section 14 1 of the Agreement (Governing Law) is revised to read as follows

The United States Arbitration Act (9 U S C 1 et seq) will govern jurisdictional issues respecting arbitration of disputes under this Agreement The Lanham Act (15 U S C 1051 et seq) will govern any issue involving the Marks To the extent applicable, the laws of the state where Franchisee is domiciled will govern all issues involving (i) modification of this Agreement while it is in effect, (ii) the maximum rate of interest that may be charged under this Agreement, and (iii) enforcement of post-termination non-competition provisions Otherwise, except as to matters within the purview of the Rhode

Island Franchise Investment Act, this Agreement and the legal relations among the parties will be governed by and construed in accordance with the laws of the State of California

2 7 Washington

The following provisions apply to you if your State is Washington

The state of Washington has a statute, RCW 19 100 180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise

In any arbitration proceeding involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

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

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

The undersigned does hereby acknowledge receipt of this addendum

3 INCORPORATION OF FRANCHISE AGREEMENT

The terms and conditions of the Agreement are incorporated into this Addendum by reference except to the extent that they conflict with the terms and conditions of this Addendum If there is a conflict, the terms and conditions of this Addendum will govern

IN WITNESS TO THE FOREGOING, the parties to this Addendum sign and deliver it

FRANCHISOR
TAILORED LIVING, LLC

Date ______________ By ______________________________
Jennie Amante, Executive Vice President

1927 North Glassell Street
Orange, CA 92865

Sign here if Franchisee is an individual

FRANCHISEE

Date ______________ ______________________________

Print Name ______________________________

Sign here if Franchisee is a company

FRANCHISEE

Print Company Name ______________________________

Date ______________ By ______________________________

Print Name ______________________________

Print Title ______________________________

PERSONAL COVENANT AND GUARANTEE

(To be signed by franchisee's spouse, if any, and by all owners, if franchisee is a company)

In return for the signing by Franchisor of this Franchise Agreement, and of other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the undersigned covenant and agree as follows

A The undersigned represent to Franchisor that the undersigned are all of the people having direct or indirect "Control" (as defined in the Franchise Agreement) or a direct or indirect beneficial ownership interest in Franchisee

B The undersigned, individually and jointly, will (i) comply with and be bound by all provisions of the Franchise Agreement to the same extent as if each of them were the Franchisee, and (ii) not engage in any activities not permitted to the Franchisee under the Franchise Agreement (whether in their own behalf or in any capacity on behalf of any entity)

C Any controversy or claim arising out of this Personal Covenant and Guarantee, or any breach of it, will be submitted to mediation and arbitration in accordance with Section 11 of the Franchise Agreement

D If any other people obtain direct or indirect Control of Franchisee or a direct or indirect beneficial interest in Franchisee, the undersigned will cause those people to sign and deliver to Franchisor a counterpart of this Personal Covenant and Guarantee

E This Personal Covenant and Guarantee will be governed in accordance with the laws of the same state whose laws govern the Franchise Agreement

______________________________	______________________________
Signature	*Signature*
Name ______________________	*Name* ______________________
Address ____________________	*Address* ____________________
______________________________	______________________________

SCHEDULE 1

DESCRIPTION OF TERRITORY

The Territory franchised to Franchisee consists of the following ZIP Codes (as defined by the United States Postal Service)

The Territory is commonly identified as "TAILORED LIVING of ______________________"

SCHEDULE 2

TAILORED LIVING® START-UP PACKAGE

The Start-Up Package consists of the following

1 Transportation allowance of $500

2 Hotel charges for one standard room (single or double occupancy) for the manager and/or other person attending training (13 nights)

3 Stationery (500 letterhead, envelopes, business cards, and invoices)

4 Design software (1)

5 Samples (closet, garage, home office)

6 25 yard signs

7 Vehicle logo (1) *franchisee to pay for installation

8 Briefcase (1)

9 5 TL shirts

10 2,500 door hangers

11 50 brochures

12 Personalized web site

13 Trade show banner

SCHEDULE 3

SCHEDULE OF NAMES AND ADDRESSES OF OWNERS AND PRINCIPAL OFFICERS

1 If the prospective franchisee is an individual (sole proprietor), list below the name and residence address of the Franchisee

____

____

2 If the prospective franchisee is not an individual, list below the names, residence addresses, and respective percentage ownership interests of each person who owns a direct or indirect beneficial interest in the Franchisee (if more space is required, attached additional sheets)

a ______________________		c ______________________	
______________________		______________________	
______________________		______________________	
______________________	____%	______________________	____%
b ______________________		d ______________________	
______________________		______________________	
______________________		______________________	
______________________	____%	______________________	____%

SCHEDULE 4

3 If the prospective franchisee is not an individual, list the names, residence addresses, and respective titles of each individual who has or will have management authority with respect to Franchisee, including officers, directors, managers, and partners (if necessary, list other individuals on additional sheets attached)

a	c
Title ______________________	Title ______________________
______________________	______________________
______________________	______________________
______________________	______________________
b	d
Title ______________________	Title ______________________
______________________	______________________
______________________	______________________
______________________	______________________

LIST OF FRANCHISEES

EXHIBIT C

Tailored Living LLC
Current Franchise Roster

Total	Company	Start Date	Owner	Address	City	State	Zip	Phone
	Alabama							
1	Tailored Living 630AL202	1/1/2011	D G E Enterprises LLC	2089 Alton Road Suite B	Birmingham	AL	35210	(205)956-3939
	Arizona							
1	Tailored Living 753AZ034	4/1/2007	Kevin Kinney	9120 N 106th Place	Scottsdale	AZ	85258	(480)298-5200
	California							
	Tailored Living 855CA202	11/1/2010	Ronald & Merry Blaski	PO Box 1267	Atascadero	CA	93423	(805)462-8133
	Tailored Living 828CA202	11/1/2010	Ronald & Merry Blaski	PO Box 1267	Atascadero	CA	93423	(805)462-8133
	Tailored Living 825CA207	5/1/2015	Dana & Eugene Nuesca	1524 Jeffrey Avenue	Escondido	CA	92027	(858)877 9005
	Tailored Living 825CA202	11/1/2015	Dana & Eugene Nuesca	1524 Jeffrey Avenue	Escondido	CA	92027	(858)877 9005
	Tailored Living 807CA201	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650)286-9676
	Tailored Living 807CA202	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650)286-9676
	Tailored Living 807CA203	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650)286-9676
	Tailored Living 807CA204	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650)286-9676
	Tailored Living 807CA205	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650)286-9676
	Tailored Living 807CA206	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650)286-9676
	Tailored Living 807CA207	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650)286-9676
	Tailored Living 807CA208	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650)286-9676
	Tailored Living 807CA209	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650)286-9676
	Tailored Living 807CA210	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650)286-9676
	Tailored Living 807CA211	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650)286-9676
	Tailored Living 807CA212	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650)286-9676
	Tailored Living 803CA201	11/1/2010	PGOC Inc	20914 Bake Parkway #102	Lake Forest	CA	92630	(949)297 3951
	Tailored Living 803CA202	11/1/2010	PGOC Inc	20914 Bake Parkway #102	Lake Forest	CA	92630	(949)297 3951
	Tailored Living 803CA204	11/1/2010	PGOC Inc	20914 Bake Parkway #102	Lake Forest	CA	92630	(949)297 3951
	Tailored Living 803CA203	6/1/2007	Scott Barnes	1927 N Glassell St	Orange	CA	92865	(714)279-2475
	Tailored Living 862CA203	5/1/2015	Sky & Michele Florentz	7601 Granite Ave	Orangevale	CA	95662	(916)458-4359
	Tailored Living 862CA205	11/1/2015	Sky & Michele Florentz	7601 Granite Ave	Orangevale	CA	95662	(916)458-4359
	Tailored Living 803CA206	2/1/2011	PremierGarage of Ventura County Inc	3000 Paseo Mercado Unit 108	Oxnard	CA	93036	(805)988-0900
	Tailored Living 803CA209	2/1/2011	PremierGarage of Ventura County, Inc	3000 Paseo Mercado, Unit 108	Oxnard	CA	93036	(805)988-0900
	Tailored Living 803CA211	2/1/2011	PremierGarage of Ventura County Inc	3000 Paseo Mercado Unit 108	Oxnard	CA	93036	(805)988-0900
	Tailored Living 855CA201	2/1/2011	PremierGarage of Ventura County Inc	3000 Paseo Mercado Unit 108	Oxnard	CA	93036	(805)988-0900
	Tailored Living 803CA042	1/1/2007	Joseph Chang	6260 River Crest Dr #A	Riverside	CA	92507	(951)653-7510
	Tailored Living 866CA203	9/1/2014	Cal & Stan Inc	615 N Plaza Drive	Visalia	CA	93291	(559)334 6996
29	Tailored Living 866CA204	3/1/2015	Cal & Stan Inc	615 N Plaza Drive	Visalia	CA	93291	(559)334 6996
	Colorado							
	Tailored Living 751CO201	7/1/2014	Boknecht Enterprises Inc	25841 E Orchard Drive	Centennial	CO	80016	(303)766-6832
	Tailored Living 751CO212	1/1/2015	Boknecht Enterprises Inc	25841 E Orchard Drive	Centennial	CO	80016	(303)766-6832
	Tailored Living 751CO211	10/1/2013	Derek Harris & Suzanne Weber	13042 W La Salle Cir	Lakewood	CO	80228	(303)986-3397
4	Tailored Living 751CO210	4/1/2015	Derek Harris & Suzanne Weber	13042 W La Salle Cir	Lakewood	CO	80228	(303)986-3397
	Connecticut							
	Tailored Living 533CT206	7/1/2016	Leonard & Leigh Cifone	13 Highwood Crossing	Burlington	CT	06013	(860)969-0877
2	Tailored Living 501CT201	12/1/2010	Premier Garage of Northern New Jersey	16-18 Van Wettering Place	Hackensack	CT	07601	(201)487 8989
	Delaware							
	Tailored Living 504DE201	7/1/2014	StoBiz Inc	118 Cardinal Circle	Hockessin	DE	19707	(302)444-4224
2	Tailored Living 504DE202	1/1/2015	Nickerson Fine Homes Inc	420 E Hamilton Ave	State College	DE	16801	(814)308-8353
	Florida							
	Tailored Living 528FL201	1/1/2011	Premier Coatings LLC	3768 SW 30th Avenue	Hollywood	FL	33312	(954)797 9275
	Tailored Living 528FL202	1/1/2011	Premier Coatings LLC	3768 SW 30th Avenue	Hollywood	FL	33312	(954)797 9275
	Tailored Living 528FL203	1/1/2011	Premier Coatings LLC	3768 SW 30th Avenue	Hollywood	FL	33312	(954)797 9275
	Tailored Living 528FL204	1/1/2011	Premier Coatings LLC	3768 SW 30th Avenue	Hollywood	FL	33312	(954)797 9275
	Tailored Living 528FL205	1/1/2011	Premier Coatings, LLC	3768 SW 30th Avenue	Hollywood	FL	33312	(954)797 9275
	Tailored Living 528FL206	1/1/2011	Premier Coatings LLC	3768 SW 30th Avenue	Hollywood	FL	33312	(954)797 9275
	Tailored Living 528FL207	1/1/2011	Premier Coatings LLC	3768 SW 30th Avenue	Hollywood	FL	33312	(954)797 9275
	Tailored Living 528FL208	1/1/2011	Premier Coatings LLC	3768 SW 30th Avenue	Hollywood	FL	33312	(954)797 9275
	Tailored Living 528FL209	1/1/2011	Premier Coatings LLC	3768 SW 30th Avenue	Hollywood	FL	33312	(954)797 9275
	Tailored Living 528FL210	1/1/2011	Premier Coatings LLC	3768 SW 30th Avenue	Hollywood	FL	33312	(954)797 9275
	Tailored Living 528FL211	1/1/2011	Premier Coatings LLC	3768 SW 30th Avenue	Hollywood	FL	33312	(954)797 9275
	Tailored Living 528FL212	1/1/2011	Premier Coatings LLC	3768 SW 30th Avenue	Hollywood	FL	33312	(954)797 9275
	Tailored Living 548FL201	1/1/2011	Premier Coatings LLC	3768 SW 30th Avenue	Hollywood	FL	33312	(954)797 9275
	Tailored Living 548FL202	1/1/2011	Premier Coatings LLC	3768 SW 30th Avenue	Hollywood	FL	33312	(954)797 9275
	Tailored Living 548FL203	1/1/2011	Premier Coatings LLC	3768 SW 30th Avenue	Hollywood	FL	33312	(954)797 9275
	Tailored Living 548FL204	1/1/2011	Premier Coatings LLC	3768 SW 30th Avenue	Hollywood	FL	33312	(954)797 9275
	Tailored Living 548FL205	1/1/2011	Premier Coatings LLC	3768 SW 30th Avenue	Hollywood	FL	33312	(954)797 9275
	Tailored Living 548FL206	1/1/2011	Premier Coatings LLC	3768 SW 30th Avenue	Hollywood	FL	33312	(954)797 9275
	Tailored Living 561FL201	11/1/2010	TLB Enterprises LLC	11651 Central Parkway Suite 112	Jacksonville	FL	32224	(904)645-0885
	Tailored Living 561FL202	11/1/2010	TLB Enterprises LLC	11651 Central Parkway Suite 112	Jacksonville	FL	32224	(904)645-0885
	Tailored Living 561FL203	11/1/2010	TLB Enterprises LLC	11651 Central Parkway Suite 112	Jacksonville	FL	32224	(904)645-0885

