FRANCHISE DISCLOSURE DOCUMENT

ORGANIZED SPACES, LLC
A California Limited Liability Company
19000 MacArthur Boulevard, Suite 100
Irvine, CA 92612
Telephone (949) 404 1100
Email: info@tailoredliving.com
Web: www.tailoredliving.com

As a TAILORED LIVING® franchisee, you will operate a primarily mobile business offering the 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 and garage flooring.

The total investment necessary to begin operation of a TAILORED LIVING® franchised business ranges from $185,220 - $298,675. This includes $74,950 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jonathan Thiessen, 19000 MacArthur Boulevard, Suite 100, Irvine, CA 92612, (949) 404 1100, jonathan.thiessen@gohfc.com.

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 14, 2022

How to Use This Franchise Disclosure Document

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

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

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.

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

3. **Mandatory Minimum Payments**. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

   Certain states may require other risks to be highlighted. If so, check the "State Specific Addenda" pages for your state.

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 the Michigan Franchise Investment Law. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, 670 Law Building, Lansing, MI 48913, (517) 373-7117.

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FRANCHISE DISCLOSURE DOCUMENT

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

In this disclosure document, "we," "us" and "our" all refer to Organized Spaces, 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.

Franchisor, Parents and Affiliates

Franchisor

We conduct business under the name TAILORED LIVING®. Our principal business address is 19000 MacArthur Boulevard, Suite 100, Irvine, California 92612. 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" and on January 24, 2022 we changed our name to "Organized Spaces, LLC".

We have been offering franchises since 2006. From 2006 until 2011, we conducted business as CLOSET TAILORS® and our franchisees operated businesses of the type offered under this disclosure document with the exception of garages and garage flooring. From 2011 we have been conducting business as TAILORED LIVING® and our franchisees offer retail design, sale and installation of organizing units and storage and organizing accessories for garages and garage flooring in addition to closets, pantries, home offices, storerooms, utility rooms, basements, laundry rooms, attics and other "in the home" spaces. 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 (other than garages and garage flooring) from 2009 until 2011. Through our affiliate, Order Processing Services, LLC, we have been testing a concept showroom business in Charlotte, North Carolina since 2021 and Atlanta, Georgia since 2022. Otherwise, our only business is granting TAILORED LIVING® franchises and training and assisting our franchisees.

Parents

We have five parents. Our immediate parent is Home Franchise Concepts, LLC ("HFC"), and our ultimate parent is JM Family Enterprises, Inc. ("JMF"). JMF controls HFC through JM Franchise Holdings, Inc., TCP HFC, Inc. and Home Franchise Concepts Parent, LLC. JMF is majority-owned by the James M. Moran Intervivos Trust Number Two. HFC's principal business address is 19000 MacArthur Boulevard, Suite 100, Irvine, California 92612. JMF's principal business address, and the principal business address of our other parents (other than HFC), is 100 Jim Moran Boulevard, Deerfield Beach, Florida 33442.

Affiliates

We have twelve affiliates.

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 BUDGET BLINDS® franchises in March 1994.

Our affiliate, American Decorative Coatings, LLC dba "Concrete Craft" ("ADC"), a franchisor of decorative concrete businesses, is a Delaware limited liability company that was organized on October 17, 2014. It began offering CONCRETE CRAFT® franchises in March 2015.

Our affiliate, AdvantaClean Systems, LLC ("ACS"), began offering ADVANTACLEAN® franchises in 2006 for restoration and remediation services that make residential and commercial buildings clean, safe, healthy and energy efficient. Prior to January 1, 2019, ACS operated as a corporation, AdvantaClean Systems, Inc. (formerly named "LCR Advantage Systems, Inc."). ACS offered franchises that offered and sold HVAC installation and maintenance services under the trademark "AdvantaClean Air" from April 2009 to March 2010 at which time it ceased offering and selling these franchises.

Our affiliate, HFC KTU LLC ("KTU"), a franchisor of kitchen and bathroom improvement and remodeling businesses, was organized as a Delaware limited liability company on December 7, 2020 and began offering KITCHEN TUNE-UP® and BATH TUNE-UP® franchises in January 2021. KTU's predecessor, DCHFamily, Inc. f/k/a KTU Worldwide, Inc. ("KTUW") began offering KITCHEN TUNE-UP® franchises in 1988.

Our affiliate, Two Maids Franchising, LLC ("TMF"), a franchisor of residential cleaning services businesses, was organized as an Alabama limited liability company on August 14, 2013 and began offering TWO MAIDS & A MOP® franchises in August 2013.

Our affiliate, Aussie Pet Mobile, Inc. ("APM"), a franchisor of mobile pet grooming businesses, was organized as a California corporation on February 22, 1999 and began offering AUSSIE PET MOBILE® franchises in October 1999.

Our affiliate, AdvantaClean of Greater Dallas, LLC ("ACGD") which operates a business of the type franchised by ACS, was organized as a Texas corporation named Bryche Corporation on September 17, 2012. Bryche Corporation converted to a Texas limited liability company and changed its name to ACGD on August 13, 2020. ACGD has never offered franchises.

Our affiliate, Two Maids & A Mop of Birmingham, LLC ("TMMB") which operates a business of the type franchised by TMF, was organized as a Delaware limited liability company

on September 10, 2021. TMMB has never offered franchises.

Our affiliate, Order Processing Services, LLC ("OPS"), a California limited liability company, is being utilized to test two concept TAILORED LIVING® showroom businesses since 2021 but has never offered franchises.

Our affiliate, Loss Control and Recovery, LLC ("LCR"), a Florida limited liability company, facilitates and administers jobs with national accounts for ACS franchisees but has never offered franchises.

Our affiliate, AdvantaClean Equipment Rental, LLC ("ACER"), a Delaware limited liability company, rents disaster remediation equipment to ACS franchisees, ACGD and third parties. ACER has never offered franchises.

Our affiliate, BB Commercial Solutions, LLC ("BBCS"), a California limited liability company, promotes light commercial business for the benefit of our affiliates' franchisees but has never offered franchises.

BB, ADC, ACS, KTU, TMF, APM, ACGD, TMMB, LCR, ACER and BBCS have never operated a business of the type we franchise, nor have they or OPS offered franchises of the type we franchise.

Our principal business address and that of BB, ADC, BBCS and OPS is 19000 MacArthur Boulevard, Suite 100, Irvine, California 92612. ACS's, LCR's and ACGD's principal business address is 110 N. Freeport Parkway, Coppell, Texas 75019. KTU's principal business address is 813 Circle Drive, Aberdeen, South Dakota 57401. TMF's principal business address is 505 20th Street North, Suite 975, Birmingham, Alabama 35203. TMMB's principal business address is 201 London Parkway, Suite 200, Birmingham, Alabama 35211. APM's principal business address is 95 Argonaut, Suite 115, Aliso Viejo, California 92656.

Predecessors

We have no predecessors.

Agents for Service of Process

Our agents for service of process are listed in Exhibit E.

The Business We Offer

The business you will conduct under a TAILORED LIVING® franchise (the "Franchised Business") is a primarily mobile 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 and the TAILORED

LIVING® franchise System. You will use the trademark TAILORED LIVING® in connection with the design, sale and installation of organizing units and storage and organizing accessories for closets, pantries, home offices, storerooms, utility rooms, basements, laundry rooms and attics and the trademark PREMIERGARAGE® for the design, sale, and installation of organizing units and storage and organizing accessories for garages and garage flooring. You will use a motor vehicle with or without a trailer identified with signage we specify to make sales calls and perform installation work.

You will generate sales in many ways, including local digital marketing such as pay-per-click, social media, reviews, digital listings, email to existing and potential customers as well as canvassing, home shows, other print media and word of mouth referrals. The market you will serve consists of residential and commercial customers within the territory assigned to you. The market for the design, sale, and installation of organizing units and storage and organizing accessories and garage flooring is very competitive. You will compete not only with locally-based, regional, and national chains that specialize in organizing units and garage 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 approximately the third quarter of 2022, we will cease this offering and instead will offer two new offerings – TAILORED LIVING® and PREMIERGARAGE®. The new TAILORED LIVING® (or its replacement) offering will be limited to "in the home" (i.e., not in the garage) organizing units, storage and accessories. At that time, we may rebrand TAILORED LIVING® to a new brand. The new PREMIERGARAGE® offering will be limited to "in the garage" organizing units, storage and accessories as well as garage flooring.

At the time we bifurcate this offering as described in the previous paragraph, existing TAILORED LIVING® franchisees will be offered the opportunity to terminate their existing TAILORED LIVING® franchise agreement and enter into two new franchise agreements for the residue unexpired term of their current franchise agreement – one for the new TAILORED LIVING® (or its replacement brand) franchise and one for the new PREMIERGARAGE® franchise. There will be no initial fees paid by such franchisees to do so and the aggregate royalties, National Advertising Fees and Technology Fees paid under both franchise agreements will not exceed those fees paid under the current TAILORED LIVING® franchise agreement. Any TAILORED LIVING® franchisee who chooses not to take this opportunity will continue to operate under their existing franchise agreement, however, if we change the TAILORED LIVING® brand, they will be required to transition to the new TAILORED LIVING® brand within six months of the new brand launch.

Except for states that 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. It is your sole obligation to comply with all state regulations with respect to contractor licensing in the states that require licensing. 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

Organized Spaces, LLC:

Heather Nykolaychuk – President

Heather Nykolaychuk has been our President since April 1, 2021 and prior to assuming this role was HFC's Chief Marketing Officer since October 2019. Ms. Nykolaychuk was VP Marketing for Tillys, Inc. from December 2018 until October 2019, Chief Marketing Officer for Irvine Company Retail Properties from March 2018 until September 2018 and Senior Director, Marketing for Mattel, Inc. from April 2014 until October 2017.

Mark Libby – Vice President of Franchise Support

Mark Libby has been our Vice President of Franchise Support since March 2020. Prior to assuming this role, Mr. Libby was our Director of Franchise Operations since January 2019 and a Franchise Business Coach for us since April 2018. Mr. Libby was Director of Sales and Marketing for J.B. Dewar, Inc. from March 2010 until April 2017.

Home Franchise Concepts, LLC:

H. Scott Barrett – Chief Executive Officer

Scott Barrett has been a director of HFC since July 2019 and HFC's Chief Executive Officer since January 2020. He was an advisor to BB, ADC and ACS since September 2019 and has been a member of the Board of Directors of JMF since 2012.

Jonathan Thiessen - Chief Development Officer

Jonathan Thiessen has been Chief Development Officer of HFC since January 2019. From 2011 to December 2018, he was HFC's Vice President of Franchise Licensing.

Jennie Amante – Executive Vice President, General Counsel and Secretary

Jennie Amante has been HFC's Executive Vice President and Secretary since December 2015. She has been General Counsel for HFC and its subsidiaries since October 2004.

Tara Desmet – Chief Financial Officer

Tara Desmet has been HFC's Chief Financial Officer since August 2020. She was Director, Internal Audit for JMF in Deerfield, Florida from January 2019 to July 2020; Enterprise Risk Manager for JM&A Group, a division of JMF, from August 2017 to December 2018; and Senior Manager, Financial Planning and Analysis for JM&A Group from January 2015 to July 2017.

Faisal Khan – Chief Information Officer

Faisal Khan has been HFC's Chief Information Officer since April 2018. Prior to assuming this role, Mr. Khan was HFC's Vice President of Information Technology since October 2016.

Heather Cates – Chief Marketing Officer

Heather Cates has been HFC's Chief Marketing Officer since April 1, 2021. Prior to assuming this role, Ms. Cates was BB's Senior Marketing Director since January 2021. From October 2018 until December 2020, Ms. Cates was Executive Director of Consumer Marketing, Facial Aesthetics for Allergan (now Abbvie) in Irvine, California and Director of Brand Marketing, Innovation for Taco Bell in Irvine, California from March 2016 until October 2018.

ITEM 3. LITIGATION

In the Matter of: Aussie Pet Mobile, Inc. and Ian Moses (Administrative Proceeding before the Securities Commissioner of Maryland; Case No. 2004-0162 - 2005)

On January 25, 2006, Aussie Pet Mobile, Inc., while under previous ownership, entered into a Consent Order with the Securities Division of the Office of the Attorney General of Maryland (the "Division") that required the franchisor to cease and desist from taking certain actions and to make certain representations. While the Consent Order contained no monetary sanctions, it required the franchisor to cease and desist from the offer and sale of franchises in violation of the Maryland Franchise Law. The Consent Order also required the franchisor to rescind the franchise agreements that had been entered into with a former franchisee whom the Division found had not received proper disclosure, and to represent that (a) other Maryland franchisees had received proper disclosure, and (b) the franchisor had developed and implemented new franchise law compliance procedures.

ITEM 4. BANKRUPTCY

Mark N. Libby and Karen F. Libby, United States Bankruptcy Court, Central District of California, No. 9:14-BK-11673-DS.

One of our vice presidents, Mark Libby, filed a petition under Chapter 7 of the U.S.

Bankruptcy Code in September, 2014. On November 17, 2014, the Court granted the petition and the debtor was discharged on November 17, 2014.

ITEM 5. INITIAL FEES

You will pay us an Initial Franchise Fee of $19,950 when you sign the franchise agreement for your first territory.

We discount the Initial Franchise Fee by 15% for new franchisees who are currently-serving or honorably discharged veterans of the United States armed forces and their spouses. If you are a veteran, active service member or spouse of a veteran or active service member of the United States armed forces, you will therefore pay a discounted Initial Franchise Fee of $16,958. There is no Initial Franchise Fee payable under a subsequent franchise agreement.

If you are purchasing your franchise from us (rather than from an existing franchisee) and you are not a veteran, active service member or spouse of a veteran or active service member of the United States Armed Forces, you will also pay us an Initial Territory Fee of $55,000 for the first territory you obtain under your first franchise agreement. We discount the Initial Territory Fee by 15% for new franchisees who are currently-serving or honorably discharged veterans of the United States armed forces and their spouses. If you are a veteran, active service member or spouse of a veteran or active service member, you will therefore pay a discounted Initial Territory Fee of $46,750.

If you enter into a second franchise agreement for a second territory at the same time, the Additional Territory Fee will be $45,000. Otherwise, for any subsequent franchise agreement and territory, the Additional Territory Fee will be the same as the then-current Initial Territory Fee.

None of the fees described in this Item are refundable under any circumstances.

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	Funds drawn on the 15th of the month, in advance.	May be increased on April 1 annually by CPI.
National Advertising Fund Payment[3]	You must pay the greater of 1% of your Gross Revenue for the immediately preceding month or $500.	Gross Revenue to be reported by the 5th of the month for the preceding month. Funds drawn on the	See Item 11.

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
		15th of the month, in arrears.	
Technology Fee[4]	Currently $300 per month, may be adjusted.	Same as royalty.	Intended to partially reimburse us for costs of technology platforms and tech support.
Training for Additional Personnel	First 2 attendees are free. We may charge up to $150 per day for additional attendees, plus travel, accommodation and meals.	One week before training begins. Travel, accommodation, and meals are due as required by service providers.	
Additional Territory Fee	An amount equal to the then-current initial Territory Fee if you buy an additional territory in the future.	When you purchase additional territories.	Availability of additional territories is at our discretion.
Key Account Referral Fees[5]	We negotiate each program individually with the Key Account.	No more often than monthly.	We may charge you referral fees or a percentage of the job in exchange for Key Account leads. You may opt out of servicing any Key Account.
Encroachment Payment	100% 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.
Fees on Transfer[6]	If selling to a new franchisee, $19,950 initial franchise fee with first territory plus $5,000 transfer fee for each additional territory. If selling to an existing franchisee, $5,000 transfer fee per territory.	Before transfer.	Payable when you sell your franchise. No charge if your franchise is assigned to a corporation or similar entity that you control.
Transfer Lead Referral Fee	Our then-applicable lead referral fee, currently $15,000 plus the amount of any broker fees that we must pay a third party	On a transfer of your franchise agreement to a buyer who was already listed in our sale database at the	Intended to partially reimburse us for our costs in developing leads who then purchase from existing franchisees.

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
	(not an employee of ours).	time you and the buyer began discussing a sale.	
Renewal Fee	$5,000	When you sign a renewal franchise agreement.	
Insufficient or Late Payment Fee	$300	On due date of Royalty, National Advertising Fee and Technology Fee, if payment not made in full.	Payable if there are insufficient funds in your account to cover withdrawal of amounts due or payment is late.
Convention Fee	Currently $720 plus travel, accommodation and some meals. Fee will vary depending on venue and location but will not exceed $1,500 annually.	Same as royalty. Paid in monthly installments in advance. Travel, accommodation and meals are due as required by service providers.	
Optional Meetings and Trainings	As determined by us, but generally $100 to $1,500 depending on venue and mode of delivery plus travel, accommodation and some meals.	By registration date. Travel, accommodation and meals are due as required by service providers.	
Additional Training Requested by You	Currently $500 per day, plus travel and expenses.	Immediately after notice from us.	Paid to us if, at your request, we send one of our staff members to the Franchised Business to provide further assistance. We will charge you a daily rate for that assistance, plus travel expenses for our employee.
Audit	Cost of inspection or audit.	Upon demand.	If audit is required due to your failure to report or your records and procedures are insufficient to determine Gross Revenue, or audit reveals Gross Revenue is understated by 5% or more

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
			or Product purchases from unapproved vendors exceed 10% of your Product purchases, you must pay all costs of audit.
Insurance	You must reimburse our costs.	Upon demand.	If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us.
Costs and Attorneys' Fees	Varies	Upon demand.	If you breach the franchise agreement and we prevail in any arbitration or litigation, you will owe us our reasonable attorneys' fees and costs.
Indemnification	Varies	Upon demand.	You must reimburse us for costs and expenses related to certain claims against us.

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, National 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, however, TAILORED LIVING® franchisees who convert to the new TAILORED LIVING® and PREMIERGARAGE® franchises under the separate conversion offering described in Item 1 of this disclosure document will pay continuing royalties, National Advertising Fees and Technology Fees that are, in the aggregate, no higher than the continuing royalties payable under their former TAILORED LIVING® franchise agreement.

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 and subsequent 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.

No phase-in will apply upon renewal.

3. Gross Revenue is defined in the franchise agreement and includes the total of your Gross Revenue for each separate franchised territory you own and includes sales in Gray Areas. If you have more than one franchise agreement with this Royalty schedule, Gross Revenue is averaged across all of your territories (including sales in Gray Area) for purposes of this calculation. For example, if you have two territories, the Gross Revenue for both of your territories is added together and divided by two to arrive at the average Gross Revenue for each territory.

4. Currently, the Technology Fee pays for the D'Vinci design software. The D'Vinci design software will be replaced by a new proprietary design software program (the "Design Software") referred to in § 8.17 of the Franchise Agreement. When the Design Software is implemented, a Design Software Fee will become payable. See § 4.6 of the Franchise Agreement.

5. Although the amount may vary, you may be required to pay a fee or a percentage of the job for lead referrals. Lead referral fees vary from program to program.

6. If you are selling to a new franchisee, the initial franchise fee of $19,950 is for the full Start-Up Package (i.e., van wrap, samples, etc.) and initial training.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Initial Franchise Fee[1]	$19,950	Lump sum or financed	When you sign the franchise agreement	Us
Initial Territory Fee[2]	$55,000	Lump sum	When you sign the franchise agreement	Us
Travel and Living Expenses While Training[3]	$1,000 - $1,500 per person	As incurred	During Training and during first 3 months after opening	Restaurants and other third parties
Office/Warehouse[4] (Deposit and 3 months rent)	$3,000 - $9,500	Several payments	When you sign the lease and monthly	Landlord

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Vehicle[5]	$10,000 - $55,000	Buy, lease or finance	Upon opening	Vehicle lessor or dealer
Trailer[6]	$0 - $10,000	Buy, lease or finance	Upon opening	Trailer lessor or dealer
Forklift[7]	$1,990 - $16,425	Buy, Lease or Finance	Upon opening	Vendor
Computer Equipment[8]	$1,500 - $2,500	Lease, finance or lump sum	Upon acquisition	Vendor
Credit Card Processing Technology	$30 - $500	Lump sum	Upon opening	Vendor
Auto Insurance[9]	$500 - $2,400	Lump sum or monthly installments	Before opening and during the year	Insurance company or broker
Commercial General Liability Insurance[10]	$500 - $2,400	Lump sum or monthly installments	Before opening	Insurance company or broker
Contractor's License and Bond[11]	$0 - $1,500	Lump sum	As required by applicable law	Bonding or insurance company, Government agencies
Professional Fees	$750 - $1,500	As incurred	As incurred	Your attorney, accountant and business advisor
Initial Marketing	$10,000 - $15,000	As incurred	During first 3 months after opening	Media, agencies
Initial Inventory[12]	$10,000 - $12,000	As negotiated	Before opening	Vendor
Additional Tools and Supplies[13]	$16,000 - $28,500	Lump sum	Before opening	Vendor
Additional Funds - Before Opening and First 3 Months[14]	$55,000 - $65,000	As incurred	As incurred	Various
TOTAL ESTIMATED INVESTMENT FOR SINGLE TERRITORY	**$185,220-$298,675**			

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. Except as disclosed in Item 10, we do not offer direct or indirect financing for any of the above items.

1. Payable only with your first franchise agreement. The Initial Franchise Fee is discounted by 15% 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.

2. If you are buying your Territory from us rather than from an existing franchisee, when you sign a franchise agreement you must pay us either: (a) an Initial Territory Fee of $55,000; or (b) an Additional Territory Fee of $55,000; or (c) if you are buying your first two Territories simultaneously, an Initial Territory Fee of $55,000 and a discounted Additional Territory Fee of $45,000, for a total of $100,000. 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 15% 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.

3. Training consists of a combination of 10 days of in-person Academy training at the HFC Experience Center in Coppell, Texas as well as pre- and post-Academy training that is conducted virtually and/or online. Especially during COVID-19, the mode of delivery of training is subject to change. We provide a travel voucher of $1,000 to attend Academy training. Our estimate is for your costs in excess of $1,000. You must pay any additional costs of transportation, lodging and meals in excess of $1,000 that you and your employees incur during Academy training as well as any wages of your employees for their time during training.

4. You must obtain commercial office/warehouse premises from which to operate your business because you will need workspace and inventory storage facilities. Your facility will need roll-up doors and be located in an area where you may receive deliveries from large semi-trailer vehicles.

5. This is a new or used white box van 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 but you should not purchase your vehicle for cash unless you will still have at least that same amount available as additional working capital to operate your business. We give you the wrap as part of the start-up package and you pay to have it installed on your vehicle by a vendor of your choosing. Alternatively, instead of a box van, you may choose to use a trailer and lease, finance or purchase a minimum ¾ ton towing vehicle, either a pickup truck with an 8 foot bed and utility shell, or a cargo van, 5.7L engine size or better. From time to time your affiliation with HFC may allow for discounts on these vehicles and our recommendation is to check with your Regional Operations Manager before purchasing or leasing.

6. We recommend the following trailer specifications:

   - 16ft tandem axle enclosed trailer
   - 7000# GVWR
   - 100” vertical inside clearance
   - 96” wide (minimum) inside clearance
   - Brakes both axles, electric preferred

- No side door
- E track – 2 horizontal rows: 24" high and 60" high from the floor to the bottom of the track. Tracks should be mounted so they do not protrude beyond inside walls of trailer so as not to come in contact with cabinets being hauled.
- Heavy duty 2-5/16" ball coupler.

7. Purchase or lease of a forklift is required. 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.

8. This is a laptop computer. A minimum 14-inch screen with high resolution is recommended. Windows operating system is required for compatibility with required software.

9. Such policy must be on an occurrence basis with a combined single limit for bodily injury, death or property damage of not less than $1,000,000. We must be named as an additional insured.

10. Such policy must be on an occurrence basis with a combined single limit for bodily injury, death or property damage of not less than $2,000,000. We must be named as an additional insured.

11. A contractor's license and bond are required only in States that require a contractor's license.

12. You should plan to have at least two weeks' worth of inventory on hand before starting business and at all times thereafter.

13. 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 are purchasing your first territory from us or an existing franchisee. We do not provide additional samples and sample books when you sign a subsequent franchise agreement. If you want more or additional sample sets from other approved suppliers or samples of other products, you must obtain them from the supplier.

14. This category estimates an additional cash reserve available to cover initial operating expenses during the first three months of operation. The amount of additional funds that you may need varies based on a variety of factors, including whether you choose to have an office outside your home, the number of employees you choose to hire and the salary and other benefits you choose to pay, gasoline purchases and vehicle maintenance expenses, the extent to which you are actively involved in operating your business, your skill, experience and business acumen, local competition, local economic conditions (including rent and wage scales and the cost of supplies), and the actual sales levels that you reach during the initial 3-month period. We have based this estimate on the experience

of our United States franchisees. The "Additional Funds" category is not the only source of cash, but is in addition to cash flow from operations. We cannot estimate your cash flow from operations and encourage you to contact our existing franchisees to evaluate this on your own.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You may offer for sale to customers only the products and services that we have approved in writing, as specified in the Confidential Operations Manual ("Manual"). We have selected certain suppliers based on standards of quality and appeal to the general public. You must offer the specific product that we require in the Manual. You must purchase 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 us, our affiliates or approved suppliers. Additionally, you must obtain any materials, other than stationery and business cards, containing the TAILORED LIVING® and PREMIERGARAGE® marks only from us or from suppliers that we have approved. None of our members, affiliates or officers owns any interest in any supplier with whom you are required or recommended to do business. We may, in our sole discretion, change these specifications periodically, change the authorized products and services at our discretion, and designate specific products or services as mandatory. You must offer all products that we designate as mandatory. If we revoke approval of a previously-approved product that you have been selling, you may continue to sell the product only from your existing inventory.

We have the right to require that products, supplies, equipment, and services that you purchase and use in your Territory: (i) meet specifications that we establish from time to time; and (ii) be purchased solely from us. We may impose purchasing restrictions for any reason; the most likely reason would be to control the quality and consistency of the product and to facilitate volume-discount pricing arrangements. We will make a price list available to you. The prices and products contained on the price list are subject to change at any time.

We may, at any time, in our discretion, change, delete or add to any of our specifications or quality standards. Such modifications, however, will generally be uniform for all franchisees. We estimate that approximately 90% of your purchases and leases in establishing the Franchised Business and 30% to 50% of your total purchases and leases in operating the Franchised Business will be subject to the restrictions described above.

We approve suppliers on a case by case basis. Approved suppliers are listed in the 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 our 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 are expected to carry at least two weeks of inventory at all times.

Neither we nor any of our affiliates are currently approved suppliers of organizing units, storage units, or other organizing materials but we reserve the right to become a supplier in the future. We are an approved supplier of advertising and promotional materials using our Marks. In 2021, we received $5,222, or about 0.08% of our total revenue of $6,367,784 from this source.

We may retain rebates, allowances or cooperative advertising dollars (collectively "Allowances") we receive from suppliers. We may use all Allowances received for any purpose that we and our affiliates deem appropriate. For the year ended December 31, 2021 we received Allowances of $1,891,964, or 29.7% of our total revenue of $6,367,784. Most of these Allowances were structured as a percentage of the purchase price of the products, and were generally between 3% and 7% of the purchase price.

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.

Insurance

You must obtain before you begin operating your Franchised Business and must maintain at all times the types of insurance and the minimum policy limits specified in the Manual. Currently we require: (i) general liability insurance in the amount of $1,000,000 per occurrence and $2,000,000 in the aggregate; (ii) umbrella liability of $1,000,000; (iii) general casualty insurance covering the full replacement cost of your vehicle; and (iv) employment practices liability insurance. However, you may be required to acquire additional insurance by the laws in your area. The insurance policies must protect you, us, and our respective past, present and future officers, directors, owners, managers, employees, consultants, attorneys, and agents against any loss, liability, personal injury, death, property damage or expense whatsoever arising or occurring upon or in connection with the condition, operation or use of the Franchised Business. We must be named as an additional insured under each policy that we require. Upon our request or as specified in the Manual, you must provide us with certificates of insurance or other proof of

insurance in the form we request evidencing the required coverage. We may require additional types of coverage or increase the required minimum amount of the coverage upon reasonable notice.

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	Sections 2 and 3	Items 7, 8, 11 and 12
b.	Pre-opening purchases/leases	Sections 4 and 8	Items 5, 7, 8 and 11
c.	Site development and other pre-opening requirements	Sections 3, 4 and 8	Items 5, 7, 8 and 11
d.	Initial and ongoing training	Section 7	Items 6, 7 and 11
e.	Opening	Section 2	Item 11
f.	Fees	Sections 4, 5, 7, 9, 10, 11 and 12	Items 5, 6 and 7
g.	Compliance with standards and policies/Operating Manual	Sections 2, 3, 6 and 8	Items 8, 11 and 15
h.	Trademarks and proprietary information	Sections 6, 7 and 8	Items 13 and 14
i.	Restrictions on products/services offered	Sections 2, 6 and 8	Items 8, 11, 12 and 16
j.	Warranty and customer service requirements	Sections 2, 4, 8 and 13	Items 11 and 12
k.	Territorial development and sales quotas	Sections 2 and 8	Item 12
l.	Ongoing product/service purchases	Sections 7 and 8	Items 6 and 8
m.	Maintenance, appearance and remodeling requirements	Section 8	Items 6, 8, 11 and 17
n.	Insurance	Section 8	Items 6, 8, 11 and 17
o.	Advertising	Sections 4 and 8	Items 6, 7, 8 and 11
p.	Indemnification	Section 13	Item 6
q.	Owner's participation/management/ staffing	Sections 7 and 8	Items 11 and 15
r.	Records and reports	Section 8	Item 11
s.	Inspections and audits	Section 8	Items 6 and 11
t.	Transfer	Section 9	Item 17

OBLIGATION		SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
u.	Renewal	Section 5	Item 17
v.	Post-termination obligations	Section 12	Item 17
w.	Non-competition covenants	Section 8 and Exhibit G	Items 15 and 17
x.	Dispute resolution	Section 11	Item 17
y.	Personal guaranties of agreements	Schedule 1	Items 15 and 22

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 J and K 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 and Part of Territory Fee	$44,000	$0	60	9%	$913.37	None	Lose franchise, pay unpaid balance, attorney fees, and costs	Waive notice

We do not receive any direct or indirect payments or other consideration from any person for the placement of financing.

Although we have never done so, we have a right to sell your promissory note at a discount rate to a third party which may be immune under the law to any defenses to payment you may have against us. We do not guarantee any notes, leases, or obligations.

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

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

Pre-Opening Obligations

1. Designate your territory (Franchise Agreement §§ 1.16, 2.1, Schedule 2).

2. Approve your Showroom, if you decide to establish one (Franchise Agreement § 3.3).

3. Allow you to use our Marks (Franchise Agreement § 6.1).

4. As discussed in Item 11, provide an initial training program (Franchise Agreement § 7.1).

5. Provide the Initial Start Up Package (Franchise Agreement § 7.4, Schedule 3).

6. Provide you with proprietary information for use in connection with training your staff. (Franchise Agreement § 7.9)

7. Provide you with electronic access to the Operating Manual, the Operating Handbook and the Designer Handbook at initial training. Exhibit F to this disclosure document includes a table of contents of the Operating Manual as of December 31, 2021. The Operating Manual had 524 pages on that date (Franchise Agreement § 7.9).

8. Recommend standard equipment, tools, supplies and inventory for use in your Franchised Business and sources for purchasing them (Franchise Agreement § 0).

Site Selection and Time to Opening

You must 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.

You do not have to establish a showroom site, but if you are approved to do so, it must be located within the Territory, you must ensure that the showroom complies with our written specifications and other requirements as set forth in the Manual and/or the Handbook, and you must obtain our prior written approval. We do not help you select a showroom site. We will have 14 days within which to indicate our approval or disapproval of the location of your showroom. We require that the showroom be located at least one mile within the borders of your Territory. We do not provide assistance with obtaining equipment, signs, fixtures, opening inventory and supplies.

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 whether you will operate out of a showroom, the satisfactory completion of initial training and availability of TAILORED LIVING® and PREMIERGARAGE® 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 Obligations

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

1. Police the Marks and distinguishing characteristics as necessary (in our sole discretion) to protect the System (Franchise Agreement § 6.6).
2. Train you and/or your staff as we develop new products, services and methods (Franchise Agreement § 0).
3. Make our representatives available to you during normal business hours for consultation and guidance with respect to the operation and management of the franchised business (Franchise Agreement § 7.6).
4. At your request, we will make additional or refresher on-site training available at your business as we deem appropriate, at the rate of $500 per day plus travel and living expenses. (Franchise Agreement § 7.7).
5. At our option, hold a Convention of franchisees and other meetings to discuss topics which we determine to be appropriate and in the best interests of the System, such as trends in services and products, sales techniques, performance standards, and marketing programs (Franchise Agreement § 7.8).
6. Assist you in developing initial post-opening promotion of the Franchised Business and, from time to time, provide you with promotional and advertising information (Franchise Agreement § 7.11).
7. Establish and maintain a web site that provides information about the TAILORED LIVING® System and identifies you and our other franchisees (Franchise Agreement § 8.11).
8. Operate a toll-free telephone number to be used by all our franchisees (Franchise Agreement § 8.4).
9. Establish and maintain, at our option, an electronic portal through which we disseminate the Manuals as well as marketing collateral, training and other digital assets (Franchise Agreement § 0).

Advertising

You must pay the greater of 1% of your Gross Revenue for the immediately preceding month or $500 each month to the National Advertising Fund. This amount may be increased, at any time, but cannot exceed 2% of your Gross Revenue (Franchise Agreement § 4.4 (a)).

In preparation for the bifurcation of this offering into TAILORED LIVING® (as it may be rebranded) and PREMIERGARAGE® (see Item 1), HFC will be supplementing the National Advertising Fund by an amount that increases the National Advertising Fund by an amount equal to the amount of National Advertising Fees collected from all TAILORED LIVING® franchisees in 2021. These dollars will be used to support both the TAILORED LIVING® and PREMIERGARAGE® brands prior to the bifurcation. Once the bifurcation occurs, the National Advertising Fund will be equally divided between the National Advertising Funds for each brand. For 2023, HFC will again supplement the National Advertising Fund for each brand by an amount that increases each National Advertising Fund to the amount collected from all TAILORED LIVING® franchisees in 2021.

We will administer the National Advertising Fund. We will spend National Advertising Fees for local, regional and national advertising and public relations programs and initiatives as we deem necessary or appropriate for the promotion or protection of the System including website development and maintenance, public relations, media costs, commissions, digital marketing, market research, creative and production costs (Franchise Agreement § 4.4 (f), (g)).

The money in the National Advertising Fund is used primarily to drive brand recognition at the national level, enhance the TAILORED LIVING® and the PREMIERGARAGE® image, as well as the development of a turn-key local area marketing toolkit to be leveraged in each new franchisee's local area (Franchise Agreement § 4.4). A secondary benefit of some national programs is lead generation. During the year ending December 31, 2021, we spent the National Advertising Fund as follows:

5.6% Production (website maintenance, content creation, new technology platforms)

73.7% Media Placement and SEO (digital advertising, email marketing, social media, local pay-per-click support)

13.1% Administrative

7.6% Other

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.

Businesses owned by us or our shareholders and affiliates or franchisees who purchased under prior offerings may contribute to the National 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 or regional basis, we may impose an additional assessment on affected franchisees for special advertising or promotional activities if two thirds of all affected TAILORED LIVING® Franchised Businesses agree in writing (Franchise Agreement § 4.4 (e)).

Some local advertising is funded by the National Advertising Fund. You will also place your own local advertising. We recommend you invest at least 8% to 10% of your Gross Revenue in local advertising (Franchise Agreement § 8.3 (a)). 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.

We have a Franchise Advisory Council consisting of 12 franchisee representatives across the United States and Canada. The purpose of the FAC is to advise us in connection with issues facing franchisees, including but not limited to advertising policies. Members are elected by the franchise body. The FAC serves in an advisory capacity only and does not have operational or decision-making power.

We do not and are not, in any way, required to spend any National Advertising Fees in your Territory. However, all National Advertising Funds are spent to benefit all TAILORED LIVING® franchisees generally, including you.

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

We will deposit National Advertising Fees into a separate national advertising operating account. No interest is credited for your benefit or paid to you (Franchise Agreement § 4.4). The National Advertising Fund is not in a trust, fiduciary relationship, or any other similar special arrangement.

Upon your request, we will provide you with a summary statement of annual receipts and expenditures from the National Advertising Fund during the prior calendar year on or before March 31 (Franchise Agreement § 4.4). The National Advertising Fund is not separately audited from our general funds audit.

In the future, we may establish a national support services network providing qualified representatives to handle customer problems. The cost of that service may be paid partially or wholly from the National Advertising Fund.

We can require advertising cooperatives to be formed, changed, or merged; and, we can dissolve a cooperative if it is not conducting its affairs in the best interests of the System, or contrary to System requirements. All votes of franchisees in a cooperative area will be based on one vote per territory. At the present time, no advertising cooperatives exist.

If we determine that an advertising cooperative is appropriate, we will designate the area, which, in our judgment, includes franchisees with common needs and interests. Franchisees within an advertising cooperative area will contribute the same amount or percentage to the common cooperative fund. Any franchisor outlets within the cooperative area will contribute to the advertising cooperative fund in the same manner as the other franchisees. The franchisees within an advertising cooperative area will administer the cooperative and determine whether governing documents will be developed and utilized. Similarly, the members of the cooperative will determine whether annual or periodic financial statements will be prepared and made available for review by the franchisees. You are required to participate.

You may not develop, create, generate, own, 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). You may not use the Marks to promote the Franchised Business via social media without our prior written consent (Franchise Agreement § 6.8).

Computer and Software

You must have a mobile computing device such as a laptop, Surface, etc. with a high resolution to minimize scrolling and/or zooming in, with at least 16 gigabytes of RAM to operate the D'Vinci™ design software and later the Design Software (defined below). We recommend Windows 10 Professional or better. Microsoft Office 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. We estimate the cost of your computer system will range between $1,500 to $2,500. **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 device must have high-speed (broadband, DSL, FIOS) Internet access. You are required use our customer relations management (CRM) and proprietary design software in your business. Your monthly Technology Fee, disclosed in Item 6, helps pay for upgrades and support for the CRM software. If the CRM software is modified or replaced in the future, you may need to upgrade or replace your computer to run the modified CRM software. There are no contractual limitations on the frequency or cost of mandated upgrades.

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(d)). 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 that will allow you to design an organizational system for a customer and show the customer what the storage system will look like. We plan to replace the D'Vinci™ software in 2023 with new proprietary design software (the "Design Software"). We have the right to charge a license fee for the replacement Design Software (Franchise Agreement § 4.6). There are no contractual limitations on the frequency or cost of mandated upgrades to the Design Software. Until the Design Software is introduced, updates and support for the D'Vinci™ software are included in the Technology Fee.

You must use the computer system for daily functions like tracking and entering purchase orders and receipts, updating inventory, generating sales reports, inventory management, and analysis of financial information relating to the Franchised Business.

You must give us unrestricted electronic access (including user IDs and passwords, if necessary) to your computer system for the purposes of obtaining information relating to Gross Revenue of the franchised business, inventory levels, aged inventory and cost of goods sold. You must permit us to download and transfer data via modem or other connection on a real-time basis or as frequently as possible, as we determine. There are no contractual limitations on our right to access data stored in your computer system.