Tailored Living LLC
Current Franchise Roster

Total	Company	Start Date	Owner	Address	City	State	Zip	Phone
	Tailored Living 534FL204	5/1/2015	Marc & Debbie Dryden	301 Timbercove Circle	Longwood	FL	32779	(407)565-2234
	Tailored Living 534FL205	11/1/2015	Marc & Debbie Dryden	301 Timbercove Circle	Longwood	FL	32779	(407)565-2234
	Tailored Living 686FL202	12/1/2015	Stephen & Teresa Adams	840 Coldwater Creek Circle	Niceville	FL	32578	(850)396-4830
25	Tailored Living 539FL212	12/1/2016	Stephen Arthur & Rena Jacoby	579 Interstate Blvd	Sarasota	FL	34240	(941)328-8989
	Georgia							
	Tailored Living 524GA211	5/1/2015	Mark Ash & Ann LeClair Ash	1535 Independence Trail	Cumming	GA	30040	(678)456-5051
	Tailored Living 524GA215	11/1/2015	Mark Ash & Ann LeClair Ash	1535 Independence Trail	Cumming	GA	30040	(678)456-5051
	Tailored Living 524GA206	12/1/2015	Honest Homes LLC	4510 Sandalwood Way	Cumming	GA	30041	(678)835-9270
	Tailored Living 520GA202	5/1/2015	Dana Wade	382 Buxton Lane	Evans	GA	30809	(762)994 0208
5	Tailored Living 524GA209	5/1/2015	Premier Living of GA, LLC	2501 Jacobs Ct NE	Marietta	GA	30068	(678)585-6644
	Iowa							
	Tailored Living 679IA202	3/1/2016	Remnant Enterprises LLC	1425 Metro East Drive #113	Pleasant Hill	IA	50327	(515)218-7875
2	Tailored Living 679IA204	9/1/2016	Remnant Enterprises LLC	1425 Metro East Drive #113	Pleasant Hill	IA	50327	(515)218-7875
	Idaho							
	Tailored Living 757ID201	11/1/2010	Calvin & Endura Connell	2485 E 3700 N	Twin Falls	ID	83301	(208)737-4657
2	Tailored Living 758ID201	11/1/2010	Calvin & Endura Connell	2485 E 3700 N	Twin Falls	ID	83301	(208)737-4657
	Illinois							
	Tailored Living 682IL203	12/1/2015	Bret Eugene Johnson	3010 East 1st Avenue	Milan	IL	61264	(309)429-6270
	Tailored Living 602IL214	7/1/2014	Tatro Enterprises LLC	1707 Quincy Ave Unit 139	Naperville	IL	60540	(630)536-8502
3	Tailored Living 602IL223	7/1/2015	Tatro Enterprises LLC	1707 Quincy Ave Unit 139	Naperville	IL	60540	(630)536-8502
	Indiana							
1	Tailored Living 527IN209	2/1/2011	Indy Home & Garage LLC	9856 North By Northeast Blvd	Indianapolis	IN	46037	(317)842-4272
	Kentucky							
	Tailored Living 541KY202	1/1/2011	Premier Garage of Central Kentucky Inc	221 A Industry Parkway	Nicholasville	KY	40356	(859)881-0760
2	Tailored Living 515OH021	3/1/2007	Dan and Connie Kerth	11554 US Highway 42	Union	KY	41091	(859)384 7100
	Louisiana							
1	Tailored Living 622LA201	12/1/2015	Zina Sampey & Angie Araujo	720 Seventh St	Lockport	LA	70374	(985)262 2737
	Maryland							
	Tailored Living 511MD205	6/1/2016	Todd Carter	335 Victory Drive	Herndon	MD	20170	(703)707-0009
2	Tailored Living 512MD209	7/1/2015	Nickerson Fine Homes Inc	420 E Hamilton Ave	State College	MD	16801	(814)308-8353
	Maine							
1	Tailored Living 500ME203	9/1/2016	Christopher & Heather Holdredge	22 Sherman Drive	Falmouth	ME	04105	(207)613-1183
	Michigan							
	Tailored Living 540MI202	9/1/2016	Robert & Sheryl Zimmerman	1775 South M-375	Traverse City	MI	49685	(231)668-9073
	Tailored Living 505MI203	1/1/2011	James & Holly Gessler	47874 West Rd	Wixom	MI	48393	(248)669-8900
	Tailored Living 505MI213	1/1/2011	James & Holly Gessler	47874 West Rd	Wixom	MI	48393	(248)669-8900
	Tailored Living 505MI214	1/1/2011	James & Holly Gessler	47874 West Rd	Wixom	MI	48393	(248)669-8900
5	Tailored Living 563MI202	1/1/2011	James & Holly Gessler	47874 West Rd	Wixom	MI	48393	(248)669-8900
	Minnesota							
	Tailored Living 613MN204	1/1/2011	Modern Garage Interiors LLC	1408 Northland Drive Suite 103	Mendota Heights	MN	55120	(651)454 1315
	Tailored Living 613MN207	1/1/2011	Modern Garage Interiors LLC	1408 Northland Drive Suite 103	Mendota Heights	MN	55120	(651)454-1315
3	Tailored Living 613MN208	1/1/2011	Modern Garage Interiors LLC	1408 Northland Drive Suite 103	Mendota Heights	MN	55120	(651)454-1315
	Missouri							
	Tailored Living 609MO202	5/1/2015	Robert Kinealy	1629 King Arthur Drive	Lake Sherwood	MO	63357	(636)728-0333
2	Tailored Living 609MO206	5/1/2015	Robert Kinealy	1629 King Arthur Drive	Lake Sherwood	MO	63357	(636)728-0333
	Montana							
1	Tailored Living 766MT201	12/31/2015	Bryce & Sarah Johnson	612 W Griffin Unit B	Bozeman	MT	59715	(406)404 7159
	North Carolina							
	Tailored Living 560NC203	3/1/2016	UBIK Holdings Inc	105 Harvest Court	Carrboro	NC	27510	(919)234 7711
	Tailored Living 560NC201	9/1/2016	UBIK Holdings Inc	105 Harvest Court	Carrboro	NC	27510	(919)234 7711
	Tailored Living 517NC209	12/31/2015	Johan & Eleanor Fogelberg	10228 Berkeley Pond Drive	Charlotte	NC	28277	(704)659-4740
4	Tailored Living 517NC206	10/1/2016	Johan & Eleanor Fogelberg	10228 Berkeley Pond Drive	Charlotte	NC	28277	(704)659-4740
	North Dakota							
1	Tailored Living 724ND201	1/1/2011	Zabel Investments LLC	5256 50th Avenue South Suite B	Fargo	ND	58104	(701)281 0558
	Nebraska							
1	Tailored Living 652NE201	9/1/2015	OMAHATL LLC	17330 W Center Road Suite 110-102	Omaha	NE	68130	(402)261 2770

Tailored Living LLC
Current Franchise Roster

Total	Company	Start Date	Owner	Address	City	State	Zip	Phone
	New Hampshire							
	Tailored Living 506NH203	9/1/2013	Bryan & Michelle Coulombe	45 Everett St	Manchester	NH	03104	(603)232-0117
2	Tailored Living 506NH202	3/1/2014	Bryan & Michelle Coulombe	45 Everett St	Manchester	NH	03104	(603)232-0117
	New Jersey							
	Tailored Living 501NJ201	12/1/2010	Premier Garage of Northern New Jersey	16-18 Van Wettering Place	Hackensack	NJ	07601	(201)487-8989
	Tailored Living 501NJ203	12/1/2010	Premier Garage of Northern New Jersey	16-18 Van Wettering Place	Hackensack	NJ	07601	(201)487-8989
	Tailored Living 501NJ208	12/1/2010	Premier Garage of Northern New Jersey	16-18 Van Wettering Place	Hackensack	NJ	07601	(201)487-8989
	Tailored Living 501NJ206	2/1/2015	Columbia Professional Services Inc	36 Pembroke Terrace	Hillsborough	NJ	08844	(908)533-9600
5	Tailored Living 504NJ202	7/1/2015	Daniel & Racqel Pascucci	318 Cherry Road	Marlton	NJ	08053	(856)872 2918
	Nevada							
	Tailored Living 839NV202	9/1/2015	Jerald & Kayoko Kita Wadsworth	6500 W Richmar Ave #300	Las Vegas	NV	89139	(702)302-4113
2	Tailored Living 839NV203	3/1/2016	Jerald & Kayoko Kita Wadsworth	6500 W Richmar Ave #300	Las Vegas	NV	89139	(702)302-4113
	New York							
	Tailored Living 501NY203	12/1/2010	Premier Garage of Northern New Jersey	16-18 Van Wettering Place	Hackensack	NY	07601	(201)487-8989
2	Tailored Living 501NY221	7/1/2014	Patrick & Marian Tracy	10 Platt Ave	Smithtown	NY	11787	(631)498-5595
	Ohio							
	Tailored Living 535OH203	3/1/2014	Home Organization Solutions LLC	4098 Anson Dr	Hilliard	OH	43026	(614)310-3130
	Tailored Living 510OH202	7/1/2014	Deanne Bridenstine	8637 Ontario St NW	Massillon	OH	44646	(330)418-3446
	Tailored Living 515OH204	7/1/2015	Denny Heather Kevin & Michelle	421 Breaden Drive Bay 14	Monroe	OH	45050	(513)360-4442
4	Tailored Living 535OH206	8/1/2015	Gray Investment Assets, Inc	4400 Wrens Nest Drive	New Albany	OH	43054	(614)568-4009
	Oklahoma							
	Tailored Living 650OK202	7/1/2015	Mackserve Inc	14624 Metro Plaza Blvd Ste C	Edmond	OK	73013	(405)531-0855
2	Tailored Living 650OK204	1/1/2016	Mackserve Inc	14624 Metro Plaza Blvd Ste C	Edmond	OK	73013	(405)531-0855
	Oregon							
	Tailored Living 820OR202	12/1/2010	F&S Garage Systems Inc	PO Box 20066	Keizer	OR	97307	(503)390-0522
	Tailored Living 820OR203	12/1/2010	F&S Garage Systems Inc	PO Box 20066	Keizer	OR	97307	(503)390-0522
3	Tailored Living 820OR205	12/1/2010	F&S Garage Systems Inc	PO Box 20066	Keizer	OR	97307	(503)390-0522
	Pennsylvania							
	Tailored Living 508PA204	12/1/2016	Rogerio & Tatiana Galante	300 Old Pond Road Suite 206B	Bridgeville	PA	15017	(412)668-4544
	Tailored Living 504PA205	7/1/2014	Jane Hayden	8245 Brookside Road	Elkins Park	PA	19027	(215)253-6918
	Tailored Living 504PA202	1/1/2015	Jane Hayden	8245 Brookside Road	Elkins Park	PA	19027	(215)253-6918
	Tailored Living 566PA201	11/1/2014	Frank Perry	5050 Franklin Street	Harrisburg	PA	17111	(717)648-0152
	Tailored Living 566PA203	5/1/2015	Frank Perry	5050 Franklin Street	Harrisburg	PA	17111	(717)648-0152
	Tailored Living 566PA205	11/1/2015	Frank Perry	5050 Franklin Street	Harrisburg	PA	17111	(717)648-0152
	Tailored Living 504PA212	1/1/2015	StoBiz Inc	118 Cardinal Circle	Hockessin	PA	19707	(302)444-4224
	Tailored Living 504PA207	4/1/2016	William Tullis	3913 Lewis Run Road	Newtown Square	PA	19073	(484)674-6888
9	Tailored Living 577PA202	7/1/2014	Nickerson Fine Homes Inc	420 E Hamilton Ave	State College	PA	16801	(814)308-8353
	South Carolina							
	Tailored Living 567SC202	7/1/2015	DABB ENTERPRISES INC	206 Cutler Way	Greenville	SC	29615	(864)214 2355
	Tailored Living 567SC201	1/1/2016	DABB ENTERPRISES INC	206 Cutler Way	Greenville	SC	29615	(864)214 2355
	Tailored Living 570SC201	9/1/2014	Jason & Stephanie Nash	1425 Enterprise Rd Suite #4	Myrtle Beach	SC	29577	(843)957 3309
4	Tailored Living 519SC201	3/1/2015	Jason & Stephanie Nash	1425 Enterprise Rd Suite #4	Myrtle Beach	SC	29577	(843)957 3309
	Tennessee							
1	Tailored Living 557TN201	2/1/2011	360 Solutions LLC	3612 Henson Road	Knoxville	TN	37912	(865)947-8686
	Texas							
	Tailored Living 623TX006	1/1/2008	Gregory & Marianne Bartlett	1210 W McDermott Dr Suite 104	Allen	TX	75013	(469)416-5318
	Tailored Living 635TX205	7/1/2014	Functional Style, Inc	5006 W State Highway 29	Georgetown	TX	78628	(512)931 2181
	Tailored Living 635TX201	1/1/2015	Functional Style, Inc	5006 W State Highway 29	Georgetown	TX	78628	(512)931 2181
	Tailored Living 641TX201	9/1/2016	Dolly M Holmes	119 East Hollywood Avenue	San Antonio	TX	78212	(210)585-3640
	Tailored Living 618TX209	12/1/2010	Garrett s Garage Solutions, LLC	25275 Budde Road #21	Spring	TX	77380	(281)292 3346
	Tailored Living 618TX211	12/1/2010	Garrett's Garage Solutions LLC	25275 Budde Road #21	Spring	TX	77380	(281)292 3346
	Tailored Living 618TX212	12/1/2010	Garrett s Garage Solutions LLC	25275 Budde Road #21	Spring	TX	77380	(281)292 3346
	Tailored Living 618TX204	12/1/2010	Master Organizers LLC	4147 Bluebonnet	Stafford	TX	77477	(713)996-8510
	Tailored Living 618TX205	12/1/2010	Master Organizers LLC	4147 Bluebonnet	Stafford	TX	77477	(713)996-8510
10	Tailored Living 618TX207	12/1/2010	Master Organizers LLC	4147 Bluebonnet	Sugar Land	TX	77477	(713)996-8510
	Utah							
1	Tailored Living 770UT203	11/1/2014	MKG Designs Inc	9092 S 400 E	Sandy	UT	84070	(801)910-4133
	Virginia							
	Tailored Living 511VA206	11/1/2014	Doug & Amy Martz	4 Daffan Court	Fredericksburg	VA	22405	(540)602 2909
	Tailored Living 511VA015	8/1/2007	Todd Carter	335 Victory Drive	Herndon	VA	20170	(703)707-0009
	Tailored Living 511VA203	11/1/2013	Todd Carter	335 Victory Drive	Herndon	VA	20170	(703)707-0009
	Tailored Living 511VA204	4/1/2014	Todd Carter	335 Victory Drive	Herndon	VA	20170	(703)707-0009