Training

TRAINING PROGRAM

Training consists of a combination of 10 days in-person Academy training at the HFC Experience Center in Coppell, Texas as well as pre- and post-Academy training that is conducted virtually. Our current curriculum is shown in the table below but is subject to change at any time without notice:

Subject	Hours of In-Person Classroom or Virtual Training	Hours of On-The-Job Training	Location
PRE TRAINING			
IT, Zoom, Platform, Kahoot walkthroughs	3.0	0	Virtual or Pre-Recorded
Technology, CRM, The Source	2.0	0	Virtual or Pre-Recorded
ACADEMY (CLASSROOM) TRAINING			
Regional Operations Managers Introductions, Welcome	2.0	0	Virtual or Pre-Recorded

Subject	Hours of In-Person Classroom or Virtual Training	Hours of On-The-Job Training	Location
CRM and Calendar	2.0	0	Virtual or Pre-Recorded
Business Education: Financial Management, Business Planning	4.0	0	Virtual or Pre-Recorded
Product Knowledge: • Closets • Cabinets • Flooring Education	 2.0 2.0 2.0	 0 0 0	Virtual or Pre-Recorded
Design Software • Closet Design & Lab • Cabinet Design & Lab	2.0 6.0 6.0	0 0 0	Virtual or Pre-Recorded
Consultative Sales Process; Sales Role Play	12.0	0	Coppell, TX
Measuring	2.0	0	Coppell, TX
Product Vendors, Ordering, Pricing	2.0	0	Coppell, TX
Hands-on Installation: • Closet • Garage Cabinets • Flooring	 12.0 4.0 8.0	 0 0 0	Coppell, TX
Policies & Procedures	1.0	0	Virtual or Pre-Recorded
Marketing, NAF, Local Area Marketing, Lead Generation, Networking	6.0	0	Virtual or Pre-Recorded
Referral Program, Post-Training Launch Program	2.0	0	Virtual or Pre-Recorded
POST TRAINING			
Business Education: Financial Management, Business Planning	2.0	0	Virtual or Pre-Recorded
Consultative Sales Process	4.5	0	Virtual or Pre-Recorded
Total	88.5	0	

Our training program is supervised by Heidi Fleshman, our Vice President of Training and Education. Ms. Fleshman has been our Vice President of Training and Education since January 2018. Ms. Fleshman previously held the positions with us of Director of Training and Curriculum since July 2016 and Curriculum Manager since April 2016. The training modules are presented by employees with at least five years of industry experience, the majority of whom have been with us for over a year.

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 includes a $1,000 travel voucher to attend Academy training. You are responsible for all costs of travel, accommodation and incidentals including meals in excess of $1,000.

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 in-person 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 in-person training sessions, subject to class availability. We reserve the right to charge up to $150 per person per day for additional attendees. You must pay all other costs associated with in-person 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 access to proprietary information for use in training your staff. The materials we provide remain our sole property. 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 regional meetings, but do not require attendance. We have the right to make attendance mandatory.

Bookkeeping Service

For the first year of your franchise, we will provide you with bookkeeping services valued at approximately $2,500. This service will be provided by outside accountants whom we have retained to provide bookkeeping services to our franchisees. As a condition to receiving this service you agree that our outside accountants may share financial and other information about your business with us in the format we prescribe. (Franchise Agreement § 7.6(b))

ITEM 12. TERRITORY

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

During the term of the Franchise Agreement, we will grant you a protected territory. We will not establish another franchised business in your Territory that sells and installs organizing units and storage and organizing accessories using our System and Marks. We will not compete with you in your Territory from outlets that we own using our System and Marks. Franchisees are prohibited from doing business in the contracted territory of other franchisees, however, we cannot guarantee that another franchisee will not breach the franchise agreement and do business in your Territory. Your Territory will be described by United States Postal Service ZIP Codes in your franchise agreement. Each Territory will consist of approximately 100,000 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.

We may negotiate agreements with Key Accounts, such as commercial customers that have multiple sites, offices, or retail premises across two or more territories. We may charge you a reasonable percentage of the job or a fee in return for Key Account referrals. You may choose whether to service any particular Key Account on a case by case basis. If you choose to opt out with respect to any Key Account in your Territory we may subcontract with other franchisees or third parties to service the Key Account.

If we establish a Company-Owned Operation (COO) in the future, a COO may contract with Significant Key Accounts. A Significant Key Account is one that requires such a substantial capital investment in product, or such complexity or volume of work, that a single franchisee cannot practicably perform the work required. In such cases, COO may contract with the Significant Key Account for its own account and underwrite the product purchase, offering you the opportunity to perform some or all of the installation services as COO's subcontractor, for reasonable compensation. If necessary, a COO may also subcontract with other franchisees or third parties to service the Significant Key Account in the Territory without compensation to you.

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 relocate your territory without our consent. You do not need our approval for the location of your franchised business within your territory, but if you decide to have a retail showroom our prior written approval is required and it must be located at least one mile within the borders of your territory.

Because the franchised business consists of the sale and related installations of organizing units and storage and organizing accessories within your territory, alternative means of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing media, used to generate sales without performing installations, whether they are directed to customers inside or outside your territory, are not permitted without our prior consent.

You may not use the Internet to solicit business except as described in Sections 6.8 (Use of Marks in Social Media) and 8.11 (d) (Franchisor's Web Site) of the franchise agreement. 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 Area outside your assigned Territory. Generally, we will grant permission for you to operate in Gray Area. 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 Area.

If we give you permission to operate in Gray Area, 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 described above and in Section 2.2(b) or the joint marketing provisions contained in Section 2.2 (c) of the franchise agreement, we do not promise that another franchisee will not violate the franchise agreement and conduct business in your Territory.

You may increase your territory only by entering into a franchise agreement for an available additional territory for the fees described in Item 5 of this disclosure document. An additional territory must generally be contiguous or close to your first territory. We will grant an additional territory to you only if you are not in default of your first franchise agreement.

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 do not have to compensate you for making such sales. We may introduce ecommerce 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. In addition, 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, (b) sell organizing units and storage and organizing accessories at retail, without custom measuring or installation, under different trademarks, (c) acquire or be acquired by a company that operates and/or franchises organizer businesses within your territory without using the System and the Marks, (d) acquire or be acquired by a manufacturer of products associated with organizing units and storage and organizing accessories, (e) sell organizing units and storage and organizing accessories through any other means that do not involve both the System and the Marks, and (f) advertise and promote the System and the Marks at any location within or outside your territory.

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 and to use other Marks we designate, under the TAILORED LIVING® System.

REGISTRATION OR SERIAL NUMBER	MARK	REGISTRATION/FILING DATE
Registration No. 3,909,441	TAILORED LIVING	Registered January 18, 2011 Renewed November 23, 2020
Serial No. 97332152	tailored living Home, Organized.	Application filed March 26, 2022

REGISTRATION OR SERIAL NUMBER	MARK	REGISTRATION/FILING DATE
Registration No. 2894764	PREMIERGARAGE	Registered October 19, 2004 Renewed January 28, 2014
Serial No. 97213690		Application filed January 11, 2022

All trademark registrations and applications have been filed on the Principal Register of the United States Patent and Trademark Office. All required affidavits have been filed.

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 _____" as a fictitious business name. You must obtain our approval for your 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 or any judgment resulting from a claim, suit or demand arising from your use of the Marks according to the terms of the franchise agreement 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. There is no pending litigation involving the Marks.

We cannot prevent anyone who began using the names "Tailored Living" or “PremierGarage” before our use of them from continuing their use of that name in the area of prior use. The names “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 names "Tailored Living" or “PremierGarage” are 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.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

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

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.

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

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. If you operate your franchise as a company, the manager does not have to have an equity interest in your company. 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.

We require the franchisee to be a company or a corporation by the time business commences. Anyone who has direct or indirect control of the company or corporation or a direct or indirect beneficial interest in the company or corporation must sign the Personal Covenant and Guarantee attached to the franchise agreement as Schedule 1. If you are married, your spouse also 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. Unless we instruct otherwise, 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 per territory 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. Unless we instruct otherwise, you may operate in unassigned territories known as Gray Area adjoining your Territory. Any operations in Gray Area 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 Area (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	10 year initial term.
b.	Renewal or extension of the term	0	2 consecutive 5-year terms.
c.	Requirements for franchisee to renew or extend	0	Pay renewal fee and sign franchise agreement in our then-current form, not be in default, make necessary upgrades to the franchised business. The new franchise agreement may have materially different terms and conditions from our current franchise agreement.
d.	Termination by franchisee	None	You may terminate under any grounds permitted by law.
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 service mark violations (must begin the cure within 24 hours after notice). You have 30 days to cure defaults not listed in Section 10.2.

h.	"Cause" defined -non-curable defaults	10.2	Non-curable grounds for termination include: adjudication as a bankrupt, assignment for the benefit of creditors, admission of insolvency, abandonment of the franchised business, mutual agreement to terminate, material misrepresentation relating to the acquisition of the Franchised Business or engaging in conduct reflecting materially and unfavorably upon the operation and reputation of the Franchised Business or the Marks, failure to comply with any federal, state or local law applicable to the Franchised Business within 10 days of notification of noncompliance, repeated breaches whether or not corrected after notice, repeated failure to comply with the Franchise Agreement, whether or not corrected after notice, seizure of Franchised Business, final judgement against Franchisee not satisfied within 30 days, conviction of felony or misdemeanor involving moral turpitude, failure to pay fees to Franchisor within 5 days after receiving written notice, continued operation of Franchised Business would result in imminent danger to public health and safety, any other franchise agreement between Franchisor and Franchisee is terminated, misappropriation of customer deposits.
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	We may assign the franchise agreement if we determine the transferee is financially capable of performing our obligations and if the transferee agrees to assume such obligations.
k.	"Transfer" by franchisee – definition	1.16, 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.
m.	Conditions for franchisor approval of transfer	9.2(b)	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	8.10	Subject to state law, you may have 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	8.10, 12.1	Subject to state law, you may not engage in any competing business for 2 years within the former territory or within 25 miles of any other 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, Handbook and specifications are subject to change.

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, and subject to state law, 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. Except as required by applicable law, California law applies to all other issues.

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 unaudited reported annual sales of a subset of our existing outlets, namely, those franchisees who reported gross sales and who were open for business for all of calendar year 2021 (40 single territory franchisees and 32 multiple territory franchisees, representing an aggregate total of 148 territories, or all but three of the territories open for all of 2021).

A. Annual Sales Levels

The following table shows unaudited annual gross sales reported by franchisees with a single territory and with multiple territories, that were in business throughout calendar year 2021. Figures for franchisees that had multiple territories are total sales for all territories – not average per territory – and if a franchisee's additional territory opened during 2021, the total sales do not represent a full year of sales for the additional territory. All gross sales figures are presented without regard to the size of the territory. Although we currently grant territories that include approximately 100,000 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 2021 there were 40 reporting franchisees who operated a single territory throughout the year, and 32 reporting franchisees who operated multiple territories each throughout the year. The average number of multiple territories owned by these franchisees was 3.4.

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	2021	2020	NUMBER OF FRANCHISEES/ TERRITORIES REPRESENTED	EXPLANATION
Average Sales – One Territory	$697,305	$588,139	40 franchisees/40 territories in 2021 41 franchisees/41 territories in 2020	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	$2,233,436	$1,790,277	32 franchisees/108 territories in 2021; 28 franchisees/102 territories in 2020	12 or 30% of the single territory franchisees and 9 or 28% of the multiple territory franchisees attained or surpassed the stated average results for the year. The lowest amount reported for a single territory franchisee was $133,060 and the highest was $2,492,730. The lowest amount reported for a multiple territory franchisee was $194,599 and the highest was $11,914,594.

MEASURE	2021	2020	NUMBER OF FRANCHISEES/ TERRITORIES REPRESENTED	EXPLANATION
Median Sales – One Territory	$432,661	$363,627		Shows mid-point of annual sales by franchisees with indicated number of territories.
Median Sales – Multiple Territories	$1,319,078	$902,664		20 or 50% of the single territory franchisees and 16 or 50% of the multiple territory franchisees attained or surpassed the stated median results for the year.

The data below are as reported by a subset of franchisees who were open for all of 2021 and who responded to a survey that we conducted in February 2022 asking about their experiences during 2021. The survey was sent to all our franchisees who were open for all of 2021, and 55 franchisees (70% of the franchisees open for all of 2021) representing 96 territories (64% of the territories operated by franchisees open for all of 2021) returned survey responses. Twenty three (23) franchisees (30% of the franchisees open for all of 2021) representing 55 territories (36% of the territories operated by franchisees open for all of 2021) did not respond to the survey for 2021. The questions asked as part of the survey and the results are described below.

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.

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 62%. We have not independently verified this amount.

C. 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 2021. The average was $5,850. The median was $5,415.

D. 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	28
Garage cabinetry	33
In-home/Commercial cabinetry	39

E. 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	2
Partnership including with spouse	5
One additional employee	14
Two additional employees	14
Three additional employees	17
Four additional employees	10
Five or more additional employees	38

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

POSITION	% ADDITIONAL EMPLOYEES
Installers	55
Salespersons	14
Administrators	12
Management	19

F. 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	29
3 – 4	21
5 – 6	17
7 – 9	9
10 Plus	24

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

We will make written substantiation for these Financial Performance Representations available to you on your 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 Heather Nykolaychuk at 19000 MacArthur Boulevard, Suite 100, Irvine, CA 92612, telephone (949) 404 1100, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

ITEM 20. TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY FOR YEARS ENDING DECEMBER 31, 2019, 2020, AND 2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	160	156	-4
	2020	156	155	-1
	2021	155	164	+9
Company-Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Outlets	2019	160	156	-4
	2020	156	155	-1
	2021	155	164	+9

ITEM 20. TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS OTHER THAN TAILORED LIVING® FOR YEARS ENDING DECEMBER 31, 2019, 2020, AND 2021

State	Year	Number of Transfers
Arizona	2019	1
	2020	0
	2021	0
California	2019	0
	2020	0
	2021	0
Delaware	2019	1
	2020	1
	2021	0

State	Year	Number of Transfers
Georgia	2019	1
	2020	0
	2021	0
Illinois	2019	0
	2020	0
	2021	0
Missouri	2019	0
	2020	0
	2021	0
Ohio	2019	0
	2020	0
	2021	0
Pennsylvania	2019	1
	2020	0
	2021	0
South Carolina	2019	0
	2020	0
	2021	0
Texas	2019	0
	2020	2
	2021	0
Virginia	2019	0
	2020	0
	2021	0
Washington	2019	0
	2020	0
	2021	0
Wisconsin	2019	0
	2020	0
	2021	0

State	Year	Number of Transfers
Total	**2019**	**4**
	2020	**3**
	2021	**0**

ITEM 20. TABLE NO. 3
STATUS OF FRANCHISED OUTLETS FOR YEARS ENDING DECEMBER 31, 2019, 2020, AND 2021

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
AL	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
AR	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
AZ	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
CA	2019	27	3	3	0	0	0	27
	2020	27	0	0	0	0	0	27
	2021	27	1	0	1	0	0	27
CO	2019	4	1	0	0	0	2	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
CT	2019	1	0	0	0	0	0	1
	2020	1	2	0	0	0	0	3
	2021	3	1	0	0	0	1	3
DE	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2

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
	2021	2	0	0	0	0	0	2
FL	2019	28	5	0	0	0	0	33
	2020	33	0	2	0	0	0	31
	2021	31	0	0	0	0	0	31
GA	2019	6	0	1	0	0	1	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
IA	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
ID	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
IL	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
IN	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	1	1
KS	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
KY	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
LA	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
MA	2019	0	1	0	0	0	0	1
	2020	1	1[1]	1[1]	0	0	0	1[1]
	2021	1	0	0	0	0	0	1

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
MD	2019	1	1	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
ME	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
MI	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
MN	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	1	0	0	0	0	4
MO	2019	2	0	1	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
MT	2019	1	0	1	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
NC	2019	4	0	1	0	0	0	3
	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	0	4
ND	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
NE	2019	1	0	1	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
NH	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
NJ	2019	7	0	0	0	0	0	7

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
	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
NV	2019	3	0	1	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
NY	2019	2	0	0	0	0	0	2
	2020	2	2	0	0	0	0	4
	2021	4	0	0	0	0	0	4
OH	2019	4	0	0	0	0	2	2
	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
OK	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
OR	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	1	0	0	0	0	4
PA	2019	6	0	1	0	0	0	5
	2020	5	0	3	0	0	0	2
	2021	2	1	0	0	0	1	2
SC	2019	6	0	0	0	0	1	5
	2020	5	0	2	0	0	0	3
	2021	3	1	0	0	0	0	4
SD	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
TN	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
TX	2019	15	0	4	0	0	0	11
	2020	11	0	0	0	0	0	11

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
	2021	11	3	0	0	0	2	12
UT	2019	0	1	0	0	0	0	1
	2020	1	2	0	0	0	0	3
	2021	3	1	0	0	0	0	4
VA	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
VT	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
WA	2019	3	0	0	0	0	0	3
	2020	3	1	3	0	0	0	1
	2021	1	0	0	0	0	0	1
WI	2019	3	1	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Totals	2019	160	16	14	0	0	6	156
	2020	156	10[1]	11[1]	0	0	0	155[1]
	2021	155	15	0	1	0	5	164

1. One outlet opened in 2020, and the same outlet terminated in 2020.

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ITEM 20. TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS FOR YEARS ENDING DECEMBER 31, 2019, 2020, AND 2021

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Totals	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

ITEM 20. TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2021

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	0	0
Arkansas	0	0	0
California	1	0	0
Colorado	1	0	0
Connecticut	0	0	0
Delaware	0	0	0
Florida	0	2	0
Georgia	0	0	0
Hawaii	0	0	0
Idaho	0	0	0
Illinois	0	2	0
Indiana	0	1	0
Iowa	1	0	0
Kansas	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
Kentucky	0	0	0
Louisiana	0	0	0
Maine	0	0	0
Maryland	0	1	0
Massachusetts	0	1	0
Michigan	0	1	0
Minnesota	0	1	0
Mississippi	0	0	0
Missouri	0	0	0
Montana	0	0	0
Nebraska	0	0	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	0	0	0
New Mexico	0	0	0
New York	0	1	0
North Carolina	0	1	0
North Dakota	0	0	0
Ohio	1	0	0
Oklahoma	0	0	0
Oregon	0	0	0
Pennsylvania	0	2	0
Rhode Island	0	0	0
South Carolina	0	0	0
South Dakota	0	0	0
Tennessee	1	1	0
Texas	0	0	0
Utah	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
Vermont	0	0	0
Virginia	0	1	0
Washington	0	2	0
Washington, DC	0	0	0
Wisconsin	0	0	0
Wyoming	0	0	0
Totals	**5**	**17**	**0**

Attached to this disclosure document as Exhibit C is a list of all current franchisees as of January 6, 2022, 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 5 terminated franchises and no 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.

There is no trademark-specific franchisee organization associated with the TAILORED LIVING® franchise system.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit B are our audited financial statements as of and for the years ended December 31, 2021, 2020, and 2019.

ITEM 22. CONTRACTS

The following agreements are proposed for use in this state in connection with the franchise we offer:

TITLE OF AGREEMENT	EXHIBIT/ SCHEDULE #	SIGNED BY
Franchise Agreement and State Specific Addendum	Exhibit A	You and us
Personal Covenant and Guarantee	Schedule 1 to Exhibit A	All people having direct or indirect "Control"* over the Franchisee or a direct or indirect beneficial ownership interest in Franchisee, including any spouse of Franchisee.
Franchisee's Affirmations and Acknowledgements	Schedule 5 to Exhibit A	You
Consent to Transfer and Assumption of Franchise Agreement (includes release of claims)	Exhibit G	You, new franchisee and us
Veterans Addendum to Franchise Agreement	Exhibit H	You (only if you are a veteran) and us
Escrow Agreement (MD only)	Exhibit I	Wilmington Trust and us
Secured Promissory Note	Exhibit J	You (Obligor)
General Security Agreement	Exhibit K	You (Pledgor) and us

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

ITEM 23. RECEIPT

Attached, as the last page of this disclosure document is a receipt. Please sign it, date it **as of the date you receive the disclosure document** and return it to us. A duplicate of the receipt is attached for your records.

STATE SPECIFIC ADDENDA

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, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. 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 FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT

OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

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.

Hawaii

HAWAII DISCLAIMER

THESE FRANCHISES WILL BE OR HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in Hawaii authorized to receive service of process:

Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street
Honolulu, HI 96813

(1) Item 1 is amended to add the following:

The name and address of our agent in this state authorized to receive service of process is: the Commissioner of Securities of the Department of Commerce and Consumer Affairs, 335 Merchant Street, Honolulu, Hawaii 96813.

(2) Item 5 of the disclosure document is modified to include the following paragraph:

On request of the Commissioner of Securities of the Department of Commerce and Consumer Affairs, we have agreed to defer collection of all initial fees until we have performed all our pre-opening obligations.

(3) Item 17, Summary column for (i) is amended to add the following:

Under Hawaii law, on termination or refusal to renew the franchise, you are entitled to be compensated for the fair market value, at the time of the termination or expiration of the franchise, of your inventory, supplies, equipment and furnishings purchased from us or a supplier we designated; except that personalized materials that have no value to us need not be compensated for. If we refuse to renew the franchise for the purpose of converting your business to one we own and operate, we, in addition to the remedies described above, will compensate you for the loss of goodwill. We may deduct from the compensation reasonable costs incurred in removing, transporting and disposing of your inventory, supplies, equipment and furnishings under this requirement, and may offset from the compensation any moneys you owe us.

(4) Item 20 is amended to add the following:

Registrations are effective or proposed registrations will shortly be on file in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

Proposed registrations or filings for these franchises are or will be shortly on file in no other state.

No states have refused, by order or otherwise, to register these franchises.

No states have revoked or suspended the right to offer these franchises.

There are no states in which a proposed registration of these franchises has been withdrawn.

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, Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/1 et seq.

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 17u. (Dispute Resolution by Arbitration or Mediation) is amended to add: “Franchisee may bring a lawsuit for claims arising under the Maryland Franchise Registration and Disclosure Law.” under the heading “Summary”.

Item 17v (Choice of Forum) is amended to state "None for equitable/injunctive relief, California for arbitration/mediation proceedings, and Maryland for a lawsuit for claims arising under the Maryland Franchise Registration and Disclosure Law." under the heading "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

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E OR YOUR PUBLIC LIBRARY FOR

SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

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

3. The following is added to the end of Item 4:

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

4. The following is added to the end of Item 5:

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

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

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

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

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

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

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

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

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

9. The following is added to the end of the "Summary" section of Item 17(s), titled "**Modification of the Agreement**":

Revisions to the Manual will not unreasonably affect your obligations, including your economic obligations, under the franchise agreement.

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 Organized Spaces, 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

Item 3 of the FDD is hereby amended to include the following:

In January 2018, the Attorney General of Washington initiated the "In re Franchise No Poaching Provisions Investigation" which included investigation of the hiring practices of franchisors and franchisees in Washington. Specifically, the Attorney General asserted that provisions in franchise agreements that restrict a franchisee's ability to solicit or hire employees from the franchisor or other franchisees constitute a contract, combination or conspiracy in restraint of trade in violation of the Consumer Protection Act, RCW 19.86.030. In September 2019, we proactively entered into a voluntary Assurance of Discontinuance ("AOD") with Washington. Under the AOD we agreed to refrain from including in our franchise agreement in the future any provisions that purport to restrict a franchisee's ability to solicit or hire employees from us or other franchisees. Before entering into the AOD, we had already removed from our franchise agreement a provision that Washington would have asked us to remove. We have never enforced this provision in the past and, pursuant to the AOD, we agreed not to enforce this provision in any of our existing franchise agreements in the future. The AOD also required that we endeavor to amend these existing franchise agreements to remove that provision. We entered into the AOD voluntarily, to expedite our continued franchise operations in Washington, and we do not agree or concede that any claim made by Washington had merit.

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.

EXHIBIT A

FRANCHISE AGREEMENT, STATE ADDENDUM AND SCHEDULES

FRANCHISE AGREEMENT

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3: TAILORED LIVING® Start-up Package
4: Schedule of Names and Addresses of Owners and Principal Officers
5: Franchisee's Affirmations and Acknowledgements

FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is entered into as of _____ ("Effective Date"), between Organized Spaces, LLC, a California limited liability company ("Franchisor"),and _____, a(n) _____

proposing to do business in the state of _____ as Tailored Living_____ ("Franchisee"). Franchisee will begin operation under this Agreement on _____ ("Operating Date").

RECITALS

A. Franchisor is engaged in the administration and development of programs for the operation of Organizer Businesses using the System and Marks, as well as other proprietary information owned by, and identified with, Franchisor. Franchisor is the owner of the 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 Marks and Franchisor's overall reputation in Organizer Businesses.

B. Franchisee wishes to be franchised by the Franchisor to use the System, the Marks, and the goodwill of Franchisor to conduct the Franchised Business. Franchisor is willing to grant to Franchisee a franchise for the System and the Marks, in accordance with the provisions of this Agreement, the Manual and the Handbook, as amended from time to time, 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 Marks, the effect upon those people as a whole, and the need to protect the 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 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 Company-Owned Operation

The term “Company-Owned Operation” or “COO” means a business or businesses similar to some or all aspects of the Franchised Business owned and operated by Franchisor or its Affiliate for its own account.

1.3 Control

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

1.4 Franchised Business

The term "Franchised Business" means maintaining and operating an Organizer Business in the Territory, in accordance with the System and using the goodwill associated with the 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’s services will be performed is located in the Territory.

1.5 Gray Area

The term “Gray Area” means an area adjoining the Territory that is not part of any other franchisee's territory, nor an area served by the Company-Owned Operation.

1.6 Gross Revenue

The term “Gross Revenue” means the aggregate of all revenues, sales and other income of Franchisee from whatever source derived, including Gray Area, regardless of whether collected by Franchisee, arising out of, in connection with or relating to the Franchised Business including, without limitation, (a) income from the sale of any products or other items; (b) income from any services provided; and (c) all proceeds from any business interruption insurance, but excluding (i) all refunds and discounts made in good faith to a customer; (ii) any sales, use, retail sales and equivalent taxes which are collected by Franchisee for or on behalf of any governmental or other public body and actually remitted to such body; and (iii) the value of any coupon, voucher or other allowance authorized by Franchisor and issued or granted to customers of Franchised Business which is received or credited by Franchisee in full or partial satisfaction of the price of any product or service offered in connection with the Franchised Business. Franchisor reserves the right to institute policies in the Manual or otherwise in writing and from time to time, regarding the inclusion in Gross Revenue of any pre-paid goods and services (including, without limitation, gift cards and gift certificates) and delivery and redemption thereof.

1.7 Handbook

The term “Handbook” means Franchisor’s Confidential Operations Handbook to be referenced by Franchisee in operating the Franchised Business. The Handbook will be made available on Franchisor’s electronic portal. The Handbook includes all amendments and

supplements prescribed by Franchisor from time to time.

1.8 Key Account

The term "Key Account" means any (a) potential or existing customer that has multiple sites, offices, or retail premises across two or more franchised territories, (b) any home improvement retail or wholesale outlet, construction company, contractor, or similar business whose clientele includes potential customers for space organizers across two or more territories, and (c) referral sources that offer to refer customers across two or more franchised territories to Franchisor for a fee.

1.9 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.

1.10 Manual

"Manual" is the Confidential Operations Manual consisting of the collection of policies and procedures (regardless of title) to be adhered to by Franchisee in performing under this Agreement. The Manual will be made available on Franchisor's electronic portal. The Manual includes all amendments and supplements prescribed by Franchisor from time to time.

1.11 Marks

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

1.12 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.

1.13 Organizer Business

The term "Organizer Business" means the retail business of design, sale, and installation of organizing units and storage and organizing accessories for closets, pantries, home offices, storerooms, utility rooms, basements, laundry rooms, attics, garages and other spaces.

1.14 Showroom

The term "Showroom" means a fixed retail location for the display and/or sale of products and services associated with the Franchised Business.

1.15 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, the Manual and the Handbook. 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 and/or the Handbook) 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.

1.16 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 a minimum of 100,000 households, but the number of households (and the number of people per household) is subject to growth and shrinkage over the Term.

1.17 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.** 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 8.10, 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 license any third party to establish or operate within the Territory, any other Organizer Business using the System and the Marks.

(b) Franchisee may not contract with Key Accounts. Franchisee agrees that, from time to time, Franchisor may enter into agreements with Key Accounts that contemplate performance in multiple territories, including the Territory, of sales and/or installations of, or other services regarding, organizing units, storage and flooring. If Franchisee wishes to service Key Accounts in the Territory as Franchisor's subcontractor, it shall sign Franchisor's then-current Master Services Agreement which shall govern all work performed by Franchisee for Key Accounts. Franchisee may choose whether to service any particular Key Account on a case by case basis. 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.

A customer in the Territory with a job that is too large for Franchisee to undertake or that Franchisee chooses not to service shall be deemed to be a Key Account for purposes of this Section 2.2(b) even if that Key Account is limited to the Territory.

(c) Franchisee acknowledges that, from time to time, opportunities may arise to participate in joint marketing efforts 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 8.11(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 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 0, (iii) to acquire or be acquired by a company that operates and/or licenses 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 and garage flooring through any other means that do not involve both the System and the Marks (including within the Territory), and (vi) to advertise and promote the System and the Marks 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

Franchisee will only conduct its Franchised Business within the Territory and Franchisee's warehouse and any other facilities must be located within the Territory.

Except as to Gray Area, Franchisee may provide sales and services only with respect to locations within the Territory. Franchisee must (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 Gross Revenue 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 Gray Area. Any operations in Gray Area are subject to sale of the territory to another franchisee, to initiation of a Company-Owned Operation in the Gray Area, and to Franchisor's rules and regulations, including that any advertising in Gray Area (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

Unless Franchisee operates the Franchised Business from a Showroom which has the capacity to accept delivery of products before installation, Franchisee will secure an office/warehouse in the Territory at which (among other things) Franchisee shall accept delivery of products before installation. As customers may on occasion have reason to visit Franchisee's office/warehouse, the location must be in a safe and desirable part of the Territory.

3.3 Showroom

Franchisee does not have to establish a Showroom, but if it decides to do so: (i) the Showroom must be located within the Territory; (ii) Franchisee must ensure the Showroom complies with Franchisor's written specifications and other requirements for Showrooms set forth in the Manual and/or the Handbook; and (iii) the Showroom requires Franchisor's prior written approval. If Franchisee wishes to establish a Showroom, Franchisee will find and submit to Franchisor, for Franchisor's approval, a location for the Showroom and such information regarding the Showroom location as Franchisor may require.

Franchisor will have 14 days from receipt of all the requested information to approve or disapprove the Showroom location. Franchisor has the right to grant or withhold approval of any proposed Showroom location in its business judgment. Any proposed relocation of the Showroom in the future will be subject to the same approval process as set forth above. Franchisee acknowledges and agrees that Franchisor's consent to the location, and any information regarding the location communicated to Franchisee regarding the standard site selection criteria for Showroom locations, does not constitute a representation or warranty of any kind, express or implied, as to the suitability of the location for a Showroom or for any other purpose. Franchisor's recommendation or consent to the location indicates only that Franchisor believes that the location falls within the acceptable criteria for Showroom locations that Franchisor has established at the time of the consent to the location. Franchisee acknowledges and agrees that Franchisee's selection of the location is based on Franchisee's own independent investigation of the suitability

of the location and that Franchisor's approval is not a guarantee or promise of success.

Franchisee may display and offer for sale all products that have been approved for sale by franchisees of Franchisor. Unless otherwise approved in writing by Franchisor (which consent may be withheld arbitrarily or otherwise in Franchisor's sole discretion), Franchisee may not sell any products other than products that have been approved for sale by all franchisees of Franchisor. Franchisee acknowledges that Franchisor may have other franchisees in the same general area of Franchisee's Showroom and that Franchisor may consider the interests of all franchisees in deciding whether to allow additional products to be sold from the Showroom.

To ensure no sales are made in the territories of other franchisees and to avoid misunderstandings when customers are quoted a price for products that are different than the prices of other franchisees, Franchisee must as a preliminary matter first determine if the customer is from another franchisee's contracted territory. If so, Franchisee must refer the customer to the franchisee in whose territory the customer is located and provide such franchisee's name and contact information and must not quote any prices, sales terms or other information to the customer. Franchisee will not be compensated for these referrals but will provide them as a means to protect the goodwill of the TAILORED LIVING® and PREMIERGARAGE® brands and the Marks.

4. PAYMENTS BY FRANCHISEE

4.1 Franchise Fee

If Franchisee is not a party to another franchise agreement with Franchisor, Franchisee will pay to Franchisor an Initial Franchise Fee of $19,950. 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. The Initial Franchise Fee is not refundable.

4.2 Territory Fee

If Franchisee is purchasing the Territory from Franchisor (rather than an existing franchisee) Franchisee also will pay Franchisor a Territory Fee of $55,000. 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

(a) 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, in advance. 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	Continuing Royalty
1st through 6th month	$300
7th through 12th month	$700
13th through 24th month	$1,100
25th through 36th month	$1,500
37th and later	$2,000

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.

(b) 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 or subsequent 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 National Advertising Fund

(a) Throughout the Term of this Agreement, Franchisee will pay Franchisor the greater of one percent (1%) of Franchisee's monthly Gross Revenue for the previous month or $500 for a monthly National Advertising Fee. Monthly National Advertising Fund payments are paid in arrears. Franchisor may increase this amount but not above 2% of Franchisee's monthly Gross Revenue. Sales in Gray Area are to be included in Gross Revenue.

(b) Payments of National 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 National Advertising Fund ("Fund").

(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) The National Advertising Fees will be contributed to the Fund for such national, regional, local and other advertising and public relations programs and initiatives as Franchisor, in its sole discretion, may deem necessary or appropriate for the promotion or protection of the System. The Fund is not a trust or escrow account, and Franchisor has no fiduciary obligation to Franchisee, or to any franchisees, with respect to the Fund. Franchisor has the absolute right to direct the creative concepts, materials, endorsements and media used in the advertising and public relations programs, as well as the placement and allocation of the programs.

(f) The Fund will be used and expended for website development and maintenance, public relations, media costs, commissions, Internet marketing, market research costs, creative costs and production costs including, without limitation, the costs of creating promotions and artwork, printing costs and other costs relating to advertising, promotional and public relations programs and initiatives undertaken by Franchisor. Franchisor reserves the right to place and develop such advertisements and promotions and to market on behalf of the System, either directly or through advertising agencies retained or formed for such purpose.

(g) The Fund will be accounted for separately from the other funds of Franchisor. The Fund may not be used to defray any of Franchisor's general operating expenses, except for any reasonable salaries that Franchisor may incur in activities reasonably related to the Fund's advertising and promotional programs (including, without limitation, conducting market research, managing programs supported by the Fund, and retaining outside agencies), and an administrative fee of 15% of the annual aggregate National Advertising Fees received by Franchisor. Any sums remaining in the Fund at the end of a fiscal year must carry over in the Fund to the next fiscal year.

(h) Franchisee acknowledges and agrees that the Fund is intended to maximize general public recognition and patronage of businesses for the benefit of the System as a whole, and that Franchisor undertakes no obligation in administering the Fund to ensure that any particular Franchisee benefits directly or pro-rata from the placement or conduct of such advertising and promotion.

(i) The Fund may not be used for any initiative intended solely to market the sale of franchises. Franchisee acknowledges and agrees, however, that certain activities supported by the Fund, including, without limitation, maintenance of the website, public relations activities, and community involvement activities, may include information about franchising opportunities.

(j) No interest on unexpended National Advertising Fees will be imputed for the benefit of or payable to Franchisee and no interest on Franchisor expenditures in excess of National Advertising Fees collected will be imputed for the benefit of, or payable to, Franchisor.

(k) 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.

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

4.5 Technology Fee

Throughout the Term of this Agreement, Franchisee will pay Franchisor, in advance, a monthly Technology Fee in the amount specified in the Manual. The Technology Fee is applied towards the cost of operating, upgrading and supporting Franchisor's technology platforms including the Franchisor's customer relations management software. Because changes to technology are dynamic and not predictable within the Initial Term, and in order to provide for inevitable but unpredictable changes to technological needs and opportunities, the Technology Fee is subject to change from time to time. Payments of Technology Fee are not refundable.

4.6 Design Software Fee

Franchisor may require Franchisee to utilize proprietary design software developed by or for Franchisor. If it does so, throughout the Term of this Agreement, Franchisee will pay Franchisor, in advance, a monthly Design Software Fee in the amount specified in the Manual. The Design Software Fee is payable for each license of the Design Software (referred to in Section 8.17 below) or any successor or replacement thereof. The Design Software Fee is subject to change from time to time in response to changes in technological needs and opportunities.

4.7 Convention Fee

Franchisor may hold a convention of franchisees on an annual basis or at such other interval as Franchisor may from time to time determine ("Convention"). Franchisee will pay Franchisor a Convention registration fee ("Convention Fee") for one individual to attend Convention. The amount of the Convention Fee will vary depending upon the location of the city and venue where the Convention will be conducted. The Convention Fee is payable in advance and will be charged monthly. The Convention Fee does not cover the costs associated with travel, lodging or other miscellaneous expenses associated with the Convention. Convention Fees for additional persons attending Convention will be collected at time of registration.

4.8 Means and Time of Payment

Franchisee must authorize Franchisor to withdraw Continuing Royalty fees, National 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, National Advertising Fees, Technology 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.

4.9 Late or Insufficient Funds Fee

Late or dishonored payments or payments not paid in full due to insufficient funds will be subject to a late or insufficient funds fee of $300.

4.10 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.

4.11 Fees for Optional Referrals

Unless Franchisee has advised Franchisor in writing of its election not to participate in a particular referral program or Key Account program, Franchisee must pay the referral fees required by the program for any customer referrals Franchisee receives from the program. All referral fees payable as a result of Franchisee's participation in a particular referral program managed by Franchisor are payable to Franchisor at the times specified for the program, but no more frequently than monthly.

4.12 Consumer Price Index

Each fixed amount payable under this Agreement may be increased on April 1 annually by the increase, if any, in the Consumer Price Index for All Urban Consumers 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 a second additional term, Section 0 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 0, Franchisee may extend its franchise relationship for two additional five-year terms, 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 $5,000 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. INTELLECTUAL PROPERTY

6.1 Marks

(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 names "TAILORED LIVING®" or “PREMIERGARAGE®” may have been used by other people in the conduct of an 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 names "TAILORED LIVING®" or “PREMIERGARAGE®” 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 names

"TAILORED LIVING®" or "PREMIERGARAGE®" are 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 names "TAILORED LIVING®" or "PREMIERGARAGE®".

(c) The names "TAILORED LIVING®" or "PREMIERGARAGE®" 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 names "Tailored Living" or "PremierGarage" are 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 names "TAILORED LIVING®" or "PREMIERGARAGE®" 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 and the Handbook) 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 the 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 and the Handbook. 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®", “PREMIERGARAGE®”, 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 names "TAILORED LIVING®" and "PREMIERGARAGE®", the URLs: "www.tailoredliving.com" and "www.premiergarage.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.

6.8 Use of Marks in Social Media

(a) Franchisee may not promote the Franchised Business or use the Marks in any manner on any social media site existing now or in the future (including, without limitation, on blogs, vlogs, Facebook, LinkedIn, Twitter, Instagram, Flickr, Tumblr, Pinterest, Google+, Vine and Snap Chat) or on file-, audio- or video-sharing sites, other than in accordance with Franchisor's written standards. Franchisor has final authority over all social media marketing, and Franchisee must comply with Franchisor's brand standards regarding use of social media in the operation of the Franchised Business. Franchisee may not post communications about the Franchised Business or the System that would disclose the System's confidential or proprietary information, violate any relevant laws, regulations or guidelines or violate the terms of use imposed by the social media site. Franchisee may not post communications about the Franchised Business or the System on any public-facing social media site that is not authorized by Franchisor for use by Franchisee. Franchisee must ensure that policies it adopts for its employees' social media use are consistent with the requirements for social media advertising set forth herein.