Tailored Living LLC
Current Franchise Roster

Total	Company	Start Date	Owner	Address	City	State	Zip	Phone
5	Tailored Living 556VA005	9/1/2016	sk2 Designs Inc	11518 Old Carrollton Court	Richmond	VA	23236	(804)355-1595
	Washington							
	Tailored Living 819WA208	4/1/2016	Steven & Kathleen Hooper	9440 Piperhill Drive SE	Olympia	WA	98513	(360)529-5298
	Tailored Living 819WA201	2/1/2016	Marilyn Waylon & Jerrel Mathern	18730 142nd Avenue NE Building C	Woodinville	WA	98072	(425)214-1768
	Tailored Living 819WA204	2/1/2016	Marilyn Waylon & Jerrel Mathern	18730 142nd Avenue NE Building C	Woodinville	WA	98072	(425)214 1768
4	Tailored Living 819WA210	2/1/2016	Marilyn Waylon & Jerrel Mathern	18730 142nd Avenue NE Building C	Woodinville	WA	98072	(425)214 1768
	Wisconsin							
	Tailored Living 669WI004	1/1/2008	Julee and Tim Barnett	7324 West Old Sauk Rd	Middleton	WI	53562	(608)831 3150
	Tailored Living 669WI007	1/1/2008	Tim Woollen	PK Storage Solutions	Sun Prairie	WI	53590	(608)240-8831
3	Tailored Living 617WI201	1/1/2011	Premier Solutions L L C	N63 W22633 Main Street	Sussex	WI	53089	(262)246-3900

157 Total

Not Yet Operational
on 12/31/2016

Total	Company	Start Date	Owner	Address	City	State	Zip	Phone
	Florida							
1	Tailored Living 539FL211	6/1/2017	Stephen Arthur & Rena Jacoby	579 Interstate Blvd	Sarasota	FL	34240	(941)328-8989
	Georgia							
1	Tailored Living 507GA201	4/1/2017	Robert & Terri Landers	290 Waterways Parkway South	Richmond Hill	GA	31324	(770)289-8866
	Ohio							
	Tailored Living 510OH206	4/1/2017	Shelley Sedor	21755 Country Way	Strongsville	OH	44149	(440)821-4608
2	Tailored Living 510OH210	10/1/2017	Shelley Sedor	21755 Country Way	Strongsville	OH	44149	(440)821-4608
	South Carolina							
	Tailored Living 546SC203	6/1/2017	Robin J & Robin R Carruthers	121 Whisk Fern Way	Holly Springs	SC	27540	(803)807-8122
2	Tailored Living 519SC203	10/1/2017	Robert & Terri Landers	290 Waterways Parkway South	Richmond Hill	SC	31324	(770)289-8866
	South Dakota							
1	Tailored Living 764SD201	4/1/2017	Stacey & Jamie Schaeffer	23751 Pine Haven Drive	Rapid City	SD	57702	(605)484-8924
	Texas							
	Tailored Living 623TX202	4/1/2017	Cassandra & Chris Ellis	7115 Tophill Circle	Dallas	TX	75248	(972)890-7388
2	Tailored Living 623TX205	10/1/2017	Cassandra & Chris Ellis	7115 Tophill Circle	Dallas	TX	75248	(972)890-7388

9 Total

LIST OF TERMINATED OR TRANSFERRED FRANCHISES

If we grant you this franchise, your contact information may be disclosed to other prospective franchisees when you leave the franchise system

EXHIBIT D

Tailored Living LLC
Terminated Roster 2016

H Mutual Release = Termination agreement franchisee no longer operating a TAILORED LIVING™ Territory
I Termination = Franchise terminated by franchisor

Total	Status	Company	End Date	Owner	City	State	Zip	Phone
	California							
1	H Mutual Release	Tailored Living 803CA238-01	9/30/2016	Scott Larry & Cynthia Iono	Lake Elsinore	CA	92530	(951)285 2395
	Colorado							
1	I Termination	Tailored Living 751CO209-01	12/6/2016	Brian & Kristi McCormick	Longmont	CO	80503	(720)340-4743
	Maryland							
1	I Termination	Tailored Living 511MD205-01	2/18/2016	Anjenette Criner	Hanover	MD	21076	(240)343-4590
	North Carolina							
1	I Termination	Tailored Living 560NC202-01	10/31/2016	Terrence & Elizabeth McInerney	Raleigh	NC	27604	(919)900-0396
	Texas							
	I Termination	Tailored Living 623TX202 01	3/24/2016	William & Michael Welborn & Cory Conway	Dallas	TX	75229	(972)247 3030
	I Termination	Tailored Living 623TX203 01	3/24/2016	William & Michael Welborn & Cory Conway	Dallas	TX	75229	(972)247 3030
3	I Termination	Tailored Living 623TX205 01	3/24/2016	William & Michael Welborn & Cory Conway	Dallas	TX	75229	(972)247 3030
	Virginia							
	H Mutual Release	Tailored Living 544VA201-01	11/1/2016	Alvin & Paula Rodgers	Virginia Beach	VA	23456	(757)350-4500
2	H Mutual Release	Tailored Living 544VA202-01	11/1/2016	Alvin & Paula Rodgers	Virginia Beach	VA	23456	(757)350-4500

9 Total

Tailored Living LLC
Transferred Roster 2016

Total	Status	Company	End Date	Owner	City	State	Zip	Phone
	Virginia							
1	G Transfer 1 Owne	Closet Tailors 556VA005-01	9/1/2016	Rick Cobb & Sam Gillispie	Richmond	VA	23222	(804)355 1595
	Washington							
	G Transfer 1 Owne	Tailored Living 819WA201-01	2/1/2016	Jim Friesen	Keizer	WA	97307	(503)390-0522
	G Transfer 1 Owne	Tailored Living 819WA204-01	2/1/2016	Jim Friesen	Keizer	WA	97307	(503)390-0522
3	G Transfer 1 Owne	Tailored Living 819WA210-01	2/1/2016	Jim Friesen	Keizer	WA	97307	(503)390-0522

4 Total

STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT E

STATE FRANCHISE ADMINISTRATORS

Commissioner of Business Oversight
Department of Business Oversight
320 West 4th Street Suite 750
Los Angeles California 90013-2344
(213) 576-7500
(866) 275-2677 Toll free

Commissioner of Securities
of the State of Hawaii
335 Merchant Street, Room 203
Honolulu Hawaii 96813
(808) 586-2722

Chief
Franchise Bureau
Office of Attorney General
500 South Second Street
Springfield Illinois 62706
(217) 782-1090

Franchise Section
Indiana Securities Division
302 West Washington Street, Room E-111
Indianapolis Indiana 46204
(317) 232-6681

Office of the Attorney General
Securities Division
200 St Paul Place
Baltimore Maryland 21202
(410) 576-6360
c
Franchise Administrator
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Dept of Attorney General
670 Law Building
525 W Ottawa Street
Lansing Michigan 48913
(517) 373-7117

Commissioner of Commerce
Minnesota Department of Commerce
85 Seventh Place East Suite 500
St Paul, Minnesota 55101
(651) 296-4026

Assistant Attorney General
Bureau of Investor Protection
and Securities
New York State Department of Law
120 Broadway, 23rd Floor
New York New York 10271
(212) 416-8211

Franchise Examiner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol Fifth Floor Dept 414
Bismarck North Dakota 58505-0510
(701) 328-4712

Director of the Rhode Island
Department of Business Regulation
1511 Pontiac Avenue, Building 69-1
Cranston Rhode Island 02920
(401) 462-9587

Franchise Administrator
Department of Labor & Regulation
Division of Securities
124 South Euclid Suite 104
Pierre South Dakota 57501
(605) 773-4823

State Corporation Commission
Division of Securities and Retail Franchising
1300 E Main Street Ninth Floor
Richmond Virginia 23219
(804) 371-9051

Director of Dept of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

Franchise Administrator
Securities and Franchise Registration
Wisconsin Securities Commission
345 W Washington Ave , 4th Floor
Madison Wisconsin 53703
(608) 266-8557

AGENTS FOR SERVICE OF PROCESS

Commissioner of Business Oversight
1515 K Street, Suite 200
Sacramento, California 95814

Commissioner of Securities
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois Attorney General Office
500 South Second Street
Springfield, Illinois 62706

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204

Maryland Securities Commissioner
200 Saint Paul Place
Baltimore, Maryland 21202-2020

Commissioner of Commerce
State of Minnesota
Department of Commerce
Registration Division
85 Seventh Place East
St Paul, Minnesota 55101

Secretary of State of New York
41 State Street
Albany, New York 11231

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fifth Floor, Dept 414
Bismarck, North Dakota 58505-0510

Director of Business Regulation
Securities Division
John O Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston Rhode Island 02910

Director of the Division of Securities
Department of Labor & Regulation
124 South Euclid, Suite 104
Pierre, South Dakota 57501

Clerk
State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

Director of Dept of Financial
Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501

Commissioner of Securities
345 W Washington Ave 4th Floor
Madison, Wisconsin 53703