(b) Franchisor is under no obligation to provide Franchisee with access to branded social media pages or other social media assets. Any social media pages or other social media assets that Franchisor, in its sole discretion, chooses to make available to Franchisee will be provided only on condition that Franchisee updates them regularly. Any such social media pages

or other social media assets maintained by Franchisee shall be deemed "advertising" and shall be subject to all terms of this Section 6.8. Franchisor has the right, but not the obligation, to conduct social media campaigns on behalf of all, or any subset of, Franchisees via local social media.

6.9 Copyrights

(a) Franchisee acknowledges that Franchisor owns the worldwide copyrights and other intellectual property rights to all components of the System that are original works of authorship subject to copyright, including, without limitation, the Manual, the Handbook, marketing materials, website text, artwork, photographs, musical compositions, sound recordings, audiovisual works, computer software, and architectural designs (collectively, the "Copyrighted Materials"). Franchisee acknowledges and agrees that it may not make translations, copies, adaptations of or modifications to the Copyrighted Materials without the prior written consent of Franchisor.

(b) Neither this Agreement nor the operation of the Franchised Business in any way gives Franchisee any interest in the Copyrighted Materials other than the right to use the Copyrighted Materials solely in connection with the Franchised Business, solely in accordance with the terms and conditions of this Agreement and solely during the term of this Agreement.

(c) Franchisee acknowledges that Franchisor will own the copyrights and all other rights to translations, modifications and adaptations of or to the Copyrighted Materials made by Franchisee from time to time. Franchisee hereby assigns to Franchisor its copyrights and economic rights and waives any moral rights and similar rights with respect to the translated, modified or adapted Copyrighted Materials, and agrees to execute any all instruments and documents, render such assistance and perform such acts and things as may, in the opinion of Franchisor, be necessary or advisable in the furtherance of such assignment and waiver. Franchisee will require the same assignment, waiver and covenant in favor of Franchisor by Franchisee's officers and employees and by any independent contractors or other third parties who translate, modify or adapt the Copyrighted Materials.

7. INSTRUCTION AND OPERATING ASSISTANCE

7.1 Initial Training

(a) 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 the Organizer Business including 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), Franchisor will provide Franchisee with the TAILORED LIVING® Start-Up Package, comprised of those items enumerated in Schedule 3 to this Agreement.

(b) As part of the TAILORED LIVING® Start-Up Package, Franchisor will provide a travel voucher of $1,000 for Franchisee's Manager to attend Initial Training. Franchisee or its Manager are responsible for all costs of transportation, accommodation, meals and incidentals in excess of $1,000 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 Franchisee and Franchisee's Manager. Franchisor reserves the right to assess a reasonable charge 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

Franchisee and the Franchisee's management personnel attending Initial Training are responsible for training Franchisee's other staff and other management personnel in connection with their respective roles/positions at the Franchised Business. Franchisee may utilize certain of Franchisor's confidential information and proprietary materials, including the Manual and the Handbook, when conducting training but only to the extent necessary to conduct such training and only pursuant to Franchisor's confidentiality terms and conditions.

7.4 Start-Up Package

Franchisee will receive the TAILORED LIVING® Start-Up Package described in Schedule 3 to this Agreement if the Initial Franchise Fee is paid in full.

7.5 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. Franchisor may charge a reasonable fee for such optional courses. Franchisor reserves the right to exclude prospective trainees from any further training courses who have not attended prerequisite Franchisor training courses.

(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 0(a) and 0(b) above, Franchisee will pay the travel, hotel and meal expenses for Franchisee's attendees.

7.6 Continuing Assistance

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

(b) Additionally, Franchisor may, at its cost, provide or facilitate bookkeeping services and/or structured coaching with respect to aspects of the Franchised Business as Franchisor determines appropriate. If Franchisor facilitates such bookkeeping services and/or structured coaching utilizing third party contractors, Franchisee consents to such contractors sharing with Franchisor all financial and other information concerning Franchisee's business derived during the course of such coaching.

7.7 On-Site Assistance

If Franchisee requires and requests additional on-site assistance from Franchisor, subject to the availability of Franchisor's personnel, Franchisor may provide Franchisee with such assistance at Franchisor's then-current training fee, plus expenses, including Franchisor's travel and lodging expenses, as Franchisor deems necessary in its sole discretion.

7.8 Convention

Franchisor may, at its option, hold a convention or meeting of franchisees annually or at such other interval as Franchisor shall determine. Franchisee will pay the Convention Fee set forth in Section 4.7 and the travel, hotel and meal expenses for Franchisee and Franchisee's attendees.

7.9 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 grant Franchisee electronic access to the Manual and the Handbook for Franchisee's use during the Term of this Agreement. 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.

7.10 Equipment, Tools, Supplies and Inventory

Franchisor shall recommend the standard equipment, tools, supplies and inventory for use by Franchisee and sources for purchasing such items.

7.11 Initial Promotion and Advertising

Franchisor shall assist Franchisee in developing the initial post-opening promotion of the Franchised Business. Franchisor will, from time to time, provide Franchisee with promotional and advertising information.

8. OPERATION OF BUSINESS

8.1 Franchisee Operational Requirements

(a) Manager. 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 in a manner that maximizes Gross Revenue in a manner consistent with sound marketing and business practices and will not engage in any other business activity requiring his or her active participation during normal business hours.

(b) Vehicle. At any time after the Effective Date, but before the Operating Date, Franchisee must purchase or lease at Franchisee's expense a motor vehicle or motor vehicle and enclosed trailer meeting Franchisor's standards, as set forth in the Manual and the Handbook (a "Vehicle") for use in the Franchised Business. As part of the TAILORED LIVING® Start-Up Package, Franchisor provides signage displaying the TAILORED LIVING® and PREMIERGARAGE® logos. 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 and the Handbook. 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® and PREMIERGARAGE® and any other Marks from the Vehicle and cease any further use of that name, logo and Marks.

(c) Approved Vendors. Franchisee must purchase products only from Franchisor or vendors designated by Franchisor (which may include Affiliates of Franchisor). Any purchases by a Franchisee from any vendor other than Franchisor, an Affiliate of Franchisor or an approved

vendor in excess of 10% of total Product purchases will be considered a prima facie material breach of this Agreement which, if not excused, constitutes grounds for immediate termination of this Agreement upon written notice from Franchisor. If Franchisee purchases from a vendor other than Franchisor, an Affiliate of Franchisor or an approved vendor, 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 vendors 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. In order to protect the System and its good standing with vendors, Franchisee must pay vendors on time and notify Franchisor of any amounts payable to vendors more than 90 days past due.

(d) Technology and Computer Systems. Franchisor has the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by, between, or among the Franchised Business, including without limitation: (1) back office and point of sale systems, mobile devices, data, audio, video, and voice storage, retrieval, and transmission systems for use at the Franchised Business, between or among Franchised Businesses, and between and among Franchisee's Franchised Business and Franchisor, its designee, and/or Franchisee; (2) physical, electronic, and other security systems; (3) printers and other peripheral devices; (4) archival back-up systems; and (5) Internet access mode (e.g., form of telecommunications connection) and speed (collectively, the "Computer System"). Franchisee must purchase or lease, and thereafter maintain, the Computer System, and comply with Franchisor's requirements, specifications, and policies concerning the use of technology, as they may be specified in this Agreement, or specified or modified in the Manual or the Handbook or otherwise in writing.

i. Franchisor's Use of Data

Franchisor shall have the right at any time to retrieve and use such data and information from Franchisee's Computer System that Franchisor deems necessary or desirable, including, without limitation, the uses identified in Section 8.1(d) above. In view of the contemplated interconnection of computer systems and the necessity that such systems be compatible with each other, Franchisee expressly agrees that it must strictly comply with Franchisor's standards and specifications for all items associated with Franchisee's Computer System and will otherwise operate its Computer System in accordance with Franchisor's standards and specifications. To ensure full operational efficiency and optimum communication capability between and among equipment and computer systems installed by Franchisee, Franchisor, and other franchisees, Franchisee agrees, at its expense, that Franchisee must keep its Computer System in good maintenance and repair, and, at its expense, and following the determination that Franchisor shall have the right to make, to the effect that same will prove economically or otherwise beneficial to all System franchisees, that Franchisee must promptly install such additions, changes, modifications, substitutions, and/or replacement to Franchisee's computer hardware,

software, telephone, and power lines, and other related facilities, as Franchisor directs periodically in writing. Franchisee must provide to Franchisor, upon Franchisor's request, all email lists and customer lists used or maintained by Franchisee on the Computer System or elsewhere.

ii. Required Programs

Franchisor has the right, but not the obligation, to develop or have developed for it, or to designate, any or all of the following: (a) software programs and accounting system software that Franchisee must use in connection with the Computer System ("Required Software"), which Franchisee must install; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee must install; (c) the tangible media upon which Franchisee must record or receive data; (d) the database file structure of Franchisee's Computer System; (e) an electronic portal for informational assistance with may include, without limitation, the Manual, Handbook, training, other assistance materials, and management reporting solutions; and (f) answering service requirements.

iii. Upgrades and Access

Franchisee agrees to install and use the Computer System and Required Software in the manner that Franchisor requires. Franchisor may charge a reasonable software license fee for any Required Software. Franchisee agrees to implement and periodically update and make other changes to the Computer System and Required Software as Franchisor requests in writing, which shall not be more often than one upgrade per year (collectively, "Computer Upgrades"). Franchisee will comply with Franchisor's written specifications (whether in the Manual, Handbook or otherwise) with respect to the Computer System and the Required Software, and with respect to Computer Upgrades, at Franchisee's own expense.

Franchisee agrees to afford Franchisor unimpeded access to its Computer System and Required Software in the manner, form, and at the times that Franchisor requests. Franchisee must provide Franchisor with user identifications and passwords required to access files and other information contained on the Computer System.

Because changes to technology are dynamic and not predictable within the Term, and in order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees: (a) that Franchisor will have the right to establish, in writing, reasonable new standards to address new technologies and data security, whether published in the Manual or Handbook or otherwise in writing, and that Franchisor has the right to implement those changes in technology into the System; and (b) to abide by Franchisor's new standards (and with Franchised Business

audits conducted by Franchisor or its designee to confirm Franchisee's compliance) as if this Section, and other technology provisions in this Agreement, were periodically revised for that purpose.

(e) Extranet/Electronic Portal. Franchisee must comply with Franchisor's requirements (as set forth in the Manual or the Handbook or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee's Computer System and Franchisor's Extranet and/or electronic portal and/or such other computer systems as Franchisor may reasonably require. The term "Extranet" means a private network based upon Internet protocols that will allow users inside and outside of Franchisor's headquarters to access certain parts of Franchisor's computer network via the Internet. Franchisor may establish an Extranet and/or electronic portal (but is not required to do so or to maintain an Extranet and/or electronic portal). Franchisee must comply with Franchisor's requirements (as set forth in the Manual or the Handbook or otherwise in writing) with respect to connecting to the Extranet and/or electronic portal, and utilizing the Extranet and/or electronic portal in connection with the operation of the Franchised Business. The Extranet and/or electronic portal may include, without limitation, the Manual, the Handbook, training and other assistance materials, and management reporting solutions (both upstream and downstream, as Franchisor may direct).

Franchisee must purchase and maintain such computer software and hardware (including but not limited to telecommunications capacity) as may be required to connect to and utilize the Extranet and/or electronic portal. Franchisor reserves the right to require Franchisee to contribute a reasonable amount toward the cost of the Extranet's and/or electronic portal's maintenance and further development. If Franchisee fails to comply with any policy or procedure governing the Extranet and/or electronic portal, Franchisor may temporarily suspend Franchisee's access to all or any aspect of the Extranet and/or electronic portal (such as a chat room, bulletin board, listserv or similar feature) until Franchisee fully cures the breach. Franchisee will not have any claim against Franchisor or any affiliate arising from such suspension from the Extranet and/or electronic portal pursuant to this Section 8.1(e), and Franchisee hereby waives any such claim it may at any time have and releases Franchisor and its affiliates from any liability arising therefrom.

Franchisee and Franchisor shall each be responsible for protecting their own interests in relation to electronic communications. Franchisor shall have no liability to Franchisee on any basis, whether in contract, tort (including negligence) or otherwise, in respect of any error, damage, loss, or omission arising from or in connection with electronic communication of information.

(f) Customer Relations. Except as otherwise specified by Franchisor in the Manual or Handbook or otherwise, Franchisee must immediately resolve any customer complaints regarding the quality of products or services of the Franchised Business or any similar complaints. When any customer complaints cannot be immediately resolved, Franchisee must use reasonable efforts to resolve the customer complaints as soon as practical. If Franchisor determines that its intervention is necessary or desirable to protect the System or the goodwill associated with the System, or if Franchisor believes that Franchisee has failed adequately to address or resolve any customer complaints, Franchisor may, without Franchisee's consent, resolve any complaints and charge Franchisee an amount sufficient to cover Franchisor's reasonable costs and expenses in resolving the customer complaints, which amount Franchisee must pay Franchisor immediately on

demand. **It is <u>strictly prohibited</u> to use a deposit received from a customer for the purchase of product for any other purpose, including the placement of product orders for other customers.**

(g) <u>Taxes</u>. 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.

(h) <u>Minimum Working Capital</u>. Franchisor strongly suggests (but does not require) that Franchisee should have a minimum working capital of not less than $200,000 over the first two years of the business. Depending upon the circumstances, Franchisee may need considerably greater working capital (of $325,000 or more) over the first two years of the business. 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, inventory and related and ongoing 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.

(i) <u>Staffing</u>. 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 Handbook or otherwise) concerning employees, Franchisee will be solely responsible for all hiring, firing, and discipline issues concerning its employees. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor. Franchisor has no right or obligation to direct Franchisee's employees or to operate the Franchised Business. Franchisee will indemnify Franchisor (under Section 13.3, 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 <u>Manual and Handbook</u>

(a) Franchisee will operate the Franchised Business in accordance with the Manual and the Handbook. Franchisor will have the right to modify the Manual and the Handbook at any time by the addition, deletion or other modification of the provisions of the Manual and the Handbook. Franchisor agrees that although the modifications to the Manual and the Handbook 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 the next business day after notification is posted on Franchisor's electronic portal.

(b) All additions, deletions, or modifications to the Manual and the Handbook will be equally applicable to all similarly-situated Franchisees. The Manual and the Handbook, as

modified or amended from time to time, will not alter Franchisee's fundamental status and rights under this Agreement. References to the Manual or the Handbook made in this Agreement, or in any amendments or exhibits to this Agreement, will be considered to mean the Manual or the Handbook, as the case may be, as amended from time to time.

(c) 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 Handbook or disclose the terms of either of them to any other person except employees and agents of Franchisee when required in the operation of the Franchised Business.

8.3 Local Area Marketing

(a) Franchisee must use best efforts to promote and advertise the Franchised Business and participate in any local marketing and promotional programs that Franchisor establishes from time to time. In addition to the National Advertising Fee in Section 4.4, Franchisor recommends that Franchisee invest at least 8% - 10% of its Gross Revenue in local marketing and promotion.

(b) Franchisee has the right to conduct such advertising and promotions of the Franchised Business as Franchisee in its reasonable discretion desires, provided that:

(i) Franchisee must advertise and promote only in a manner that will reflect favorably on Franchisor, Franchisee, the products and services and the good name, goodwill and reputation thereof;

(ii) Franchisee must submit all proposed advertising and promotions to Franchisor for its approval, which approval may not be unreasonably withheld or unduly delayed. Franchisee may not use any advertising or promotions until Franchisor has given its written approval of such advertising or promotions;

(iii) if Franchisee operates a Showroom, Franchisee must prominently display, at its expense, in and on the Showroom, signs of such nature, form, color, number, location, size and content as Franchisor may direct or approve in writing from time to time. Such signs must be purchased from suppliers approved by Franchisor; and

(iv) Franchisee hereby acknowledges that all rights, including, without limitation, all intellectual property rights, in all advertising and promotional material prepared by or on behalf of Franchisor are and will at all times remain the property of Franchisor.

8.4 Telephone Numbers and 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 its expense, Franchisee will obtain and maintain a telephone service for the Franchised Business. Franchisee may insert this telephone number in its directory listings, 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 number must be separate 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 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) Upon termination of this Agreement, for any reason, Franchisor will retain or change the telephone number relating to the Franchised Business in its sole discretion and Franchisee will do all things necessary or appropriate to transfer the telephone number to Franchisor, including paying any outstanding accounts with any directories and telephone service providers, and will not provide a call forwarding or telephone number referral with respect to any retained or disconnected telephone number. At any time during the Term of this Agreement, Franchisor may require Franchisee to sign a telephone supersedure form applicable to the telephone number relating to the Franchised Business. Furthermore, upon termination, Franchisee will not indicate in any manner it was previously affiliated with Franchisor.

(d) 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.

8.5 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.

8.6 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 (as defined in Section 8.1(d)), and Franchisee will provide to Franchisor such reports as Franchisor may from time to time prescribe in the Manual. 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 by Franchisor 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 submit monthly Gross Revenue reports by the fifth day of the month for the immediately preceding calendar month in the form and via the method prescribed by Franchisor from time to time in the Manual or otherwise in writing.

(c) Franchisee will submit monthly profit and loss statements by the fifth day of the month for the immediately preceding calendar month in the form and via the method prescribed by Franchisor from time to time in the Manual or otherwise in writing.

(d) 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 Gross Revenue and Product purchases related to the Franchised Business, in the form and manner specified by Franchisor in the Manual. Franchisor shall have the right, during normal business hours, and without prior notice to Franchisee, to inspect or audit, or cause to be inspected or audited the financial books, records, bookkeeping and accounting records, documents or other materials in respect of the Franchise Business, including the right, without limitation, to have a person on the premises to check, verify and tabulate Gross Revenue and Product purchases, and/or to examine and make copies of all accounting and business records and procedures. In the event that any such audit or inspection shall disclose an understatement of Gross Revenue, Franchisee shall pay to Franchisor, within fourteen (14) days after receipt by Franchisee of the inspection or audit report, the National Advertising Fee due on account of such understatement. Further, if such audit or inspection is made necessary by the failure of Franchisee to furnish reports, financial statements or any other documentation as herein required, or if it is determined by any such audit or inspection that Franchisee's records and procedures were insufficient to permit a proper determination of Gross Revenue or Product purchases for any year or part thereof to be made, or that Gross Revenue or National Advertising Fees for the period in question were understated by 5% or more of the Gross Revenue actually received, or Product purchases from other than approved vendors were more than 10% of all Product purchases, Franchisee shall immediately take such steps as may be necessary to remedy such default in accordance with any Franchisor requirement and Franchisee shall promptly pay to Franchisor all costs incurred in connection with such audit or inspection, including, without limitation, charges of an accountant and the travel expenses, room, board and compensation of employees of Franchisor or its designee who performed the audit or inspection. In the event any audit or inspection reveals any understatement of 5% or more of Gross Revenue, or that Product purchases from other than approved vendors were more than 10% of all Product purchases, Franchisor has the right as it deems necessary to conduct further audits or inspections

for up to two years thereafter, at Franchisee's expense for all costs and expenses of the subsequent audit or inspection. Franchisee acknowledges and agrees that if a subsequent audit or inspection reveals any understatement of Gross Revenues of 5% or more or 10% or more Product purchases are from other than approved vendors, in addition to any other available remedies, Franchisor will have the right to terminate this Agreement without any opportunity to cure in accordance with Section 10.2 of this Agreement. If Franchisee's records and procedures were insufficient to permit a proper determination of Gross Revenue or Product purchases, Franchisor shall have the right to deliver to Franchisee an estimate, made by Franchisor, of Gross Sales or Product purchases from other than approved vendors for the period under consideration and Franchisee shall immediately pay to Franchisor any amount shown thereby to be owing on account of the National Advertising Fees and, as liquidated damages and not a penalty, such sums that would otherwise have been paid to Franchisor by approved vendors in the form of rebate had Franchisee purchased Product from the approved vendors instead of unapproved vendors. Any such estimate shall be final and binding on Franchisee.

(e) Within two weeks of each calendar month end Franchisee will furnish Franchisor with a summary profit and loss statement in Franchisor's required form. Within 60 days after each of Franchisee's fiscal years end, Franchisee will furnish Franchisor with (i) a detailed profit and loss statement in Franchisor's required form together with a balance sheet for 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.

(f) 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 document.

(g) Franchisor and/or its representatives shall have the right at all times during normal business hours, without notice to Franchisee, to inspect the Showroom (if any) to determine whether it is in compliance with the requirements of the Manual and the Showroom addendum and examine the manner in which Franchisee is conducting its business. In the event of any such inspection, Franchisee and its personnel shall cooperate fully.

8.7 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, services, financial and other records (of which Franchisor representatives may make copies), management, and administration, to determine the quality and the faithfulness of Franchisee's compliance with the provisions of this Agreement and the Manual.

8.8 Compliance with Laws

Franchisee will (i) operate the Franchised Business in compliance with all applicable laws, rules and regulations of all governmental authorities, some of which are subject of specific policies set forth in the Manual and which policies must be strictly adhered to; (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 License Board (or its equivalent) and other appropriate organizations. Franchisee represents and warrants that it will obtain and maintain all necessary permits, certificates, and/or licenses 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.

8.9 Pricing

Franchisee is solely responsible for determining the prices of products and services offered by the Franchised Business, however, Franchisee is required to comply with any maximum or minimum resale pricing restrictions Franchisor may implement so long as such pricing does not violate applicable law.

8.10 No Competing 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 licenses 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) 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, or within a 25 mile radius of, the Territory or the territory of any TAILORED LIVING® business in existence or under development as of the expiration date.

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 in 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.

8.11 Franchisor's Web Site

(a) Franchisor has established and will maintain from time to time one or more sites on 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 Marks, 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 Franchisor'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 compliance with the procedures, policies, standards, and specifications that 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.

8.12 <u>E-mail, Internet, Social Media and Other Media</u>

(a) Franchisee must comply with Franchisor's requirements and policies (as described in the Manual, Handbook or otherwise in writing) with respect to all digital media (including, but not limited to, Franchisor's web site) in connection with the Franchised Business and in connection with discussing, advertising, or disseminating any information, or otherwise having a presence, on the Internet, in social media or any other media, regarding the Franchised Business. Such activities include, without limitation, participation in any Internet blogs, vlogs or social media sites. Any such activities which are not expressly permitted in the Manual, the Handbook or otherwise in writing, or for which Franchisee has not previously received approval from Franchisor, will be

subject to Franchisor's prior approval.

(b) Franchisee may advertise and promote the Franchised Business via social media, which must be comprised of pages, communications and content located on third party platforms using the Marks as specified by Franchisor (collectively, "Franchisee's Social Media"), provided that Franchisor is granted administrator access rights to Franchisee's Social Media. All uses of Franchisee's Social Media pages and communication channels and uses must be established in accordance, and at all times be in compliance with, the Manual and Handbook.

(c) Franchisee agrees not to transmit or cause any other party to transmit consumer advertisements or solicitations by e-mail or other digital media without Franchisor's prior written consent as to: (a) the content of such advertisements or solicitations; and (b) Franchisee's plan for transmitting such advertisements. In addition to any other provision of this Agreement, Franchisee agrees that it will be solely responsible for complying with any laws pertaining to sending e-mails, including but not limited to the Controlling the Assault of Non-Solicited Pornography and Proprietary Marketing Act of 2003 (known as the CAN-SPAM Act of 2003).

(d) Franchisee must promptly discontinue any advertising or promotion using social media, whether or not previously agreed to by Franchisor, upon notice from Franchisor that it reasonably considers that such use of social media does not conform to the System standards. Upon the expiration or termination of this Agreement, Franchisee will assign ownership (to the extent Franchisor does not already own them) of all domain names, account names, handles, and user names used by Franchisee in its business under this Agreement and Franchisee will take all such actions as Franchisor reasonably requires to disassociate Franchisee from any such names and social media pages.

8.13 Electronic Commerce

Franchisor may, at its sole option, use Franchisor's Web site or another Web site created for the purpose, to engage 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. 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-users' 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.

8.14 Franchisor Electronic Portal

(a) Franchisor may establish and maintain, at its option, either a series of "private" pages on Franchisor's Web site (described in Section 8.11) or electronic portal 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 and the Handbook, updates to them, and other confidential information. Franchisor will have sole discretion and control over all aspects of the electronic portal, including the content and functionality of the electronic portal. Franchisor will have no obligation to maintain the electronic portal indefinitely, and may dismantle it at any time without liability to Franchisee.

(b) If Franchisor establishes an electronic portal, Franchisee will have the privilege to use the electronic portal, 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 electronic portal, (iv) password protocols and other security precautions, (v) grounds and procedures for Franchisor's suspending or revoking a Franchisee's access to the electronic portal, and (vi) a privacy policy governing Franchisor's access to and use of electronic communications that franchisees post to the electronic portal. Franchisee acknowledges that, as administrator of the electronic portal, Franchisor can technically access and view any communication that any person posts on the electronic portal. Franchisee further acknowledges that the electronic portal 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) Franchisee will establish and continually maintain (during all times that the electronic portal is established and until the termination of this Agreement) an electronic connection (the specifications of which will be specified in the Handbook) with the electronic portal that allows Franchisor to send messages to and receive messages from Franchisees, 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 electronic portal 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 the Handbook and any updates to them, unless Franchisee is not otherwise entitled to the Manual or the Handbook.

8.15 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.

8.16 Key Accounts

(a) 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 serviced. Franchisee will comply with all Key Account policies.

(b) Franchisee further acknowledges that Key Account policies to be established by Franchisor may obligate Franchisee to pay to Franchisor a lead referral fee or a percentage of the job in exchange for referral of leads from the Key Account. Franchisee acknowledges that Franchisor makes no representation or warranty that any specified amount of Key Account business will be provided within the Territory.

8.17 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 one licensed copy of the TAILORED LIVING® design/visualization software ("Design Software"), a software program that will allow Franchisee to provide the in-home demonstrations described above. Franchisor may substitute the Design Software at any time in its discretion. When Franchisor provides the Design Software, Franchisee must pay the Design Software Fee described in Section 4.6 for this initial Design Software license. Franchisee may use the Design Software on only a single computer, but may obtain additional licenses of the Design Software from Franchisor by paying an additional Design Software Fee for each additional license. Franchisor may, from time-to-time in Franchisor's discretion, provide Franchisee with enhancements, improvements, and other upgrades to the Design Software. Changes to or substitutions of the Design Software may require Franchisee to upgrade the computer on which the Design Software runs. The Design Software will be disabled upon termination of this Agreement for any reason.

8.18 Vendor Allowances

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 vendors 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 vendor).

8.19 Privacy

(a) With regards to Privacy Information (defined below) Franchisee and Franchisor must comply with their obligations under applicable Privacy Law. "Privacy Information" means all information that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household. Privacy Information includes but is not limited to, the following if it identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household: identifiers such as a real name, alias, postal address, unique personal identifier, online identifier, Internet Protocol address, email address, account name, social security number, driver's license or state identification card number, passport number, signature, physical characteristics or description, telephone number, insurance policy number, bank account number, credit card number, debit card number or any other financial information, medical information or health insurance information; characteristics of protected classifications under state or federal law; commercial information, including records of personal property, products or services purchased, obtained or considered, or other purchasing or consuming histories or tendencies; biometric information; Internet or other electronic network activity information including, but not limited to, browsing history, search history, and information regarding a consumer's interaction with an Internet Web site, application, or advertisement; geolocation data; audio or electronic information; professional or employment-related information; education information that is not publicly available personally identifiable information as defined in the Family Educational Rights and Privacy Act (20 USC § 1232g; 34 CFR Part 99); and inferences drawn from any of the information identified in this subsection to create a profile about a consumer reflecting the consumer's preferences, characteristics, psychological trends, predispositions, behavior, attitudes, intelligence, abilities and aptitudes. "Personal Information" does not include publicly available information that is lawfully made available to the general public from federal, state or local government records. "Publicly available" does not mean biometric information collected by a business about a consumer without the consumer's knowledge. "Privacy Law" means any local, state or federal data privacy or data security law or regulation.

(b) Use of Privacy Information. In no circumstances shall Franchisee or Franchisor ever sell the Privacy Information. Franchisee further agrees not to access, use or process the Privacy Information, except in the furtherance of its rights and obligations under this Agreement but at all times in compliance with Privacy Law. Franchisee shall be solely liable for any and all violations of Privacy Law that may arise from its failure to comply with this provision.

(c) Privacy Information Requests. To the extent Franchisor does not have the ability to address requests made under applicable Privacy Law by individuals that are the subject of any of the Privacy Information, Franchisee shall, upon Franchisor's request, provide reasonable assistance to Franchisor in responding to such requests.

(d) Audits. During the term of this Agreement, at Franchisor's request and subject to reasonable notice, Franchisee shall provide Franchisor with information sufficient to establish its

compliance with the obligations set forth in this Section 8.19 and the applicable Privacy Laws.

8.20 PCI DSS Compliance

Franchisee must comply with the Payment Card Industry Data Security Standards (PCI DSS) as these standards may be revised and modified by the Payment Card Industry Security Standards Council (PCISSC) or such successor replacement organization, and/or in accordance with other standards as we may specify. In addition, you must submit annually to us a fully completed copy of your PCI Attestation of Compliance on the then-current PCISSC form or such successor or replacement form(s) and/or processes.

8.21 Nondisclosure and Confidentiality

Franchisee acknowledges that it has had no part in the creation or development of nor does it have any property or other rights or claims of any kind in or to any element of the System, the Marks or any matters dealt within the Manual or the Handbook. Franchisee also acknowledges that all disclosures made to Franchisee relating to the System, including, without limitation, the specifications, standards, procedures and the entire contents of the Manual and the Handbook, are communicated to Franchisee solely on a confidential basis and as trade secrets, in which Franchisor has a substantial investment and a legitimate right to protect against unlawful disclosure. Accordingly, Franchisee agrees to maintain the confidentiality of all such information during the term of this Agreement and at any time thereafter and may not disclose any portions of the Manual or the Handbook or any information whatsoever with respect to Franchisee's or Franchisor's business affairs or the System, other than as may be required to enable Franchisee to conduct its business. Franchisee further agrees not to use any such information in any other business or in any manner not specifically approved in advance in writing by Franchisor.

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 may withhold or condition Franchisor's consent to any Transfer, as Franchisor deems appropriate, based on the circumstances of the Transfer or otherwise. If Franchisor believes that the terms and conditions of any Transfer would not be in the best interests of the Franchisor, the proposed transferee or the TAILORED LIVING® System, Franchisor may refuse to consent to such Transfer. Without limitation, 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, the System, 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. Without limiting the generality of the foregoing, if a contractor's license is required in the state in which the Territory is located, the proposed assignee or one

or more of the principal officers, shareholders or directors of the proposed assignee must qualify for, and obtain, or otherwise obtain for the benefit of the Franchised Business such as through an employee of Franchisee, such contractor's license prior to the effective date of the Transfer.

(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 and pays the then current initial franchise fee under the franchise 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 and pays the then-current initial franchise fee under the franchise agreement.

(vi) Franchisee, assignee and each shareholder of a corporate assignee sign the then current form of Consent to Transfer and Assumption of Franchise Agreement.

(vii) 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 ORGANIZED SPACES, 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 Article 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 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 Article 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 Revenues 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 Article 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 Franchised Business 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 $10,000 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 applies a deposit from a customer intended to be used to purchase Product for that customer’s order for any other purpose.

(n) If Franchisee purchases more than 10% of its products from unapproved vendors in violation of Section 8.1(c).

(o) If a repeated audit reveals repeated understatement of Gross Revenues by 5% or more as stated in Section 8.1(c).

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.

10.5 Statutory Limitations

In spite of anything to the contrary in this Article 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.

10.6 Alternative Remedies

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 organizers in the territory assigned to another franchisee of Franchisor, require Franchisee to pay, as liquidated damages, and not a penalty, an amount equal to 100% of the total gross sales generated by sales in the other franchisee's territory (which shall be used in Franchisor's discretion to reimburse the other franchisee for the value of the business diverted, including lost goodwill, and to compensate Franchisor for its costs of investigating Franchisee's breach). 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

11.1 Alternate Dispute Resolution

Except for the disputes described in Section 11.2 of this Agreement and except as otherwise specifically modified by this Article 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 Article 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 Article 6.1 (Intellectual Property), Section 7.9 (Proprietary Materials), Section 8.10 (No Competing Businesses), 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 Article 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. The fees of the arbitrator will be borne equally by Franchisor and Franchisee, and all other expenses relating to the arbitration will be borne by the party incurring them.

(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. Whenever Franchisor has a right and/or the 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 that decision or exercise its right and/or discretion on the basis of Franchisor's judgment of what is in the best interests of the System. Franchisor's judgment of what is in the best interests of the System, at the time Franchisor's decision is made or Franchisor's right or discretion is exercised, can be made without regard to whether: (a) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by Franchisor; (b) Franchisor's decision or the action taken promotes Franchisor's financial or other individual interest; (c) Franchisor's decision or the action taken applies differently to Franchisee and one or more other franchisees or Franchisor's company-owned or affiliate-owned operations; or (d) Franchisor's decision or the action taken is adverse to Franchisee's interests. Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of Franchisor's right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations under this Agreement.

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 Article 11 are independent of any other covenant or provision of this Agreement. If any part of this Article 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 Article 11 will continue in full force and effect. If the court determines that deletion of portions of this Article 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)(vii) respecting the turn 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 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) Assign to Franchisor all interest and right to use all telephone numbers and all listings applicable to the Franchised Business in use at the time of the termination and take all action necessary to change all telephone numbers immediately and change all listings as soon as possible including payment of any outstanding invoices payable to telephone service providers.

(vii) 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.

(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 and the Handbook, will constitute a waiver of the provisions of this Agreement or the Manual and the Handbook with respect to any subsequent breach of the same or any other provision of this Agreement or the Manual and the Handbook, 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 and the Handbook.

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 No Liability

Franchisor shall not be responsible or otherwise liable for any injury, loss, or damage suffered by any person or property directly or indirectly arising out of Franchisee’s operation of the Franchised Business. Franchisor will have no liability for Franchisee’s obligations to pay third parties, including any landlords and product vendors.

13.3 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.

13.4 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.

13.5 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.

13.6 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.

13.7 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.

13.8 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:

ORGANIZED SPACES, LLC
19000 MacArthur Boulevard, Suite 100
Irvine, CA 92612
Attention: President

With a copy to:

HOME FRANCHISE CONCEPTS, LLC
19000 MacArthur Boulevard, Suite 100
Irvine, CA 92612
Attention: General Counsel

(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 13.8 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 13.8 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.

13.9 Franchisor's Discretion

Whenever Franchisor has a right and/or the 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 that decision or exercise its right and/or discretion on the basis of Franchisor's judgment of what is in the best interests of the System. Franchisor's judgment of what is in the best interests of the System, at the time Franchisor's decision is made or Franchisor's right or discretion is exercised, can be made without regard to whether: (a) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by Franchisor; (b) Franchisor's decision or the action taken promotes Franchisor's financial or other individual interest; (c) Franchisor's decision or the action taken applies differently to Franchisee and one or more other franchisees or Franchisor's company-owned or affiliate-owned operations; or (d) Franchisor's decision or the action taken is adverse to Franchisee's interests. Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of Franchisor's right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations under this Agreement.

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 Article 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 or the Handbook 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 or the Handbook 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 or the Handbook 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 Article 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 the Handbook, 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 13.8, 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 _____.

[SIGNATURES FOLLOW]

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
ORGANIZED SPACES, LLC

Date: _____

By: _____
Jennie Amante, Secretary

Sign here if Franchisee is an individual:

FRANCHISEE

Date: _____

_____

Name: _____

Sign here if Franchisee is a company:

FRANCHISEE

Company Name: _____

Date: _____

By: _____

Name: _____

Title: _____

STATE SPECIFIC ADDENDUM TO 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, Rhode Island and Washington.

2. AGREEMENT

The parties agree as follows:

2.1 Illinois

The following provisions apply to you if your State is Illinois: Illinois law governs the franchise agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

2.2 Maryland

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

2.2.1. Franchise Fee

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 $19,950. 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.

2.2.2. Territory Fee

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 $60,000. 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.

[SIGNATURES FOLLOW]

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

FRANCHISOR
ORGANIZED SPACES, LLC

Date: _____

By: _____
Jennie Amante, Secretary

Sign here if Franchisee is an individual:

FRANCHISEE

Date:_____

_____

Name: _____

Sign here if Franchisee is a company:

FRANCHISEE

Company Name:_____

Date:_____

By: _____

Name: _____

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 and any other agreement between Franchisor and Franchisee 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. Travel Voucher for $1,000
2. Three (3), one (1) hour sessions with Franchisor's design specialist to help Franchisee implement design strategy.
3. Stationery (500 letterhead, envelopes, business cards, and invoices)
4. D'Vinci™ design software (1)
5. Samples (closet, garage, home office)
6. 25 yard signs
7. Vehicle wrap (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._____

   _____

   _____

   _____ ____%

   b._____

   _____

   _____

   _____ ____%

   c._____

   _____

   _____

   _____ ____%

   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.Title:_____ c.Title:_____

_____ _____

_____ _____

_____ _____

b.Title:_____ d.Title: _____

_____ _____

_____ _____

_____ _____

SCHEDULE 4

FRANCHISEE AFFIRMATIONS AND ACKNOWLEDGEMENTS

As you know, Organized Spaces, LLC ("we", "us" or "Organized Spaces"), and you are preparing to enter into a Franchise Agreement for the operation of a TAILORED LIVING® franchise (a "Franchised Business"). The purposes of this Questionnaire are to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your initial franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes____ No ____ 1. Have you received and personally reviewed the Franchise Agreement, as well as each exhibit or schedule attached to each agreement you intend to enter into with us?

Yes____ No ____ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?

Yes____ No ____ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes____ No ____ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?

Yes____ No ____ 5. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating a Franchised Business with these professional advisor(s)?

Yes____ No ____ 6. Do you understand the success or failure of your Franchised Business will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as political or social disruption, including COVID-19 or any other pandemic, weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

Yes____ No ____ 7. Do you understand we have only granted you certain protected territorial rights under the Franchise Agreement and that we have reserved certain rights under the Franchise Agreement?

SCHEDULE 5

Yes____ No ____ 8. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the TAILORED LIVING® mark or other marks, at any location outside your Protected Territory, without regard to the proximity of these activities to the your Protected Territory?

Yes____ No ____ 9. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated, at our option, in Orange County, California?

Yes____ No ____ 10. Do you understand the Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and you are not entitled to any punitive, consequential or other special damages?

Yes____ No ____ 11. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is Organized Spaces, LLC?

Yes____ No ____ 12. Do you understand all persons whose names appear on the Franchise Agreement must successfully complete the appropriate initial training program(s) before we will allow the Franchised Business to open or consent to a transfer of that Franchised Business?

Yes____ No ____ 13. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?

Yes____ No ____ 14. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?

Yes____ No ____ 15. Do you understand that we will send written notices, as required by your Franchise Agreement, to your Franchised Business until you designate a different address by sending written notice to us?

Yes____ No ____ 16. Do you understand that we will not approve your purchase of a Franchised Business, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?

Yes____ No ____ 17. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Franchised Business that is not contained in the Disclosure Document

SCHEDULE 5

or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 18. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Franchised Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 19. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 20. Is it true that no broker, employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Franchised Business purchase with exception of those payments or loans provided in the Disclosure Document?

Yes____ No ____ 21. Did you receive the Franchise Disclosure Document at least fourteen (14) days before you completed and signed this Questionnaire?

Yes____ No ____ 22. Did you receive the Franchise Agreement at least seven (7) days before you completed and signed this Questionnaire?

Yes____ No ____ 23. Do you understand that the COVID-19 outbreak or any other pandemic or other outbreak and any preventative or protective actions that federal, state and local governments may take in response to this pandemic or outbreak may result in a period of business disruption, reduced customer demand, and reduced operations for the Franchised Business, and that the extent to which the COVID-19 outbreak impacts the Franchised Business will depend on future developments, which are uncertain and which we cannot predict?