CONFIDENTIAL OPERATING MANUAL TABLE OF CONTENTS

EXHIBIT F

TABLE OF CONTENTS FROM THE OPERATIONS MANUAL

DEPOSIT RECEIPT

EXHIBIT G

DEPOSIT RECEIPT

(Not for use in Maryland)

Tailored Living, LLC (Company) acknowledges that it has received from ____________________________________ (Applicant) the sum of $10,000 00 in the form of (___) cash, (___) personal check, or (___) ________________ as a non-refundable deposit (Deposit)

In exchange for the Deposit, Company will reserve the territory described below for a maximum of 60 days while Applicant applies to become a TAILORED LIVING® franchisee on the terms and conditions contained in the form of Franchise Agreement furnished to Applicant with Company's franchise disclosure document The geographic area reserved for Applicant (which, upon signing of the Franchise Agreement(s), will become the Territory) is described as follows

____

____

____

____

____

1 Company will not issue a Franchise Agreement for the Territory to anyone other than Applicant before the earlier of (a) 60 days following signing of this Deposit Receipt, or (b) the date on which Applicant notifies Company, in writing, that Applicant no longer desires to become a TAILORED LIVING® franchisee

2 The Deposit is intended in part to demonstrate Applicant's desire to become a franchisee of Company, and in part to compensate Company for the lost opportunity costs of reserving the Territory for Applicant

3 If Company grants a Franchise Agreement to Applicant, the Deposit will be applied toward the Initial Franchise Fee payable under the Franchise Agreement

4 The Deposit is not refundable If this Deposit Receipt is terminated (by Applicant or Company) or expires by the passage of time (unless Company agrees to extend the time period), then Company may retain the Deposit as compensation for (among other things) the opportunity costs of reserving the Territory Upon termination or expiration in accordance with this provision, neither Company (including its officers and employees) nor Applicant will have any further obligations to the other

Initials _________

5 This document is neither an offer by Company nor a contract for the purchase or sale of a franchise, license, or similar rights

6 Any dispute between Company and Applicant arising out of or relating to this Deposit Receipt or its breach, including any claim that this Deposit Receipt or any of its parts, is invalid, illegal or otherwise voidable or void, will be resolved by submission to arbitration conducted by a single impartial arbitrator appointed by the American Arbitration Association according to its Commercial Arbitration Rules, or any other single impartial arbitrator mutually agreed to by the parties Any arbitration will take place in Orange County, California

7 The United States Arbitration Act (9 U S C 1 et seq) shall govern jurisdictional issues respecting arbitration of disputes under this Agreement Otherwise this Deposit Receipt and the legal relations among the parties hereto shall be governed by and construed in accordance with the laws of the State of California

8 This Deposit Receipt contains all of the terms and conditions agreed upon by the parties hereto with reference to the subject matter hereof No other agreements oral or otherwise shall be deemed to exist or to bind any of the parties hereto and all prior agreements and understandings are superseded hereby No officer or employee or agent of Company has any authority to make any representation or promise not contained in this Deposit Receipt Applicant agrees that it has signed this Deposit Receipt without reliance upon any such unauthorized representation or promise This Deposit Receipt cannot be modified or changed except by written instrument signed by all of the parties hereto

9 Should any party hereto commence any action or proceeding for the purpose of enforcing or preventing the breach of any provision hereof, whether by judicial or quasi-judicial action, arbitration, or otherwise or any appeal therefrom or for damages for any alleged breach of any provision hereof, or for a declaration of such party's rights or obligations hereunder, then the prevailing party shall be reimbursed by the losing party for all costs and expenses incurred in connection therewith, including reasonable attorney's fees for the services rendered to such prevailing party

10 If Applicant consists of more than one person or entity, or a combination thereof, the obligation and liabilities to Company of each such person or entity are joint and several

11 This Deposit Receipt may be signed in any number of copies, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

12 Capitalized terms used in this Deposit Receipt will, unless expressly otherwise provided, have the meaning given those terms in the Franchise Agreement

TAILORED LIVING, LLC

By ______________________________
Jennie Amante, Executive Vice President

The undersigned "Applicant" acknowledges understanding of and agreement to the terms and conditions set forth above and receipt of a copy of this Deposit Receipt

____
Signature

____
Printed Name

Applicant's Address

____

____

Applicant's Phone Numbers
Home ______________________________
Business ______________________________

CONSENT TO TRANSFER

EXHIBIT H

CONSENT TO TRANSFER AND ASSUMPTION OF FRANCHISE AGREEMENT

This Consent to Transfer and Assumption of Franchise Agreement (Consent and Assumption) is entered into by and among Tailored Living, LLC, a California limited liability company, the franchisor (Tailored Living), ______________________________ (Existing Franchisee), and ____ (New Franchisee)

WHEREAS, Tailored Living and Existing Franchisee presently are parties to that certain Franchise Agreement, dated __________________ (Franchise Agreement), pursuant to which Tailored Living franchised Existing Franchisee the right to operate a business (Franchised Business) including the service marks of Tailored Living (Franchise) in the territory known as ____________________________ (Territory)

WHEREAS, with Tailored Living's consent, Existing Franchisee is transferring the Franchise to New Franchisee and New Franchisee is accepting the Franchise in accordance with the obligations set forth in the Franchise Agreement, including, but not limited to, the obligations regarding assignment set forth in paragraph 9 2 of the Franchise Agreement, which are hereby expressly incorporated and made a part of this Consent and Assumption

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

1 Existing Franchisee shall transfer the Franchise to New Franchisee on or about ______________________ (Transfer Date) subject to the provisions of paragraph 3, below, and paragraph 9 2 of the Franchise Agreement

2 Existing Franchisee will transfer physical possession of the Confidential Operating Manual (Manual) to Franchisor and to New Franchisee of all items required by the Franchise Agreement, including, without limitation, (i) all books, manuals, financial records, receipts, invoices, and documents relating to the Franchised Business, and (ii) all other documents, property and other objects containing Tailored Living's service marks New Franchisee has reviewed the Manual and agrees that the Confidential Operating Manual shall apply fully to its operation of the Franchised Business New Franchisee agrees to abide by all other manuals and guidelines, present and future, of Tailored Living, including, but not limited to, those pertaining to advertising

3 If New Franchisee has not already done so to the satisfaction of Tailored Living, New Franchisee shall comply with the training requirements set forth in the

Franchise Agreement by attending the next available training program offered by Tailored Living for new franchisees

4 Concurrently upon the Transfer Date New Franchisee shall become a franchisee of Tailored Living under the Franchise Agreement and Existing Franchisee shall immediately cease operating under the Franchise Agreement Existing Franchisee shall thereupon comply with all provisions in the Franchise Agreement concerning termination set forth in Article 12 thereof, including, but not limited to, ceasing all use of the service marks of Tailored Living

5 As between Existing Franchisee and Tailored Living, and with the exception of the rights and obligations set forth in Article 12 of the Franchise Agreement (which is incorporated herein by reference), the franchise relationship created by the Franchise Agreement is hereby terminated and superseded by this Consent and Assumption and in all respects having been assumed by New Franchisee as of the Transfer Date Existing Franchisee hereby waives all rights to relief from forfeiture under §1179 of the California Code of Civil Procedure and acknowledges that there is no subsisting franchise agreement between Tailored Living and existing Franchisee

6 Existing Franchisee shall sign all documentation deemed necessary by Tailored Living to transfer the Franchise to New Franchisee

7 New Franchisee shall sign Tailored Living's current form of franchise agreement for a new ten (10) year term Upon signing of the current form of franchise agreement by New Franchisee, the Franchise Agreement shall be terminated and superseded by the franchise agreement signed pursuant to this Section 7

8 (a) As consideration for Tailored Living and New Franchisee to enter into this Consent and Assumption, Existing Franchisee shall refrain from, either directly or indirectly, for [itself or himself or herself or themselves] or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or other entity, within the Territory, and from the date of this Agreement through ______________________

(i) Diverting or attempting to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or doing or performing, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Tailored Living's service marks and the System (as that term is defined in the Franchise Agreement),

(ii) Employing or seeking to employ any person who is at that time employed by Tailored Living, affiliates of Tailored Living, or by any other franchisee or licensee of Tailored Living, including but not limited to New Franchisee, or otherwise directly or indirectly inducing or seeking to induce such person to leave his or her employment thereat, or

(iii) Within the Territory and within a twenty five (25) mile radius of any business licensed or operated by Tailored Living in existence or under development as at the Transfer Date owning, maintaining, engaging in, or having any interest in any business (including any business operated by Existing Franchisee prior to entry into this Agreement) specializing, in whole or in part, in the retail and/ or installation of window coverings, or providing the same or similar goods or services provided, sold, or offered through the System

(b) The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Consent and Assumption If all or any portion of a covenant in Paragraph 8(a) is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Tailored Living is a party, Existing Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Paragraph

(c) The parties understand and acknowledge that Tailored Living shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Paragraph 8(a) or any portion thereof effective immediately upon receipt by Existing Franchisee of written notice thereof from Tailored Living, and Existing Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable

(d) Paragraph 8(a) shall not apply to ownership by Existing Franchisee of less than a one percent (1%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities Exchange Act of 1934

9 New Franchisee shall resolve any problems or complaints raised by customers of Existing Franchisee with the same high standards of customer service, and in the same fashion, as New Franchisee responds to problems or complaints raised by customers of New Franchisee and shall not resolve such problems or complaints in a manner that is less advantageous to the customers of Existing Franchisee than the manner in which New Franchisee resolves problems or complaints from New Franchisee's own customers

10 New Franchisee acknowledges that it has received the Confidential Operating Manual and other books and records of Existing Franchisee and has undertaken an independent investigation of the Franchised Business

11 Existing Franchisee releases, indemnifies and agrees to hold harmless Tailored Living in respect of any liabilities which may arise as a result of this transfer

12 Failure to comply with any of the provisions of this Consent and Assumption shall constitute a material breach hereof and shall entitle Tailored Living to

any of the remedies provided in this Consent and Assumption or the Franchise Agreement, or as may be available at law or in equity

13 Except as previously provided herein, as among the undersigned parties, each shall bear their respective costs and attorneys' fees incurred in connection with this Consent and Assumption, and events preceding its negotiation and signing

14 In granting its consent to this Consent and Assumption, Tailored Living has elected not to exercise its right of first refusal as provided in paragraph 9 3 of the Franchise Agreement Notwithstanding the foregoing, however, the Existing Franchisee shall have a period of 90 days after the date of signing of this Consent and Assumption to complete the transfer of the Franchise and the Existing Franchisee shall again be required to comply with Article 9 of the Franchise Agreement before the transfer can be effected

15 Subject to applicable state law and with the express exception of any liability under the Maryland Franchise Registration and Disclosure Law, in consideration for this Consent and Assumption, Existing Franchisee, for itself, its successors, assigns, and anyone claiming through or under it, hereby remises, releases, acquits and forever discharges Tailored Living, and its predecessors, successors, assigns, heirs, executors and administrators (as the case may be), and its past, present and future associates, owners, stockholders, agents, directors, officers, partners, employees, attorneys, accountants and representatives of and from any and all manner of action or actions, cause or causes of action, in law or in equity, arbitrations, suits, debts, agreements, promises, liabilities, claims, demands, damages, loss, cost or expense, known or unknown, fixed or contingent, which Existing Franchisee has or may hereafter have against Tailored Living by reason of any matter, cause or thing whatsoever, from the beginning of time to the date hereof, including all matters, causes or things whatsoever, that were or have been or could have in any way been alleged in any pleading filed in any arbitration proceeding or suit, which are related to the Franchise Agreement, except for those matters expressly excepted herein

16 Existing Franchisee and New Franchisee have had adequate opportunity to obtain the advice of legal counsel prior to signing this Consent and Assumption Existing Franchisee executes this Consent and Assumption voluntarily, with full knowledge of its significance, and with the express intention of effecting the legal consequences provided by Section1541 of the California Civil Code, i e , the extinguishment of all obligations, except as expressly excepted herein

17 Except as expressly stated to the contrary herein, any dispute arising out of this Consent and Assumption shall be resolved pursuant to the provisions contained in Article 11 of the Franchise Agreement

18 Although the Franchise Agreement provides that no interest in the Franchise Agreement can be transferred without the prior written consent of Tailored Living, New Franchisee acknowledges that Tailored Living does not represent or

warrant that Existing Franchisee has not made any unauthorized prior transfers or otherwise has any interest free and clear to anything being transferred now Tailored Living advises New Franchisee to conduct its own investigation to confirm that Existing Franchisee has the right to transfer the Franchise, and that Existing Franchisee has not made any transfer without consent from Tailored Living

19 Tailored Living will be provided with a copy of the written sales agreement made by and between the Existing Franchisee and New Franchisee

20 This Consent and Assumption may be signed in counterparts, each of which shall be deemed an original and all of which shall constitute a single document Each of the signatories below expressly covenants that he, she or it has the authority to enter into this Consent and Assumption

IN WITNESS WHEREOF, the parties hereto have duly signed this Consent and Assumption on the dates set forth below, it being effective upon the latest of those dates

CAUTION THIS CONSENT AND ASSUMPTION CONTAINS IMPORTANT TERMS READ BEFORE SIGNING

Dated ____________________

TAILORED LIVING, LLC

By ____________________________
Jennie Amante, Executive Vice President

Dated ____________________

EXISTING FRANCHISEE

By ____________________________
Name ____________________________
Title ____________________________

By ____________________________
Name ____________________________
Title ____________________________

Dated ____________________

NEW FRANCHISEE(S)

By ____________________
Name ____________________
Title ____________________

By ____________________
Name ____________________
Title ____________________

FLOORING ADDENDUM

EXHIBIT I

FLOORING ADDENDUM
TO FRANCHISE AGREEMENT

I INTRODUCTION

This Addendum to Franchise Agreement (Addendum) is entered into as of ______________, 201__ (Effective Date), between Tailored Living, LLC , a California limited liability company (Franchisor), and ______________, a(n) __________________ (Franchisee), to amend a Franchise Agreement of the same date as this Addendum (Franchise Agreement), for a Territory in the State of ____________ known as Tailored Living ______________ The purpose of this Addendum is to adjust the Franchise Agreement for a franchisee who wishes to offer liquid flooring from the Franchised Business Any capitalized terms used in this Addendum that are not otherwise defined bear the meaning ascribed to them in the Franchise Agreement

NOW, THEREFORE, the parties agree to amend the Franchise Agreement as follows

II AGREEMENT

A **Liquid Floor Coating**

The following provision is added to the Franchise Agreement as section 8 1(h)

Franchisee has the right to provide liquid floor coating to customers in the Territory Franchisee will comply with Franchisor's operating standards and specifications for liquid flooring as set forth in the Manual from time to time

III REAFFIRMATION

The terms and conditions of the Agreement are incorporated into this Addendum by reference except to the extent that they conflict with the terms and conditions of this Addendum If there is a conflict, the terms and conditions of this Addendum will govern Except as specifically modified by this Addendum, all terms and provisions of the Franchise Agreement are reaffirmed in their entirety

*** REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK ***

IN WITNESS TO THE FOREGOING, the parties to this Addendum sign and deliver it

FRANCHISOR
TAILORED LIVING, LLC

Date ______________

By ______________________

Jennie Amante

Its Executive Vice President
1927 North Glassell Street
Orange, CA 92865

Sign here if Franchisee is an individual

FRANCHISEE

Date ______________ ______________________

Print Name ______________________

Print Address ______________________

____

Sign here if Franchisee is a company

FRANCHISEE

Print Company Name ______________________

Date ______________

By ______________________

Print Name ______________________

Print Title ______________________

Print Address ______________________

____

VETERANS ADDENDUM

EXHIBIT J

VETERANS ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to Franchise Agreement (this "***Addendum***") is entered into as of _________________, 2017, ("***Effective Date***"), between Tailored Living, LLC, a California limited liability company ("***Franchisor***"), and _________________, a(n) _________________ ("***Franchisee***"), to amend a Franchise Agreement intended to bear the same date as this Addendum (the "***Franchise Agreement***"), for a Territory in the state of _____________ known as Tailored Living _____________ ("***Territory***")

This Addendum amends some of the provisions of the Franchise Agreement to reflect the agreement between the parties as to fees payable under the Franchise Agreement Any capitalized terms that are defined in the Franchise Agreement are used in this Addendum as defined in the Franchise Agreements

NOW, THEREFORE, the parties agree to amend the Franchise Agreement as follows

1 **Territory Fee** Section 4 2 of the Franchise Agreement is amended as follows

   "Concurrently with Franchisee's signing of this Agreement, Franchisee also will pay Franchisor a Territory Fee of $40,000 The Territory Fee is payable in a lump sum, all in lawful money of the United States of America, upon signing of this Agreement by Franchisee The Territory Fee is not refundable "

2 **Reaffirmation** Except as specifically modified by this Addendum, all terms and provisions of the Franchise Agreements are reaffirmed in their entirety

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed on or as of the dates indicated below

THE REST OF THIS PAGE LEFT INTENTIONALLY BLANK

Dated _________________, 2017

Sign here is Franchisee is an individual

FRANCHISEE

____

Print Name ____________________________

Print Address __________________________

____

Sign here if Franchisee is a company

FRANCHISEE
Print company name

____

____

BY ____________________________________

ITS ____________________________________

ACCEPTED as of the Effective Date first above written

FRANCHISOR
TAILORED LIVING, LLC

BY ____________________________________

ITS ____________________________________

ESCROW AGREEMENT
(Maryland Only)

EXHIBIT K

ESCROW AGREEMENT

This Escrow Agreement, made this 22nd day of October, 2014 by Tailored Living, LLC organized under the laws of the State of California, (hereinafter referred to as "Franchisor") and Wilmington Trust, National Association (hereinafter referred to as "Bank")

WHEREAS, the Franchisor desires to offer and sell franchises in the State of Maryland, and

WHEREAS, it is the discretion of the Securities Commissioner of the State of Maryland as Administrator of the Maryland Franchise Registration and Disclosure Law, to require an escrow of franchise fees, and

WHEREAS, in order to conform to the procedures for arranging an escrow account, the Franchisor desires to enter into an Escrow Agreement with the Bank, pursuant to which franchise fees are to be held in escrow for the purpose of complying with the Maryland Franchise Registration and Disclosure Law,

NOW, THEREFORE, with the foregoing recitals hereinafter incorporated by reference and made a part hereof, it is agreed as follows

1 The Franchisor shall, until release of escrowed funds as hereinafter provided, deposit with the Bank, all monies obtained from each franchisee who either is a resident of the State of Maryland or contracts to operate the franchised business within the State of Maryland

2 All funds delivered by the Franchisor to the Bank will be placed in a separate account indicating account name and account number as follows

(Account Name) Tailored Living, LLC Franchise Escrow

(Account Number) 1039833

3 The Bank shall pay out funds, plus interest if any, from the Escrow Account only upon the occurrence of one of the following conditions

a A letter from the President or Secretary of the Franchisor directing the Bank to pay out such funds to Tailored Living, LLC accompanied with a written notice from the Securities Commissioner stating that he or she takes no exception to the release of such funds to Tailored Living, LLC

b Upon written notice from the Securities Commissioner, the Bank shall return the deposited franchise fee to a specific franchisee

c The Bank shall pay funds into court or disburse or deliver them in accordance with any order of any court of competent jurisdiction

4 The Franchisor will supply the Bank with the name and address of each franchisee, together with the amount of the deposit that represents each franchisee's franchise fee, and the Bank will retain records containing the same information

5 Any funds deposited in the Escrow Account pursuant to this Escrow Agreement shall be invested and kept invested by the Bank in obligations of the United States, or a savings account or savings accounts of the Bank, or money market funds of or available to the Bank and to which the Bank or an affiliate is investment advisor or provides other services and receives reasonable compensation for such services, provided such money market funds are rated AAAm by Standard and Poor's and Aaa by Moody's Investor Services, or U S Treasury Bills, Notes or Bonds until such funds are to be disbursed as provided in Paragraph 3 hereof All interest received and any increment thereon shall be added to the funds so deposited in the Escrow Account and shall be distributed as provided in Paragraph 3 hereof

6 The Securities Commissioner may inspect the records of the Bank, insofar as they relate to this Escrow Agreement, for the purpose of determining compliance with and conformance to the provisions of this Escrow Agreement At the Securities Commissioner's discretion, statements indicating status of escrow shall be furnished by the Bank to the Securities Commissioner

7 The Franchisor shall pay to the Bank reasonable compensation for expenses incurred and services rendered by the Bank under this Escrow Agreement

8 The Bank shall have no duty to determine the propriety of any deposit or disbursement of funds Additionally, the Bank shall have no duty to the Franchisor, the Securities Commissioner, any franchisee or any other party except as expressly stated in this Escrow Agreement The Franchisor does hereby indemnify the Bank from any and all costs, claims and expenses, including attorneys' fees, which may be incurred by or which may accrue to the Bank relating to the opening or maintenance of any account established under this Escrow Agreement.

9 All proceeds deposited pursuant to this Escrow Agreement shall not be subject to any liens or charges by the Bank, or judgments or creditor's claims against the Franchisor

10 The Franchisor shall give each franchisee a copy of this Escrow Agreement prior to collecting any funds from that franchisee

11 The Bank's duties under this Escrow Agreement shall terminate upon final distribution of all monies deposited as provided hereunder

12 This Escrow Agreement is governed by the Laws of the State of Maryland

[CONTINUED ON NEXT PAGE]

IN WITNESS WHEREOF, each party has caused this Escrow Agreement to be signed and executed, and its corporate seal hereto affixed, in its name by its proper and fully authorized officer or officers on the day and year first above written

ATTEST

TAILORED LIVING, LLC

By ______________________

Todd Jackson (Typed Name of Signator)

Executive Vice President (Position)

1927 N. Glassell Street, Orange, CA 92865 (Business Address)

(714) 637 2100 (Business Phone)

ATTEST

______________________ By ______________________

______________________(Typed Name of Signator)

______________________(Position)

______________________(Business Address)

______________________(Business Phone)

IN WITNESS WHEREOF, each party has caused this Escrow Agreement to be signed and executed, and its corporate seal hereto affixed, in its name by its proper and fully authorized officer or officers on the day and year first above written

ATTEST

TAILORED LIVING, LLC

By ______________________________

Todd Jackson (Typed Name of Signator)

Executive Vice President (Position)

1927 N. Glassell Street, Orange, CA 92865 (Business Address)

(714) 637 2100 (Business Phone)

ATTEST

____

Wilmington Trust, National Association

By ______________________________

Donald C. Hargadon (Typed Name of Signator)

Vice President (Position)

25 S Charles Street 11th Floor, Baltimore, MD 21201 (Business Address)

410-244 4224 (Business Phone)

SECURED PROMISSORY NOTE

EXHIBIT L

SECURED PROMISSORY NOTE

Date ______________________
US$______________________

Orange, California

FOR VALUE RECEIVED, the undersigned (hereinafter "Obligor"), hereby promises to pay to the order of TAILORED LIVING, LLC , a limited liability company organized under the laws of California (hereinafter "Secured Party"), in such coin or currency of the United States which shall be legal tender in payment of all debts and dues, public and private, at the time of payment, the principal sum of U S $___________________________, together with interest from and after the date hereof on the unpaid principal balance outstanding at the rate of ______% per annum

This Secured Promissory Note (the "Note") is the Secured Promissory Note referred to in, and is issued pursuant to, that certain Security Agreement entered into by Obligor in favor of Secured Party, dated as of even date with the date hereof (hereinafter, as amended from time to time, the "Security Agreement"), and is entitled to all of the benefits and security of the Security Agreement All of the terms, covenants and conditions of the Security Agreement are hereby made a part of this Note and are deemed incorporated herein in full All capitalized terms used herein, unless otherwise specifically defined in this Note, shall have the meanings ascribed to them in the Security Agreement

In no event whatsoever shall the aggregate of all amounts deemed interest under this Note and charged or collected hereunder exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto If any provisions of this Note are in contravention of any such law, such provisions shall be deemed amended to conform thereto Interest hereunder shall be calculated daily and shall be computed on the actual number of days elapsed over a year of 360 days

For so long as no Event of Default shall have occurred the principal amount and accrued interest of this Note shall be due and payable on the dates and in the manner hereinafter set forth

(a) Principal and interest shall be due and payable monthly commencing on _______________, 20____, and continuing on the first day of each month thereafter to and including the first day of ________________ 20___, in installments of $_______________________ each, and

(b) Notwithstanding the foregoing, the entire unpaid principal balance and accrued interest on this Note shall be due and payable immediately upon any acceleration of the Obligations pursuant to Section 6 2 of the Security Agreement or upon the purchase by Obligor of another BUDGET BLINDS® franchise from any source