SCHEDULE 5

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

_____	_____
Signature of Franchise Applicant	Signature of Franchise Applicant
_____	_____
Name (please print)	Name (please print)
Dated: _____, 20_____	Dated: _____, 20_____

SCHEDULE 5

EXHIBIT B

FINANCIAL STATEMENTS

Tailored Living, LLC

Financial Statements
As of and for the Years Ended
December 31, 2021, 2020, and 2019

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

Tailored Living, LLC

Financial Statements
As of and for the Years Ended December 31, 2021, 2020, and 2019

Tailored Living, LLC

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Independent Auditor's Report

To the Member of
Tailored Living, LLC
Irvine, California

Opinion

We have audited the financial statements of Tailored Living, LLC (the Company), which comprise the balance sheets as of December 31, 2021, 2020, and 2019, and the related statements of earnings, equity, and cash flows for each of the three years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, 2020, and 2019, and the results of its operations and its cash flows for the each of the three years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

In performing an audit in accordance with GAAS, we:

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

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

BDO USA, LLP

March 11, 2022

Financial Statements

Tailored Living, LLC

Balance Sheets

December 31,	**2021**	2020	2019
Assets			
Current assets			
Cash ($139,006, $244,980, and $86,530 restricted in 2021, 2020, and 2019, respectively)	**$ 1,002,110**	$ 773,930	$ 1,154,748
Accounts receivable, net of allowance for doubtful accounts of $10,506, $16,326, and $22,865 for 2021, 2020, and 2019, respectively	**51,777**	114,299	166,701
Current maturities of notes receivable, net of allowance for doubtful accounts of $14,226, $25,902, and $978 for 2021, 2020, and 2019, respectively	**221,154**	271,659	53,104
Rebates receivable	**327,379**	289,905	150,891
Prepaid expenses	**375,908**	134,002	145,352
Total current assets	**1,978,328**	1,583,795	1,670,796
Notes receivable, net of current maturities and allowance for doubtful accounts of $24,584, $38,133, and $3,059 for 2021, 2020, and 2019, respectively	**610,978**	347,412	315,703
Straight-line royalty assets	**5,912,590**	5,894,434	5,674,300
Property and equipment, net	**588,063**	481,940	218,899
Trademarks	**1,200,000**	1,200,000	1,200,000
Total assets	**$ 10,289,959**	$ 9,507,581	$ 9,079,698
Liabilities and Equity			
Current liabilities			
Accounts payable	$ **103,895**	$ 7,188	$ -
Accrued liabilities	**460,619**	310,206	253,373
Advertising advances and deposits	**177,972**	185,155	124,892
Deferred revenue	**392,473**	88,911	35,410
Total current liabilities	**1,134,959**	591,460	413,675
Total liabilities	**1,134,959**	591,460	413,675
Commitments and Contingencies (Note 8)			
Equity			
Member's equity	**12,823,674**	12,648,923	12,070,792
Due to parent	**(3,668,674)**	(3,732,802)	(3,404,769)
Total equity	**9,155,000**	8,916,121	8,666,023
Total liabilities and equity	**$ 10,289,959**	$ 9,507,581	$ 9,079,698

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

Tailored Living, LLC

Statements of Earnings

For the years ended December 31,	**2021**	2020	2019
Revenue			
Initial franchise fees	**$ 878,258**	$ 729,550	$ 1,005,920
Royalty income	**2,408,586**	2,331,807	2,730,399
Continuing franchise fees	**1,118,908**	1,116,665	1,007,974
Gross sales rebates	**1,950,595**	1,504,786	1,155,334
Other sales	**11,437**	43,273	60,261
Total revenue	**6,367,784**	5,726,081	5,959,888
Operating expenses			
Selling and advertising	**1,744,704**	2,245,229	2,179,070
Operating and administrative	**4,482,870**	2,964,566	1,828,554
Total operating expenses	**6,227,574**	5,209,795	4,007,624
Earnings from operations	**140,210**	516,286	1,952,264
Other income			
Interest income	**29,693**	30,535	19,636
Foreign exchange gain	**4,848**	31,310	37,077
Total other income	**34,541**	61,845	56,713
Net earnings	**$ 174,751**	$ 578,131	$ 2,008,977

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

Tailored Living, LLC

Statements of Equity

	Member's Equity	Due from (to) Parent	Total Equity
Balance at January 1, 2019	$ 10,061,815	$ (2,096,541)	$ 7,965,274
Advances to Parent	-	(1,308,228)	(1,308,228)
Net earnings	2,008,977	-	2,008,977
Balance at December 31, 2019	12,070,792	(3,404,769)	8,666,023
Advances to Parent	-	(328,033)	(328,033)
Net earnings	578,131	-	578,131
Balance at December 31, 2020	12,648,923	(3,732,802)	8,916,121
Advances from Parent	-	64,128	64,128
Net earnings	174,751	-	174,751
Balance at December 31, 2021	$ 12,823,674	$ (3,668,674)	$ 9,155,000

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

Tailored Living, LLC

Statements of Cash Flows

For the years ended December 31,	**2021**	2020	2019
Cash flows from operating activities			
Net earnings	**$ 174,750**	$ 578,131	$ 2,008,977
Adjustments to reconcile net earnings to net cash and restricted cash provided by operating activities:			
Depreciation	**143,614**	120,764	55,360
Provision for bad debts	**(27,121)**	76,163	40,963
Decrease (increase) in:			
Accounts receivable	**89,872**	33,791	(109,691)
Inventory	**-**	-	(15,953)
Notes receivable	**(213,289)**	(307,816)	(178,013)
Rebates receivable	**(37,473)**	(139,017)	(40,880)
Prepaid expenses	**(241,906)**	11,351	(88,528)
Straight-line royalty assets	**(18,157)**	(220,134)	(584,182)
Increase (decrease) in:			
Accounts payable	**96,707**	7,188	-
Accrued liabilities	**150,412**	56,834	90,402
Advertising advances and deposits	**(7,183)**	60,263	(96,873)
Deferred revenue	**303,563**	53,502	225,936
Net cash and restricted cash provided by (used in) operating activities	**413,789**	331,020	1,307,518
Cash flows from investing activities			
Purchase of property and equipment	**(249,737)**	(383,805)	(188,441)
Net cash and restricted cash used in investing activities	**(249,737)**	(383,805)	(188,441)
Cash flows from financing activities			
Advance from and (to) parent, net	**64,128**	(328,033)	(1,308,228)
Net cash and restricted cash provided by (used in) financing activities	**64,128**	(328,033)	(1,308,228)
Increase (decrease) in cash and restricted cash	**228,180**	(380,818)	(189,151)
Cash and restricted cash - beginning of year	**773,930**	1,154,748	1,343,899
Cash and restricted cash - end of year	**$ 1,002,110**	$ 773,930	$ 1,154,748

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

1. The Company

Tailored Living, LLC ("TL") is a California Limited Liability Company that was formed in February 2006 for the purpose of selling franchises for the operation of independently owned and operated businesses for the mobile sales and installation of closets and other home organizing products. The Company is a wholly-owned subsidiary of Home Franchise Concepts, LLC ("HFC, LLC" or "Parent"). Effective July 8, 2019, all of the Parent's equity interests were acquired by JM Franchise Holdings, Inc., a wholly owned subsidiary of JM Family Enterprises, Inc. ("Ultimate Parent").

As of December 31, 2021, TL has 187 total franchises, which are located throughout the United States and Canada, including 23 total franchises located in Canada. During 2021, 2020, and 2019, the Company derived approximately 10%, 7%, and 8%, respectively, of its total revenue from franchises located in Canada.

The financial position of the Company as of December 31, 2021, 2020 and 2019, and the results of its operations and cash flows for the years then ended may have differed had the Company not been affiliated with its Parent. Specifically, the allocation of the operating costs by the Parent to the Company may have differed had the Company not been affiliated with its Parent. See Note 9.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company maintains its records, and the accompanying consolidated financial statements have been prepared, on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates. Company estimates considered significant include the estimate of allowance for doubtful accounts for accounts and notes receivable, impairment test of trademarks and the allocation of the Parent's expenses to the Company.

The significant accounting policies and practices followed by the Company are set forth below:

Fair Value Measurements

The Company follows accounting guidance that defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosures about fair value measurements. Management believes the carrying value of financial instruments approximates their fair value. The carrying value of cash, restricted cash, accounts and rebates receivable, and due to/from Parent approximates their estimated fair value due to the short-term nature of these instruments. The carrying value of the Company's notes receivable approximates their fair value as the interest is tied to or approximates market rates.

Cash

The Company considers cash on hand and deposits in banks as cash.

The Company maintains some of its cash in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation up to a maximum of $250,000 per depositor. As of December 31, 2021, the Company's uninsured deposits in its deposit accounts with a U.S. bank totaled approximately $527,606.

The Company maintains some of its cash in deposit accounts with a Canadian bank, which are insured by the Canadian Deposit Insurance Corporation up to a maximum of $100,000 Canadian Dollars ("CAD") (approximately $78,241 as of December 31, 2021) per depositor. As of December 31, 2021, the Company's uninsured deposits in its deposit accounts with a Canadian bank totaled approximately $10,243 in U.S. dollars.

The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Restricted Cash

Restricted cash includes advertising advances and deposits from franchisees for the purpose of national and regional advertising ("NAF"). The use of these funds is restricted for advertising costs to benefit the franchisees. The funds cannot be utilized for the Company's advertising expenses in connection with the sale of franchises.

Accounts, Notes and Rebates Receivable

Accounts and rebates receivable consist of a) amounts due from franchise owners for continuing fees that are collected monthly, b) receivables for vendor rebates and c) receivables for advertising reimbursements from franchise owners and miscellaneous receivables and are stated at the amount management expects to collect from outstanding balances. Notes receivable consist of company loans made to franchise owners for a purchase of initial or additional franchises (Note 3). Management provides for probable uncollectible amounts through a charge to earnings and an increase in the allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through the allowance account.

The Company has recognized $965,673 or 50%, $972,551 or 65%, and $728,620 or 63% of gross sales rebates revenue from two, two, and three product suppliers for the year ended December 31, 2021, 2020, and 2019, respectively. The Company has approximately $183,140 or 56%, $205,805 or 71%, and $64,947 or 43% of rebates receivable from these suppliers as of December 31, 2021, 2020, and 2019, respectively.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over their estimated useful lives. Certain costs incurred in connection with developing or obtaining internal-use software are recorded at cost and are included in property and equipment on the accompanying balance sheets. Depreciation begins once the software is available for its intended use over its estimated useful life. Expenditures that materially increase the asset life are capitalized, while ordinary maintenance and repairs are charged to operations as incurred.

Depreciation is based on the estimated useful life and is calculated as follows:

Computer Software:	3-5 years
Fixture and Equipment:	3-5 years
Vehicles:	5 years

Impairment of Long-Lived Assets

The Company reviews long-lived assets held and used and capitalized software for impairment whenever circumstances indicate that the carrying amount of assets may not be fully recoverable. If so indicated, the Company assesses the recoverability of long-lived assets by determining whether the carrying value of an asset over its remaining life can be recovered based upon management's best estimate of the undiscounted future operating cash flows (excluding interest charges) related to the long-lived asset or group of assets and liabilities in which the long-lived asset generates cash flows. If the sum of such undiscounted cash flows is less than the carrying value of the asset (group), there is an indicator of impairment. The amount of impairment, if any, represents the excess of the carrying value of the asset (group) over fair value. Fair value is determined by market price, if available, or an estimate of projected future operating cash flows discounted using a rate that reflects market participant assumptions. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. Capitalized projects are amortized using the straight-line method. Research and development costs, training costs and software maintenance costs are expensed as incurred.

Trademarks

Trademarks with indefinite useful lives are reviewed for impairment annually, or more frequently if events and circumstances indicate they may be impaired.

For 2021, in accordance with Accounting Standards Codification ("ASC") 350-30-35-18A, the Company has performed a qualitative assessment to determine whether a quantitative impairment test was required. In performing its qualitative assessment, the Company looked to ASC 350-30-35-18B which provides "In assessing whether it is more likely than not that an indefinite-lived intangible asset is impaired, an entity shall assess all relevant events and circumstances that could affect the significant inputs used to determine the fair value of the indefinite-lived intangible asset." Accordingly, the Company assessed the events and circumstances such as the Company's overall financial performance, market trends and overall macroeconomic conditions. In accordance with ASC 350-30-35-18E, after assessing the totality of the events and circumstances above and their potential effect on significant inputs to the fair value of the trademarks, the Company determined that it is not more likely than not that the Trademarks are impaired. There was no impairment recorded during the years ended December 31, 2021, 2020, and 2019.

Foreign Currency Adjustments

Some of the Company's transactions with Canadian franchisees utilize the Canadian dollar as the functional currency with respect to royalties, NAF and media remittances. Revenue and expenses have been adjusted using average exchange rates for the year. Monetary assets denominated in foreign currencies are adjusted to reflect period-end exchange rates. The aggregate foreign exchange gains and losses included in net earnings were a net gain for $4,848, $31,310, and $37,077, for the years ended December 31, 2021, 2020, and 2019, respectively, which is included in foreign exchange gain in the accompanying statements of earnings.

Income Taxes

The Company is considered a disregarded entity for federal income tax purposes and is included in the federal income tax return and certain state income tax returns filed prior to the acquisition by the Parent and after the acquisition by the Ultimate Parent. The Company does not record a provision for federal or state income taxes for financial reporting purposes.

Equity

The Company engages in various intercompany transactions with its Parent. Accordingly, management has elected to present net advances to/from Parent as a component of equity in the accompanying balance sheets.

Advertising

The Company expenses the production costs of advertising the first time the advertising takes place. The Company's advertising expense is $331,047, $576,149, and $485,647, for the years ended December 31, 2021, 2020, and 2019, respectively, which is included in selling and advertising expenses on the accompanying statements of earnings.

Revenue Recognition

The Company follows ASC 606, Revenue from Contract with Customers, ("ASC 606") for revenue recognition. The core principle of ASC 606 is built on the contract between a vendor and a customer for the provision of goods and services, and attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. To accomplish this objective, the standard requires five basic steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation. (See Note 11)

The Company has elected the practical expedient offered under Accounting Standards Update ("ASU") 2021-02, Franchisors – Revenue from Contracts with Customers - Private Company Accounting Alternative (the "Accounting Alternative"). The Accounting Alternative permits the Company to account for pre-opening services provided to a franchisee as distinct from the franchise license and to recognize the pre-opening services as a single performance obligation. Upon the adoption of this Accounting Alternative, revenue and related expenses for pre-opening services provided to a franchisee are deferred until the franchisee and franchisee personnel complete their initial training, typically within six months of entering into the franchise agreement

Initial Franchise Fees

Initial and continuing franchise fee revenue is recognized upon substantial performance of material contractual obligations as set forth in the franchise agreement, typically the completion of training. Deferred revenue consists of deposits for franchise fees in which substantial performance of material obligations has not been achieved.

Royalty Income

Franchise royalty income consists of fixed fees paid by franchisees, as determined by the signed franchise agreement which are billed and due monthly. Additionally, the franchise agreements contain fixed royalty escalation clauses whereby the royalty amounts are increased during the first several years of the franchise agreement, which is included in straight-line royalty assets on the accompanying balance sheets. Royalty income is made up of performance obligations for the continuing right to use the Company's intellectual property, access to vendors and Company specific pricing, and area exclusivity.

In addition, Franchise royalty income consists of sales-based variable fees paid by franchisees and are billed and due monthly. The sales-based royalty fee is considered variable consideration and will continue to be recognized as revenue as such sales are earned by the franchisees. Sales-based fees qualify under the royalty constraint exception, and do not require an estimate of future transaction price.

Continuing Franchise Fees

Continuing franchise fees consist of fixed fees paid by franchisees, as determined by the signed franchise agreement which are billed and due monthly. The performance obligations for these fees are for monthly access to services related to IT, help desk, and telephone. These fees are fixed in nature, do not have pre-determined escalation amounts and are billed and due monthly. In accordance with ASC 606, these fees are recognized over time on a monthly basis as the franchise utilizes the right to access the aforementioned services.

The Company also receives advertising funds from the franchisees to provide national and regional advertisements for the benefit of the franchisees (NAF). These advances and deposits are based on a fixed amount for each franchisee and are restricted and segregated. The Company presents advertising contributions received from franchisees as franchise advertising fee revenue and records all expenses of the advertising fund within franchise expenses, resulting in an increase in revenues and expenses on the statements of earnings, with no change to the balance sheets unless the advertising was underspent. When underspent (revenue exceeds expenses), the advertising fund will accrue the difference from collections received and amount owed. In addition, the franchise agreements allow the Company to retain a percentage of the advertising deposits as compensation for its administration over the accounts.

Gross Sales Rebates

The Company receives vendor rebates primarily from closet, cabinet, and flooring suppliers. These rebates are generally covered by binding agreements, which are signed agreements between various vendors and the Company. Under ASC 606, the Company's performance obligation for vendor rebates is satisfied upon the sale of a vendor's product through the Company's franchisees. As such, revenue is estimated and recorded upon receipt of franchisee sales information from the vendor.

Other Sales

Other sales consist primarily of fees to attend the Company's annual convention. These fees are from both vendors and franchisees and are paid in advance of the annual convention. The performance obligation for the convention fees is to plan and hold the Company's annual convention. Convention fees are therefore recognized in the month the convention is held.

Cost to Obtain Contracts

The Company incurs costs that are directly attributable to obtaining a contract, for example broker fees, referral fees, and training fees. Cost to obtain contracts is recognized upon substantial performance of material contractual obligations as set forth in the franchise agreement, typically the completion of training. Costs are included in selling and advertising expenses on the accompanying statements of earnings.

3. Notes Receivable

Notes receivable relates to the Company financing a portion of the initial franchise fees from the sale of franchises. The notes are collateralized by the franchise territory. The notes generally bear interest at rates ranging from 0% to 10%, with maturities generally ranging from six months to ten years. A summary of notes receivable principal maturities follows:

Years ending December 31,	
2022	$ 235,380
2023	88,331
2024	70,285
2025	66,183
2026	72,277
Thereafter	338,486
Notes receivable	870,942
Less: allowance for doubtful accounts	(38,810)
Notes receivable, net of allowance for doubtful accounts	832,132
Less: current maturities, net of allowance for doubtful accounts	(221,154)
Notes receivable, net of current maturities and allowance for doubtful accounts	$ 610,978

4. Prepaid Expenses

Prepaid expenses consist of the following as of December 31:

	2021	2020	2019
Prepaid commissions and broker fees	**$ 38,350**	$ -	$ -
Prepaid training costs	**3,000**	-	-
Prepaid convention	**-**	2,737	65,805
Marketing supplies	**-**	465	1,304
Rebranding	**294,800**	-	-
Others	**39,758**	130,800	78,243
Prepaid expenses	**$ 375,908**	$ 134,002	$ 145,352

Prepaid commissions and broker fees and training costs represent specific costs paid for franchises sold that are included in deferred revenue and have not begun operations. Prepaid convention

represents costs incurred in advance of the annual convention held during the following year. Marketing supplies consist of brochures, door hangers and other marketing supplies. Rebranding consists of prepaid fees related to the change of franchisor name in 2022.

5. Property and Equipment

Property and equipment consist of the following as of December 31, 2021, 2020, and 2019:

	2021	2020	2019
Computer software	$ 550,700	$ 489,275	$ 315,718
Fixture and equipment	17,702	17,702	11,904
Vehicles	38,381	38,381	38,381
Property and Equipment	606,783	545,358	366,003
Less: accumulated depreciation	(411,483)	(267,868)	(147,104)
Property and equipment, net of accumulated depreciation	195,300	277,490	218,899
Construction in progress	392,763	204,450	-
Property and equipment, net	$ 588,063	$ 481,940	$ 218,899

The Company recorded depreciation expense of $143,614, $120,764, and $55,360 during the years ended December 31, 2021, 2020, and 2019, respectively, which is included in operating and administrative expenses on the accompanying statements of earnings.