Obligor may prepay this Note in whole or in part from time to time without penalty, but any principal payment must be accompanied by all interest then accrued, if any Any partial payments will be applied to discharge the principal sum payments in the inverse order in which any payments would otherwise become due Additionally, Obligor may terminate the Security Agreement by paying in full all the Obligations due to Secured Party under this Note and as otherwise due to Secured Party under the Security Agreement, in cash

Upon the occurrence of an Event of Default, Secured Party shall have all of the rights and remedies set forth in Section 6 2 of the Security Agreement

Time is of the essence of this Note To the fullest extent permitted by applicable law, Obligor, for itself and its legal representatives, successors and assigns, expressly waives presentment, demand, protest, notice of dishonor, notice of non-payment, notice of maturity, notice of protest, presentment for the purpose of accelerating maturity, diligence in collection, and the benefit of any exemption or insolvency laws

Wherever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or remaining provisions of this Note No delay or failure on the part of Secured Party in the exercise of any right or remedy hereunder shall operate as a waiver thereof, nor as an acquiescence in any default, nor shall any single or partial exercise by Secured Party of any right or remedy preclude any other right or remedy Secured Party, at its option, may enforce its rights against any collateral securing this Note without enforcing its rights against Obligor, any guarantor of the indebtedness evidenced hereby or any other property or indebtedness due or to become due to Obligor Obligor agrees that, without releasing or impairing Obligor's liability hereunder, Secured Party may at any time release, surrender, substitute or exchange any collateral securing this Note and may at any time release any party primarily or secondarily liable for the indebtedness evidenced by this Note

This Note shall be governed by, and construed and enforced in accordance with, the laws of the State of California, except that for purposes of the usury laws (and determining the maximum rate of interest allowable), this

Note shall be governed by and construed and enforced in accordance with the laws of the state of Obligor's residence

IN WITNESS WHEREOF, Obligor has caused this Note to be duly executed and delivered in Orange, California, on the date first above written

Signature ________________________

Print Name ________________________

GENERAL SECURITY AGREEMENT

EXHIBIT M

GENERAL SECURITY AGREEMENT

This General Security Agreement dated as of ______________________, is entered into by ____ and ____________________________________ (collectively, "Pledgor") in favor of TAILORED LIVING, LLC, a limited liability company organized under the laws of California ("Secured Party")

WITNESSETH

WHEREAS, Pledgor has issued that certain Secured Promissory Note (the "Note") in favor of Secured Party, dated as of ____________________, pursuant to which Secured Party has or is about to make certain financial accommodations to Pledgor, and

WHEREAS, Secured Party has conditioned its providing said financial accommodations to Pledgor on Pledgor's granting a security interest in substantially all of its assets in favor of Secured Party to secure Pledgor's obligations to Secured Party under the Note,

NOW, THEREFORE, in consideration of the mutual conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows

SECTION 1 DEFINITIONS SECTION

All terms used herein which are defined in Article 1 or Article 9 of the Code (as hereinafter defined) shall have the meanings ascribed thereto in the Code unless otherwise defined in this Agreement All references to Pledgor and Secured Party pursuant to the definitions set forth in the recitals hereto, or to any other person herein, shall include their respective successors and assigns Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the term "including" is not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or" The words "hereof", "herein", "hereunder", "this Agreement" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced An Event of Default shall exist or continue or be continuing until such Event of Default is waived in accordance with Section 7 3 Any accounting term used herein unless otherwise defined in this Agreement shall have the meanings customarily given to such term in accordance with GAAP For purposes of this Agreement, the following terms shall have the respective meanings given to them below

1 1 Accounts

"Accounts" shall mean all present and future rights of Pledgor to payment for goods sold or leased or for services rendered, which are not evidenced by instruments or chattel paper, and whether or not earned by performance

1 2 Code

"Code" means the California Uniform Commercial Code

1 3 Equipment

"Equipment" shall mean all of Pledgor's now owned and hereafter acquired equipment, machinery, computers and computer hardware and software (whether owned or licensed), vehicles, tools, furniture, fixtures, all attachments, accessions and property now or hereafter affixed thereto or used in connection therewith, and substitutions and replacements thereof, wherever located

1 4 Event of Default

"Event of Default" shall have the meaning set forth in Section 6 1 hereof

1 5 Financing Agreements

"Financing Agreements" shall mean, collectively, this Agreement and all notes, guarantees, security agreements and other agreements, documents and instruments now or at any time hereafter executed or delivered by Pledgor in connection with this Agreement, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced

1 6 GAAP

"GAAP" shall mean generally accepted accounting principles in the United States of America as in effect from time to time as set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and the statements and pronouncements of the Financial Accounting Standards Boards which are applicable to the circumstances as of the date of determination consistently applied

1 7 Inventory

"Inventory" shall mean all of Pledgor's now owned and hereafter existing or acquired raw materials, work in process, finished goods and all other inventory of whatsoever kind or nature, wherever located

1 8 Note

"Note" shall have the meaning set forth in the recitals hereto, as the same now exists and may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced

1 9 Obligations

"Obligations" shall mean any and all obligations, liabilities and indebtedness of every kind, nature and description owing by Pledgor to Secured Party or its affiliates, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, whether arising under the Note, this Agreement or otherwise, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of the Note, this Agreement or after the commencement of any case with respect to Pledgor under the United States Bankruptcy Code or any similar statute (including the payment of interest and other amounts which would accrue and become due but for the commencement of such case), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured, and however acquired by Secured Party

1 10 Person or person

"Person" or "person" shall mean any individual, sole proprietorship, limited liability company or partnership, partnership, corporation (including any corporation which elects subchapter S status under the Internal Revenue Code of 1986, as amended), business trust, unincorporated association, joint stock corporation, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof

1 11 Records

"Records" shall mean all of Pledgor's present and future books of account of every kind or nature, purchase and sale agreements, invoices, ledger cards, bills of lading and other shipping evidence, statements, correspondence, memoranda, credit files and other data relating to the Collateral or any account debtor, together with the tapes, disks, diskettes and other data and software storage media and devices, file cabinets or containers in or on which the foregoing are stored (including any rights of Pledgor with respect to the foregoing maintained with or by any other person)

SECTION 2 GRANT OF SECURITY INTEREST SECTION

To secure payment and performance of all Obligations, Pledgor hereby grants to Secured Party a continuing security interest in, a lien upon, and a right of set off against, and hereby assigns to Secured Party as security, the following property and interests in property, whether now owned or hereafter acquired or existing, and wherever located (collectively, the "Collateral")

(a) all Accounts,

(b) all present and future contract rights, general intangibles (including tax and duty refunds, registered and unregistered patents, franchises, licenses, trademarks, service marks, copyrights, trade names, applications for the foregoing, trade secrets, goodwill, processes, drawings, blueprints, customer lists, licenses, whether as franchisor or franchisee, choses in action and other claims and existing and future leasehold interests in equipment, real estate and fixtures), chattel paper, documents, instruments, letters of credit, bankers' acceptances and guaranties,

(c) all present and future monies, securities, credit balances, deposits, deposit accounts and other property of Pledgor now or hereafter held or received by or in transit to any depository or other institution from or for the account of Pledgor whether for safekeeping, pledge, custody, transmission, collection or otherwise, and all present and future liens, security interests, rights, remedies, title and interest in, to and in respect of Accounts and other Collateral, including

(i) rights and remedies under or relating to guaranties, contracts of suretyship, letters of credit and credit and other insurance related to the Collateral,

(ii) rights of stoppage in transit, replevin, repossession, reclamation and other rights and remedies of an unpaid vendor, lienor or secured party,

(iii) goods described in invoices, documents, contracts or instruments with respect to, or otherwise representing or evidencing, Accounts or other Collateral, including returned, repossessed and reclaimed goods, and

(iv) deposits by and property of account debtors or other persons securing the obligations of account debtors

(d) all Inventory,

(e) all Equipment,

(f) all Records, and

(g) all products and proceeds of the foregoing, in any form, including insurance proceeds and any claims against third parties for loss or damage to or destruction of any or all of the foregoing

SECTION 3 COLLATERAL COVENANTS SECTION

3 1 Accounts Covenants

(a) Secured Party shall have the right at any time or times, in Secured Party's name or in the name of a nominee of Secured Party, to verify the validity, amount or any other matter relating to any Account or other Collateral, by mail, telephone, facsimile transmission or otherwise

(b) Pledgor shall deliver or cause to be delivered to Secured Party, with appropriate endorsement and assignment, with full recourse to Pledgor, all chattel paper and instruments which Pledgor now owns or may at any time acquire immediately upon Pledgor's receipt thereof, except as Secured Party may otherwise agree

(c) Secured Party may, at any time or times that an Event of Default exists or has occurred and is continuing,

  (i) notify any or all account debtors that the Accounts have been assigned to Secured Party and that Secured Party has a security interest therein and Secured Party may direct any or all accounts debtors to make payment of Accounts directly to Secured Party,

  (ii) extend the time of payment of, compromise, settle or adjust for cash, credit, return of merchandise or otherwise, and upon any terms or conditions, any and all Accounts or other obligations included in the Collateral and thereby discharge or release the account debtor or any other party or parties in any way liable for payment thereof without affecting any of the Obligations,

  (iii) demand, collect or enforce payment of any Accounts or such other obligations, but without any duty to do so, and Secured Party shall not be liable for its failure to collect or enforce the payment thereof nor for the negligence of its agents or attorneys with respect thereto and

(iv) take whatever other action Secured Party may deem necessary or desirable for the protection of its interests At any time that an Event of Default exists or has occurred and is continuing, at Secured Party's request, all invoices and statements sent to any account debtor shall state that the Accounts and such other obligations have been assigned to Secured Party and are payable directly and only to Secured Party and Pledgor shall deliver to Secured Party such originals of documents evidencing the sale and delivery of goods or the performance of services giving rise to any Accounts as Secured Party may require

3 2 Inventory Covenants

With respect to the Inventory

(a) Pledgor shall at all times maintain inventory records reasonably satisfactory to Secured Party, keeping correct and accurate records itemizing and describing the kind, type, quality and quantity of Inventory, Pledgor's cost therefor and daily withdrawals therefrom and additions thereto,

(b) Pledgor shall conduct a physical count of the Inventory at least once each year, but at any time or times as Secured Party may request on or after an Event of Default, and promptly following such physical inventory shall supply Secured Party with a report in the form and with such specificity as may be reasonably satisfactory to Secured Party concerning such physical count,

(c) Pledgor shall not remove any Inventory from the locations set forth or permitted herein, without the prior written consent of Secured Party, except for sales of Inventory in the ordinary course of Pledgor's business and except to move Inventory directly from one location set forth or permitted herein to another such location,

(d) upon Secured Party's request, Pledgor shall, at its expense, no more than once in any twelve (12) month period, but at any time or times as Secured Party may request on or after an Event of Default, deliver or cause to be delivered to Secured Party written reports or appraisals as to the Inventory in form, scope and methodology acceptable to Secured Party and by an appraiser acceptable to Secured Party, addressed to Secured Party or upon which Secured Party is expressly permitted to rely,

(e) Pledgor shall produce, use, store and maintain the Inventory, with all reasonable care and caution and in accordance with applicable standards of any insurance and in conformity with applicable laws (including, but not limited to, the requirements of the Federal Fair Labor Standards Act of 1938, as amended and all rules, regulations and orders related thereto),

(f) Pledgor assumes all responsibility and liability arising from or relating to the production, use, sale or other disposition of the Inventory,

(g) Pledgor shall not sell Inventory to any customer on approval, or any other basis which entitles the customer to return or may obligate Pledgor to repurchase such Inventory,

(h) Pledgor shall keep the Inventory in good and marketable condition, and

(i) Pledgor shall not, without prior written notice to Secured Party, acquire or accept any Inventory on consignment or approval

3 3 Equipment Covenants

With respect to the Inventory

(a) Upon Secured Party's request, Pledgor shall, at its expense, at any time or times as Secured Party may request on or after an Event of Default, deliver or cause to be delivered to Secured Party written reports or appraisals as to the Equipment in form, scope and methodology acceptable to Secured Party and by appraiser acceptable to Secured Party,

(b) Pledgor shall keep the Equipment in good order, repair, running and marketable condition (ordinary wear and tear excepted),

(c) Pledgor shall use the Equipment with all reasonable care and caution and in accordance with applicable standards of any insurance and in conformity with all applicable laws,

(d) the Equipment is and shall be used in Pledgor's business and not for personal, family, household or farming use,

(e) Pledgor shall not remove any Equipment from the locations set forth or permitted herein, except to the extent necessary to have any Equipment repaired or maintained in the ordinary course of the business of Pledgor or to move Equipment directly from one location set forth or permitted herein to another such location and except for the movement of motor vehicles used by or for the benefit of Pledgor in the ordinary course of business,

(f) the Equipment is now and shall remain personal property and Pledgor shall not permit any of the Equipment to be or become a part of or affixed to real property, and

(g) Pledgor assumes all responsibility and liability arising from the use of the Equipment

3 4 Power of Attorney

Pledgor hereby irrevocably designates and appoints Secured Party (and all persons designated by Secured Party) as Pledgor's true and lawful attorney-in-fact, and authorizes Secured Party, in Pledgor's or Secured Party's name, to

(a) at any time an Event of Default or event which with notice or passage of time or both would constitute an Event of Default exists or has occurred and is continuing

(i) demand payment on Accounts or other proceeds of Inventory or other Collateral,

(ii) enforce payment of Accounts by legal proceedings or otherwise,

(iii) exercise all of Pledgor's rights and remedies to collect any Account or other Collateral,

(iv) sell or assign any Account upon such terms, for such amount and at such time or times as the Secured Party deems advisable,

(v) settle, adjust, compromise, extend or renew an Account,

(vi) discharge and release any Account,

(vii) prepare, file and sign Pledgor's name on any proof of claim in bankruptcy or other similar document against an account debtor,

(viii) notify the post office authorities to change the address for delivery of Pledgor's mail to an address designated by Secured Party, and open and dispose of all mail addressed to Pledgor, and

(ix) do all acts and things which are necessary, in Secured Party's determination, to fulfill Pledgor's obligations under this Agreement and the other Financing Agreements and

(b) at any time to

(i) take control in any manner of any item of payment or proceeds thereof,

(ii) have access to any lockbox or postal box into which Pledgor's mail is deposited,

(iii) endorse Pledgor's name upon any items of payment or proceeds thereof and deposit the same in the Secured Party's account for application to the Obligations,

(iv) endorse Pledgor's name upon any chattel paper, document, instrument, invoice, or similar document or agreement relating to any Account or any goods pertaining thereto or any other Collateral, and

(v) sign Pledgor's name on any verification of Accounts and notices thereof to account debtors and

(vi) execute in Pledgor's name and file any UCC financing statements or amendments thereto Pledgor hereby releases Secured Party and its officers, employees and designees from any liabilities arising from any act or acts under this power of attorney and in furtherance thereof, whether of omission or commission, except as a result of Secured Party's own gross negligence or willful misconduct as determined pursuant to a final non-appealable order of a court of competent jurisdiction

3 5 Right to Cure

Secured Party may, at its option,

(a) cure any default by Pledgor under any agreement with a third party or pay or bond on appeal any judgment entered against Pledgor,

(b) discharge taxes, liens, security interests or other encumbrances at any time levied on or existing with respect to the Collateral and

(c) pay any amount, incur any expense or perform any act which, in Secured Party's judgment, is necessary or appropriate to preserve, protect, insure or maintain the Collateral and the rights of Secured Party with respect thereto Secured Party may add any amounts so expended to the Obligations and charge Pledgor's account therefor, such amounts to be repayable by Pledgor on demand Secured Party shall be under no obligation to effect such cure, payment or bonding and shall not, by doing so, be deemed to have assumed any obligation or liability of Pledgor Any payment made or other action taken by Secured Party under this Section shall be without prejudice to any right to assert an Event of Default hereunder and to proceed accordingly

3 6 Access to Premises

From time to time as requested by Secured Party, at the cost and expense of Pledgor,

(a) Secured Party or its designee shall have complete access to all of Pledgor's premises during normal business hours and after notice to Pledgor, or at any time and without notice to Pledgor if an Event of Default exists or has occurred and is continuing, for the purposes of inspecting, verifying and auditing the Collateral and all of Pledgor's books and records, including the Records, and

(b) Pledgor shall promptly furnish to Secured Party such copies of such books and records or extracts therefrom as Secured Party may request, and

(c) Secured Party shall have the right to use during normal business hours such of Pledgor's personnel, equipment, supplies and premises as may be reasonably necessary for the foregoing and if an Event of Default exists or has occurred and is continuing for the collection of Accounts and realization of other Collateral

SECTION 4 REPRESENTATIONS AND WARRANTIES SECTION

Pledgor hereby represents and warrants to Secured Party the following (which shall survive the execution and delivery of this Agreement)

4 1 Chief Executive Office, Collateral Locations

The chief executive office of Pledgor and Pledgor's Records concerning Accounts are located only at the address set forth below and its only other places of business and the only other locations of Collateral, if any, are the addresses provided by Pledgor to Secured Party in writing prior to the date hereof, subject to the right of Pledgor to establish new locations in accordance with Section 5 1 below

4 2 Priority of Liens, Title to Properties

The security interests and liens granted to Secured Party under this Agreement and the other Financing Agreements constitute valid and perfected first priority liens and security interests in and upon the Collateral subject only to the liens indicated on Schedule 4 2 hereto Pledgor has good and marketable title to all of its properties and assets subject to no liens, mortgages, pledges, security interests, encumbrances or charges of any kind, except those granted to Secured Party and such others as are specifically listed on Schedule 4 2 hereto

4 3 Accuracy and Completeness of Information

All information furnished by or on behalf of Pledgor in writing to Secured Party in connection with this Agreement or any of the other Financing Agreements or any transaction contemplated hereby or thereby, is true and correct in all material respects on the date as of which such information is dated or certified and does not omit any material fact necessary in order to make such information not misleading No event or circumstance has occurred which has had or could reasonably be expected to have a material adverse affect on the business, assets or prospects of Pledgor, which has not been fully and accurately disclosed to Secured Party in writing

4 4 Survival of Warranties, Cumulative

All representations and warranties contained in this Agreement or any of the other Financing Agreements shall survive the execution and delivery of this Agreement and shall be deemed to have been made again to Secured Party on the date of any additional borrowing or other credit accommodation under any amendment, restatement, modification or substitution of the Note and shall be conclusively presumed to have been relied on by Secured Party regardless of any investigation made or information possessed by Secured Party The representations and warranties set forth herein shall be cumulative and in addition to any other representations or warranties which Pledgor shall now or hereafter give, or cause to be given, to Secured Party

SECTION 5 AFFIRMATIVE AND NEGATIVE COVENANTS SECTION

5 1 New Collateral Locations

Pledgor may open any new location within the continental United States provided Pledgor

(a) gives Secured Party ten (10) days prior written notice of the intended opening of any such new location and

(b) executes and delivers, or causes to be executed and delivered, to Secured Party such agreements, documents, and instruments as Secured Party may deem reasonably necessary or desirable to protect its interests in the Collateral at such location, including UCC financing

5 2 Insurance

Pledgor shall, at all times, maintain with financially sound and reputable insurers insurance with respect to the Collateral against loss or damage and all other insurance of the kinds and in the amounts customarily insured against or carried by corporations of established reputation engaged in the same or similar businesses and similarly situated Said policies of insurance shall be satisfactory to Secured Party as to form, amount and insurer Pledgor shall furnish certificates, policies or endorsements to Secured Party as Secured Party shall require as proof of such insurance, and, if Pledgor fails to do so, Secured Party is authorized, but not required, to obtain such insurance at the expense of Pledgor All policies shall provide for at least thirty (30) days prior written notice to Secured Party of any cancellation or reduction of coverage and that Secured Party may act as attorney for Pledgor in obtaining, and at any time an Event of Default exists or has occurred and is continuing, adjusting, settling, amending and canceling such insurance Pledgor shall cause Secured Party to be named as a loss payee and an additional insured (but without any liability for any premiums) under such insurance policies and Pledgor shall obtain non-contributory lender's loss payable endorsements to all insurance policies in form and substance satisfactory to Secured Party Such lender's loss payable endorsements shall specify that the proceeds of such insurance shall be payable to Secured Party as its interests may appear and further specify that Secured Party shall be paid regardless of any act or omission by Pledgor or any of its affiliates At its option, Secured Party may apply any insurance proceeds received by Secured Party at any time to the cost of repairs or replacement of Collateral or to payment of the Obligations, whether or not then due, in any order and in such manner as Secured Party may determine or hold such proceeds as cash collateral for the Obligations

5 3 Costs and Expenses

Pledgor shall pay to Secured Party on demand all costs, expenses, filing fees and taxes paid or payable in connection with the preparation, negotiation, execution, delivery, recording, administration, collection, liquidation, enforcement and defense of the Obligations, Secured Party's rights in the Collateral, this Agreement, the other Financing Agreements and all other documents related hereto or thereto, including any amendments, supplements or consents which may hereafter be contemplated (whether or not executed) or entered into in respect hereof and thereof, including, but not limited to

(a) all costs and expenses of filing or recording (including all filing taxes and fees, documentary taxes, intangibles taxes and mortgage recording taxes and fees, if applicable, payable in connection any and all financing statements or fixture filings necessary to perfect and continue perfected Secured Party's security interests in the Collateral),

(b) all title insurance and other insurance premiums, appraisal fees and search fees,

(c) costs and expenses of preserving and protecting the Collateral,

(d) costs and expenses paid or incurred in connection with obtaining payment of the Obligations, enforcing the security interests and liens of Secured Party, selling or otherwise realizing upon the Collateral, and otherwise enforcing the provisions of this Agreement and the other Financing Agreements or defending any claims made or threatened against Secured Party arising out of the transactions contemplated hereby and thereby (including preparations for and consultations concerning any such matters), and

(e) the fees and disbursements of counsel (including legal assistants) to Secured Party in connection with any of the foregoing

5 4 Further Assurances

At the request of Secured Party at any time and from time to time, Pledgor shall, at its expense, at any time or times duly execute and deliver, or cause to be duly executed and delivered, such further agreements, documents and instruments, and do or cause to be done such further acts as may be necessary or proper to evidence, perfect, maintain and enforce the security interests and the priority thereof in the Collateral and to otherwise effectuate the provisions or purposes of this Agreement or any of the other Financing Agreements Where permitted by law, Pledgor hereby authorizes Secured Party to execute and file one or more UCC financing statements signed only by Secured Party

SECTION 6 EVENTS OF DEFAULT AND REMEDIES SECTION

6 1 Events of Default

The occurrence or existence of any of the following events (each an "Event of Default") shall occur and be continuing

(a) The Pledgor shall fail to pay any installment of principal or interest or any other amount payable under the Note when due, or

(b) Any representation or warranty made by the Pledgor herein or by the Pledgor (or any of its officers) in connection with the Financing Agreements shall prove to have been incorrect in any material respect when made, or

(c) The Pledgor shall fail to perform or observe any term, covenant or agreement contained in this Agreement on its part to be performed or observed, or

(d) The Pledgor shall default in the performance of or compliance with any term contained in any Financing Agreement other than this Agreement and such default shall not have been remedied or waived within any applicable grace period, or

(e) The Pledgor shall

(i) fail to pay any principal of, or premium or interest on, any indebtedness, the aggregate outstanding principal amount of which is at least $10,000 (excluding indebtedness evidenced by the Note), when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such indebtedness, or

(ii) fail to perform or observe any term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any such indebtedness or material to the performance, business, property, assets, condition (financing or otherwise) or prospects of the Pledgor when required to be performed or observed, and such failure shall continue after the applicable grace period, if any, specified in such agreement or instrument, or

(f) (i) The Pledgor shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Pledgor shall make a general assignment for the benefit of its creditors, or

(ii) there shall be commenced against the Pledgor any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unhanded for a period of thirty (30) days, or

(iii) there shall be commenced against the Pledgor any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distrait or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within thirty (30) days from the entry thereof, or

(iv) the Pledgor shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) and (iii) above, or (v) the Pledgor shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due, or

(g) One or more judgments or decrees shall be entered against the Pledgor involving in the aggregate a liability (not paid or fully covered by insurance or reserves) equal to or greater than $5,000 and all such judgments or decrees shall not have been vacated, discharged, or stayed or bonded pending appeal within thirty (30) days from the entry thereof, or

(h) There shall be instituted against the Pledgor any proceeding for which forfeiture of any property is a potential penalty and such proceeding remains undismissed, undischarged or unbonded for a period of thirty (30) days from the date the Pledgor knows of such proceeding

6 2 Remedies

(a) At any time an Event of Default exists or has occurred and is continuing, Secured Party shall have all rights and remedies provided in this Agreement, the other Financing Agreements, the Code and other applicable law, all of which rights and remedies may be exercised without notice to or consent by Pledgor, except as such notice or consent is expressly provided for hereunder or required by applicable law All rights, remedies and powers granted to Secured Party hereunder, under any of the other Financing Agreements, the Code or other applicable law, are cumulative, not exclusive and enforceable, in Secured Party's discretion, alternatively, successively, or concurrently on any one or more occasions, and shall include the right to apply to a court of equity for an injunction to restrain a breach or threatened breach by Pledgor of this Agreement or any of the other Financing Agreements Secured Party may, at any time or times, proceed directly against Pledgor to collect the Obligations without prior recourse to the Collateral

(b) Without limiting the foregoing, at any time an Event of Default exists or has occurred and is continuing, Secured Party may, in its discretion and without limitation,

(i) accelerate the payment of all Obligations and demand immediate payment thereof to Secured Party (provided that, upon the occurrence of any Event of Default described in Section 6 1(f), all Obligations shall automatically become immediately due and payable),

(ii) with or without judicial process or the aid or assistance of others, enter upon any premises on or in which any of the Collateral may be located and take possession of the Collateral or complete processing, manufacturing and repair of all or any portion of the Collateral,

(iii) require Pledgor, at Pledgor's expense, to assemble and make available to Secured Party any part or all of the Collateral at any place and time designated by Secured Party,

(iv) collect, foreclose, receive, appropriate, setoff and realize upon any and all Collateral,

(v) remove any or all of the Collateral from any premises on or in which the same may be located for the purpose of effecting the sale, foreclosure or other disposition thereof or for any other purpose,

(vi) sell, lease, transfer, assign, deliver or otherwise dispose of any and all Collateral (including entering into contracts with respect thereto, public or private sales at any exchange, broker's board, at any office of Secured Party or elsewhere) at such prices or terms as Secured Party may deem reasonable, for cash, upon credit or for future delivery, with the Secured Party having the right to purchase the whole or any part of the Collateral at any such public sale, all of the foregoing being free from any right or equity of redemption of Pledgor, which right or equity of redemption is hereby expressly waived and released by Pledgor If any of the Collateral is sold or leased by Secured Party upon credit terms or for future delivery, the Obligations shall not be reduced as a result thereof until payment therefor is finally collected by Secured Party If notice of disposition of Collateral is required by law, ten (10) days prior notice by Secured Party to Pledgor designating the time and place of any public sale or the time after which any private sale or other intended disposition of Collateral is to be made, shall be deemed to be reasonable notice thereof and Pledgor waives any other notice In the event Secured Party institutes an action to recover any Collateral or seeks recovery of any Collateral by way of prejudgment remedy, Pledgor waives the posting of any bond which might otherwise be required

(c) Secured Party may apply the cash proceeds of Collateral actually received by Secured Party from any sale, lease, foreclosure or other disposition of the Collateral to payment of the Obligations, in whole or in part and in such order as Secured Party may elect, whether or not then due Pledgor shall remain liable to Secured Party for the payment of any deficiency with interest at the highest rate provided for in the Note and all costs and expenses of collection or enforcement, including attorneys' fees and legal expenses

SECTION 7 JURY TRIAL WAIVER, OTHER WAIVERS AND CONSENTS, GOVERNING LAW SECTION

7 1 Governing Law, Choice of Forum, Service of Process, Jury Trial Waiver

(a) The validity, interpretation and enforcement of this Agreement and the other Financing Agreements and any dispute arising out of the relationship between the parties hereto, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of California (without giving effect to principles of conflicts of law), except, that the laws of Pledgor's state of residence will apply to any determination of the maximum interest rate payable or the existence of usury

(b) Pledgor irrevocably consents and submits to the non-exclusive jurisdiction of the Superior Court of the State of California, County of Los Angeles and the United States District Court for the Central District of California and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Agreement or any of the other Financing Agreements or in any way connected or related or incidental to the dealings of Pledgor and Secured Party in respect of this Agreement or the other Financing Agreements or the transactions related hereto or thereto, in each case whether now existing or hereafter arising, and whether in contract, tort, equity or otherwise, and agrees that any dispute with respect to any such matters shall be heard only in the courts described above (except that Secured Party shall have the right to bring any action or proceeding against Pledgor or its property in the courts of any other jurisdiction which Secured Party deems necessary or appropriate in order to realize on the Collateral or to otherwise enforce its rights against Pledgor or its property)

(c) Pledgor hereby waives personal service of any and all process upon it and consents that all such service of process may be made by certified mail (return receipt requested) directed to its address set forth on the signature pages hereof and service so made shall be deemed to be completed five (5) days after the same shall have been so deposited in the U S mails, or, at Secured Party's option, by service upon Pledgor in any other manner provided under the rules of any such courts Within thirty (30) days after such service, Pledgor shall appear in answer to such process, failing which Pledgor shall be deemed in default and judgment may be entered by Secured Party against Pledgor for the amount of the claim and other relief requested

(d) PLEDGOR HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR (ii) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF PLEDGOR AND SECURED PARTY IN RESPECT OF THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE PLEDGOR HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT PLEDGOR OR SECURED PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF PLEDGOR AND SECURED PARTY TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY

(e) Secured Party shall not have any liability to Pledgor (whether in tort, contract, equity or otherwise) for losses suffered by Pledgor in connection with, arising out of, or in any way related to the transactions or relationships contemplated by this Agreement, or any act, omission or event occurring in connection herewith, unless it is determined by a final and non-appealable judgment or court order binding on Secured Party that the losses were the result of acts or omissions constituting gross negligence or willful misconduct In any such litigation, Secured Party shall be entitled to the benefit of the reputable presumption that it acted in good faith and with the exercise of ordinary care in the performance by it of the terms of this Agreement and the other Financing Agreements

7 2 Waiver of Notices

Pledgor hereby expressly waives demand, presentment, protest and notice of protest and notice of dishonor with respect to any and all instruments and commercial paper, included in or evidencing any of the Obligations or the Collateral, and any and all other demands and notices of any kind or nature whatsoever with respect to the Obligations, the Collateral and this Agreement, except such as are expressly provided for herein No notice to or demand on Pledgor which Secured Party may elect to give shall entitle Pledgor to any other or further notice or demand in the same, similar or other circumstances

7 3 Amendments and Waivers

Neither this Agreement nor any provision hereof shall be amended, modified, waived or discharged orally or by course of conduct, but only by a written agreement signed by an authorized officer of Secured Party Secured Party shall not, by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its rights, powers or remedies unless such waiver shall be in writing and signed by an authorized officer of Secured Party Any such waiver shall be enforceable only to the extent specifically set forth therein A waiver by Secured Party of any right, power or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power or remedy which Secured Party would otherwise have on any future occasion, whether similar in kind or otherwise

7 4 Indemnification

Pledgor shall indemnify and hold Secured Party, and its directors, agents, employees and counsel, harmless from and against any and all losses, claims, damages, liabilities, costs or expenses imposed on, incurred by or asserted against any of them in connection with any litigation, investigation, claim or proceeding commenced or threatened related to the negotiation, preparation, execution, delivery, enforcement, performance or administration of this Agreement, any other Financing Agreements, or any undertaking or proceeding related to any of the transactions contemplated hereby or any act, omission, event or transaction related or attendant thereto, including amounts paid in settlement, court costs, and the fees and expenses of counsel To the extent that the undertaking to indemnify, pay and hold harmless set forth in this Section may be unenforceable because it violates any law or public policy, Pledgor shall pay the maximum portion which it is permitted to pay under applicable law to Secured Party in satisfaction of indemnified matters under this Section The foregoing indemnity shall survive the payment of the Obligations, the termination of this Agreement and the other Financing Agreements All of the foregoing costs and expenses shall be part of the Obligations and secured by the Collateral

SECTION 8 MISCELLANEOUS SECTION

9 1 Notices

(a) All notices, requests and demands hereunder shall be in writing and made to Secured Party at Tailored Living, LLC, 1927 North Glassell Street, Orange California 92865, and to Pledgor at the address set forth below, or to such other address as either party may designate by written notice to the other in accordance with this provision, and

(b) deemed to have been given or made if delivered in person, immediately upon delivery, if by facsimile transmission, immediately upon sending and upon confirmation of receipt, if by nationally recognized overnight courier service with instructions to deliver the next business day, one (1) business day after sending, and if by certified mail, return receipt requested, five (5) days after mailing

9 2 Partial Invalidity

If any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Agreement as a whole, but this Agreement shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law

9 3 Successors

This Agreement, the other Financing Agreements and any other document referred to herein or therein shall be binding upon Pledgor and its successors and assigns and inure to the benefit of and be enforceable by Secured Party and its successors and assigns, except that Pledgor may not assign its rights under this Agreement, the other Financing Agreements and any other document referred to herein or therein without the prior written consent of Secured Party

9 4 Entire Agreement

This Agreement, the other Financing Agreements, any supplements hereto or thereto, and any instruments or documents delivered or to be delivered in connection herewith or therewith represents the entire agreement and understanding concerning the subject matter hereof and thereof between the parties hereto, and supersede all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written

*** REMAINDER OF PAGE INTENTIONALLY LEFT BLANK ***

IN WITNESS WHEREOF, Pledgor and Secured Party have caused these presents to be duly executed as of the day and year first above wrtten

Secured Party
TAILORED LIVING, LLC

By ___________________________
Jennie Amante
Executive Vice President

Pledgor

Sign here ____________________

Print Name ____________________

Sign here ____________________

Print Name ____________________

Address of Pledgor's Offices

____

____

____

RECEIPT FOR TAILORED LIVING DISCLOSURE DOCUMENT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language Read this disclosure document and all agreements carefully
The franchisor is Tailored Living LLC located at 1927 North Glassell Street Orange California 92865 Telephone (714) 637-2100

If we offer you a franchise we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, 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 signing or delivery of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship

Michigan requires that we give you this disclosure document at least 10 business days before the signing and delivery of any binding franchise or other agreement or the payment of any consideration, whichever occurs first

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission Washington D C 20580 and the state agency listed on Exhibit E-1

We authorize the agents listed in Exhibit E-2 to this disclosure document to receive service of process for us

Issuance Date March 16 2017

On ____________________ I received a disclosure document dated March 16, 2017 that included the following exhibits

A Franchise Agreement and Schedules
State Specific Addendum to Franchise Agreement
SCHEDULES
1 Personal Covenant and Guarantee
2 Description of Territory
3 TAILORED LIVING® Start-up Package
4 Schedule of Names and Addresses of Owners and Principal Officers
B Financial Statements
C List of Franchisees
D List of Terminated and Transferred Franchises
E-1 State Franchise Administrators
E-2 Agents for Service of Process
F Confidential Operating Manual Table of Contents
G Deposit Receipt
H Consent to Transfer and Assumption of Franchise Agreement
I Flooring Addendum
J Veterans Addendum to Franchise Agreement
K Escrow Agreement (MD only)
L Secured Promissory Note
M General Security Agreement
N-1 Receipt (Your copy)
N-2 Receipt (Our copy)

____________________________ ____________________________
Signature of Prospective Franchisee *Print Name of Prospective Franchisee*

EXHIBIT N-1 (Your Copy)

The seller(s) of this franchise is/are

Employee Salespersons

- ☐ Dayn Benson
- ☐ Nancy Beskar
- ☐ Aaron Cady
- ☐ Troy Molen
- ☐ Ralph Rooney
- ☐ Jonathan Thiessen

In addition to the above salespersons who are our employees we also use a network of brokers to sell our franchises If a broker was involved in the sale of this franchise that individual s name is listed below

- ☐ ________________________________

RECEIPT FOR TAILORED LIVING DISCLOSURE DOCUMENT

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K Escrow Agreement (MD only)
L Secured Promissory Note
M General Security Agreement
N-1 Receipt (Your copy)
N-2 Receipt (Our copy)

______________________________ ______________________________
Signature of Prospective Franchisee *Print Name of Prospective Franchisee*

EXHIBIT N-2 (Our Copy)

The seller(s) of this franchise is/are

Employee Salespersons

- ☐ Dayn Benson
- ☐ Nancy Beskar
- ☐ Aaron Cady
- ☐ Troy Molen
- ☐ Ralph Rooney
- ☐ Jonathan Thiessen

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- ☐ ________________________________