6. Trademarks

During 2011, the Company acquired certain trademarks from one of its former vendors for $1,200,000. The trademarks are renewable for 10 year periods on the tenth anniversary of the original filing and subsequent renewals. The Company has classified the trademarks as indefinite-lived and non-amortizable intangible assets. At December 31, 2021, 2020, and 2019, the weighted-average period prior to the next renewal or extension of the trademarks is estimated at approximately 3.7, 4.7 and 5.7 years, respectively.

7. Accrued Liabilities

Accrued liabilities consist of the following at December 31:

	2021	2020	2019
Accrued compensation	$ 346,141	$ 227,558	$ 199,618
Accrued training costs	32,912	33,121	10,667
Accrued other	81,566	49,528	43,088
Accrued liabilities	$ 460,619	$ 310,207	$ 253,373

8. Commitments and Contingencies

Operating Leases

The Parent leases the Company's headquarters and warehouse and allocates a portion of its rent expense to the Company (Note 9). The total rent expense incurred by the Parent for this property was $1,349,021, $1,173,803, and $940,507, for the years ended December 31, 2021, 2020, and 2019, respectively, of which $71,328, $46,952, and $37,620, for the years ended December 31, 2021, 2020, and 2019, respectively, was allocated to the Company and is included in operating and administrative expenses on the statements of earnings. The Parent also signed a lease for a warehouse in Santa Ana, CA commencing July 15, 2018. This space is used for training and shared with a related party. The total rent expense to the Company was $7,470, $14,940, and $13,686, for the years ended December 31, 2021, 2020, and 2019, respectively.

Legal Proceedings

The Company currently has no lawsuits, actions, or other legal proceedings pending claims that would have a material impact on the financial statements. However, the Company could, from time to time, be involved in litigation proceedings arising out of its normal course of business.

9. Related Party Transactions

Certain operating expenses are incurred by the Parent and are allocated to the Company. During the years ended December 31, 2021, 2020, and 2019, the Parent allocated $1,290,777, $746,967, and $643,315, respectively, in expenses to the Company which was charged to the Company's operations, with the majority of the expenses included in operating and administrative expenses in the accompanying statements of earnings.

At December 31, 2021, 2020, and 2019, the Company has a payable to its Parent in the amount of $3,668,674, $3,732,802, and $3,404,769, respectively, which resulted from various intercompany transactions. These amounts are presented as a component of equity in the accompanying balance sheets.

10. Retirement Plan

The Company is a participant in its Parent's defined contribution 401(k) plan as part of a controlled group that covers eligible management and office employees. Contributions to the Plan by the Company are based on employees' contributions subject to certain limitations. The Company contributed $59,351, $45,004, and $35,688, during the years ended December 31, 2021, 2020, and 2019, respectively, which are included in the operating and administrative expenses on the statements of earnings.

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11. Revenue from Contracts with Customers

Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following:

For the year ended December 31,	**2021**	2020	2019
Revenue recognized over time	**$ 3,527,494**	$ 3,428,522	$ 3,694,073
Revenue recognized at a point in time	**2,840,290**	2,297,559	2,265,815
Total Revenue	**$ 6,367,784**	$ 5,726,081	$ 5,959,888

Information regarding revenues disaggregated by geographic region consist of the following:

For the year ended December 31,	**2021**	2020	2019
Revenue recognized from customers in the United States	**$ 5,892,594**	$ 5,359,944	$ 5,538,581
Revenue recognized from customers in Canada	**475,190**	366,137	421,307
Total Revenue	**$ 6,367,784**	$ 5,726,081	$ 5,959,888

12. Subsequent Events

Subsequent events have been evaluated by management through March 11, 2022, the date these financial statements were available to be issued, see below.

On January 24, 2022, the Company changed its name to “Organized Spaces, LLC”.

EXHIBIT C

LIST OF FRANCHISEES

Total	Company	Start Date	Owner	Address	City	State	Zip	Phone
	Alabama							
1	630AL202	1/1/2011	D.G.E. Enterprises, LLC	2089 Alton Road, Suite B	Birmingham	AL	35210	(205) 956-3939
	Arkansas							
1	670AR201	11/1/2019	James M. Bollero and Wendi R. Bollero	17713 Harmon Rd.	Fayetteville	AR	72704	(479) 320-2446
	Arizona							
	Chandler	7/1/2021	Jason Charles Lepes	661 W. Kent Place	Chandler	AZ	85225	(602) 654-1522
	753AZ034	4/1/2007	Kevin Kinney	9120 N 106th Place	Scottsdale	AZ	85258	(480) 298-5200
3	789AZ201	11/1/2019	Jason Lee and Brittany Lee	10136 E Rainbow Meadow Drive	Tucson	AZ	85747	(520) 689-7098
	California							
	855CA202	11/1/2010	Ronald & Merry Blaski	PO Box 1267	Atascadero	CA	93423	(805) 462-8133
	Sherman Oaks and Stevenson Ranch	10/1/2021	Image Factor, Inc.	30550 N. Beryl Place	Castaic	CA	91355	(818) 312-3237
	825CA207	5/1/2015	Dana Nuesca and Eugene Nuesca	1524 Jeffrey Avenue	Escondido	CA	92027	(858) 877-9005
	825CA202	11/1/2015	Dana Nuesca and Eugene Nuesca	1524 Jeffrey Avenue	Escondido	CA	92027	(858) 877-9005
	807CA204	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650) 286-9676
	807CA208	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650) 286-9676
	807CA203	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650) 286-9676
	807CA202	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650) 286-9676
	807CA212	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650) 286-9676
	807CA210	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650) 286-9676
	807CA209	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650) 286-9676
	807CA206	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650) 286-9676
	807CA211	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650) 286-9676
	807CA201	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650) 286-9676
	807CA205	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650) 286-9676
	807CA207	1/1/2011	Venisco Corporation	1148 Chess Drive	Foster City	CA	94404	(650) 286-9676
	803CA202	11/1/2010	PGOC, Inc.	20914 Bake Parkway, #112	Lake Forest	CA	92630	(949) 297-3951
	803CA204	11/1/2010	PGOC, Inc.	20914 Bake Parkway, #112	Lake Forest	CA	92630	(949) 297-3951
	803CA201	11/1/2010	PGOC, Inc.	20914 Bake Parkway, #112	Lake Forest	CA	92630	(949) 297-3951
	803CA203	7/1/2018	PGOC, Inc.	20914 Bake Parkway, #112	Lake Forest	CA	92630	(949) 297-3951
	862CA203	5/1/2015	SMF Innovations, Inc.	7601 Granite Ave	Orangevale	CA	95662	(916) 458-4359
	862CA205	11/1/2015	SMF Innovations, Inc.	7601 Granite Ave	Orangevale	CA	95662	(916) 458-4359
	803CA206	2/1/2011	PremierGarage of Ventura County, Inc.	3000 Paseo Mercado, Unit 108	Oxnard	CA	93036	(805) 988-0900
	Riverside	1/1/2007	Joseph Chang	6260 River Crest Dr. #A	Riverside	CA	92507	(951) 653-7510
	804CA201	4/1/2019	Sheryl Greenlee	33180 Madera De Playa Dr	Temecula	CA	92592	(951) 297-9858
	825CA201	4/1/2019	Sheryl Greenlee	33180 Madera De Playa Dr	Temecula	CA	92592	(951) 297-9858
27	803CA237	4/1/2019	Sheryl Greenlee	33180 Madera De Playa Dr	Temecula	CA	92592	(951) 297-9858
	Colorado							
	751CO212	9/1/2019	Four Chords Holdings	6139 Raleigh Circle	Castle Rock	CO	80104	(720) 306-0822
	751CO213	10/1/2018	Colorado Home and Garage Solutions LLC	1704 Alpine Dr	Erie	CO	80516	(720) 619-0078
3	751CO209	4/1/2018	Colorado Home and Garage Solutions LLC	1704 Alpine Drive	Frederick	CO	80516	(720) 619-0078
	Connecticut							
	501CT201	12/1/2010	Premier Garage of Northern New Jersey, LLC	16-18 Van Wettering Place	Hackensack	CT	07601	(914) 979-1225
	533CT205	2/1/2020	Amadeus Enterprises LLC	229 Black Ash Road	Oakdale	CT	06370	(860) 451-4091
3	Danbury	10/1/2021	Correa JSC LLC	36 Greenfield Drive	Trumbull	CT	06611	(203) 456-5995
	Delaware							
	504DE201	7/1/2014	William Johnson	36040 Bay Drive	Rehoboth Beach	DE	19971	(302) 444-4224
2	504DE202	1/1/2015	William Johnson	420 E Hamilton Ave	State College	DE	16801	(302) 444-4224

	Florida							
	534FL204	5/1/2015	Marc Dryden and Deborah Dryden	518 Douglas Ave #1234	Altamonte Springs	FL	32714	(407) 565-2234
	534FL205	11/1/2015	Marc Dryden and Deborah Dryden	518 Douglas Ave #1234	Altamonte Springs	FL	32714	(407) 565-2234
	539FL206	12/1/2019	NYM Diaz, LLC	540 Bimini Bay Blvd	Apollo Beach	FL	33572	(813) 556-2896
	548FL201	1/1/2011	Premier Coatings, LLC	450 NW 27th Ave	Fort Lauderdale	FL	33311	(954) 797-9275
	528FL212	1/1/2011	Premier Coatings, LLC	450 NW 27th Ave	Fort Lauderdale	FL	33311	(954) 246-3146
	528FL205	1/1/2011	Premier Coatings, LLC	450 NW 27th Ave	Fort Lauderdale	FL	33311	(954) 246-3146
	528FL209	1/1/2011	Premier Coatings, LLC	450 NW 27th Ave	Fort Lauderdale	FL	33311	(954) 246-3146
	548FL203	1/1/2011	Premier Coatings, LLC	450 NW 27th Ave	Fort Lauderdale	FL	33311	(954) 246-3146
	528FL210	1/1/2011	Premier Coatings, LLC	450 NW 27th Ave	Fort Lauderdale	FL	33311	(954) 246-3146
	528FL211	1/1/2011	Premier Coatings, LLC	450 NW 27th Ave	Fort Lauderdale	FL	33311	(954) 246-3146
	528FL203	1/1/2011	Premier Coatings, LLC	450 NW 27th Ave	Fort Lauderdale	FL	33311	(954) 797-9275
	528FL204	1/1/2011	Premier Coatings, LLC	450 NW 27th Ave	Fort Lauderdale	FL	33311	(954) 797-9275
	548FL206	1/1/2011	Premier Coatings, LLC	450 NW 27th Ave	Fort Lauderdale	FL	33311	(954) 246-3146
	528FL202	1/1/2011	Premier Coatings, LLC	450 NW 27th Ave	Fort Lauderdale	FL	33311	(954) 246-3146
	548FL204	1/1/2011	Premier Coatings, LLC	450 NW 27th Ave	Fort Lauderdale	FL	33311	(954) 246-3146
	548FL205	1/1/2011	Premier Coatings, LLC	450 NW 27th Ave	Fort Lauderdale	FL	33311	(954) 246-3146
	528FL201	1/1/2011	Premier Coatings, LLC	450 NW 27th Ave	Fort Lauderdale	FL	33311	(954) 246-3146
	528FL208	1/1/2011	Premier Coatings, LLC	450 NW 27th Ave	Fort Lauderdale	FL	33311	(954) 246-3146
	548FL202	1/1/2011	Premier Coatings, LLC	450 NW 27th Ave	Fort Lauderdale	FL	33311	(954) 797-9275
	528FL206	1/1/2011	Premier Coatings, LLC	450 NW 27th Ave	Fort Lauderdale	FL	33311	(954) 246-3146
	528FL207	1/1/2011	Premier Coatings, LLC	450 NW 27th Ave	Fort Lauderdale	FL	33311	(954) 246-3146
	571FL201	6/1/2017	Premier Coatings, LLC	450 NW 27th Ave	Fort Lauderdale	FL	33311	(954) 797-9275
	561FL201	11/1/2010	TLB Enterprises, LLC	11651 Central Parkway, Suite 112	Jacksonville	FL	32224	(904) 645-0885
	561FL202	11/1/2010	TLB Enterprises, LLC	11651 Central Parkway, Suite 112	Jacksonville	FL	32224	(904) 645-0885
	561FL203	11/1/2010	TLB Enterprises, LLC	11651 Central Parkway, Suite 112	Jacksonville	FL	32224	(904) 645-0885
	686FL202	12/1/2015	Stephen Adams and Teresa Adams	840 Coldwater Creek Circle	Niceville	FL	32578	(850) 396-4830
	539FL203	5/1/2019	Numi Brennan and Meredith Brennan	4384 Rutledge Drive	Palm Harbor	FL	34685	(813) 444-9722
	539FL207	11/1/2019	Numi Brennan and Meredith Brennan	4384 Rutledge Drive	Palm Harbor	FL	34685	(813) 444-9722
	571FL203	11/1/2019	RJ Stevens LLC	7423 S Ficus Tree	Punta Gorda	FL	33955	(941) 999-2333
	539FL212	12/1/2016	Stephen Jacoby, Arthur Jacoby and Rena Jacoby	579 Interstate Blvd	Sarasota	FL	34240	(941) 328-8989
31	539FL211	6/1/2017	Stephen Jacoby, Arthur Jacoby and Rena Jacoby	579 Interstate Blvd	Sarasota	FL	34240	(941) 328-8989
	Georgia							
	524GA206	12/1/2015	Tailored Home, Inc.	4510 Sandalwood Way	Cumming	GA	30041	(678) 835-9270
	524GA215	11/1/2017	Tailored Home, Inc.	4510 Sandalwood Way	Cumming	GA	30041	(678) 456-5051
	524GA211	11/1/2017	Tailored Home, Inc.	4510 Sandalwood Way	Cumming	GA	30041	(678) 456-5051
4	524GA209	7/1/2019	Tailored Home, Inc.	4510 Sandalwood Way	Cumming	GA	30041	(678) 835-9270
	Iowa							
	679IA202	3/1/2016	Remnant Enterprises, LLC	3560 SW Brookside Drive Suite F	Grimes	IA	50111	(515) 218-7875
2	679IA204	9/1/2016	Remnant Enterprises, LLC	3560 SW Brookside Drive Suite F	Grimes	IA	50111	(515) 218-7875
	Idaho							
	758ID201	2/1/2019	MMEL Corporation	2091 16th St. Drive	Heyburn	ID	83336	(208) 260-5522
2	Boise	11/1/2021	Cindy Warmerdam and Cory Warmerdam	3677 N. Pampas Avenue	Meridian	ID	83646	(208) 600-0668
	Illinois							
1	682IL203	12/1/2015	Bret Eugene Johnson	3010 East 1st Avenue	Milan	IL	61264	(309) 429-6270
	Indiana							
1	527IN209	2/1/2011	Indy Home & Garage, LLC	9856 North By Northeast Blvd	Indianapolis	IN	46037	(317) 842-4272
	Kansas							
	678KS203	12/1/2019	KDH Enterprises, Inc.	304 Valleyview Court	Andover	KS	67002	(316) 669-0800

2	Johnson County	1/1/2021	T3 Family Enterprises LLC	3719 W 180th Terrace	Stilwell	KS	66085	(913) 905-4010
	Kentucky							
	541KY202	1/1/2011	Premier Garage of Central Kentucky, Inc.	221 A Industry Parkway	Nicholasville	KY	40356	(859) 881-0760
2	515OH021	3/1/2007	Better Avenue Inc.	11554 US Highway 42	Union	KY	41091	(859) 384-7100
	Massachusetts							
1	506MA202	12/1/2019	E2 Home Improvements LLC	62 Carriage Drive	Lincoln	MA	02865	(369) 267-6844
	Maryland							
	511MD205	6/1/2016	Peter Todd Carter	14110 Sullyfield Circle, Suite G	Chantilly	MD	20151	(703) 707-0009
2	512MD202	10/1/2019	TLC Enterprises LLC	12545 Greenspring Ave.	Owings Mills	MD	21117	(443) 334-6089
	Maine							
	500ME203	9/1/2016	Christopher Holdredge and Heather Holdredge	22 Sherman Drive	Falmouth	ME	04105	(207) 613-1183
2	Midcoast Maine	10/1/2021	JAMM, LLC	6 Pepperhill Lane	South Thomaston	ME	04858	(207) 236-3319
	Michigan							
	540MI202	9/1/2016	Robert Zimmerman and Sheryl Zimmerman	1775 South M-375	Traverse City	MI	49685	(231) 668-9073
	563MI202	1/1/2011	James S. Gessler and Holly Marie Gessler	47874 West Rd	Wixom	MI	48393	(616) 554-3344
	505MI214	1/1/2011	James S. Gessler and Holly Marie Gessler	47874 West Rd	Wixom	MI	48393	(248) 669-8900
	505MI213	1/1/2011	James S. Gessler and Holly Marie Gessler	47874 West Rd	Wixom	MI	48393	(248) 669-8900
5	505MI203	1/1/2011	James S. Gessler and Holly Marie Gessler	47874 West Rd	Wixom	MI	48393	(248) 669-8900
	Minnesota							
	Rochester	10/1/2021	North Iowa Interiors LLC	22540 Balsam Avenue	Clear Lake	MN	50428	(877) 373-8535
	613MN208	1/1/2011	Modern Garage Interiors, LLC	1408 Northland Drive, Suite 103	Mendota Heights	MN	55120	(651) 454-1315
	613MN204	1/1/2011	Modern Garage Interiors, LLC	1408 Northland Drive, Suite 103	Mendota Heights	MN	55120	(651) 454-1315
4	613MN207	1/1/2011	Modern Garage Interiors, LLC	1408 Northland Drive, Suite 103	Mendota Heights	MN	55120	(651) 454-1315
	Missouri							
1	609MO202	3/1/2017	Richard S. McQuay	1023 Raritan Drive	St. Louis	MO	63119	(636) 728-0333
	North Carolina							
	517NC209	12/31/2015	JEF Enterprises Inc.	10224 Berkeley Pond Drive	Charlotte	NC	28277	(704) 659-4740
	517NC206	10/1/2016	JEF Enterprises Inc.	10224 Berkeley Pond Drive	Charlotte	NC	28277	(704) 659-4740
	517NC204	6/1/2017	JEF Enterprises Inc.	10224 Berkeley Pond Drive	Charlotte	NC	28277	(704) 659-4740
4	550NC201	1/1/2020	Jeremy Stang	46 Twisted Oak Ct.	Hampstead	NC	28443	(910) 210-0404
	North Dakota							
1	Fargo	1/1/2011	Zabel Investments, LLC	5256 50th Avenue South - Suite B	Fargo	ND	58104	(701) 281-0558
	New Hampshire							
	506NH203	9/1/2013	Bryan Coulombe and Michelle Coulombe	45 Everett St	Manchester	NH	03104	(603) 232-0117
2	506NH202	3/1/2014	Bryan Coulombe and Michelle Coulombe	45 Everett St	Manchester	NH	03104	(603) 232-0117
	New Jersey							
	501NJ201	12/1/2010	Premier Garage of Northern New Jersey, LLC	16-18 Van Wettering Place	Hackensack	NJ	07601	(201) 487-8989
	501NJ203	12/1/2010	Premier Garage of Northern New Jersey, LLC	16-18 Van Wettering Place	Hackensack	NJ	07601	(201) 487-8989
	501NJ208	12/1/2010	Premier Garage of Northern New Jersey, LLC	16-18 Van Wettering Place	Hackensack	NJ	07601	(201) 487-8989
	501NJ206	2/1/2015	Columbia Professional Services, Inc.	36 Pembroke Terrace	Hillsborough	NJ	08844	(908) 533-9600
	504NJ202	7/1/2015	Daniel Pascucci and Racqel Pascucci	318 Cherry Road	Marlton	NJ	08053	(856) 872-2918
	Jersey Shore North	3/1/2018	SKZ Enterprises, Inc.	1589 Reed Road Unit #8	Pennington	NJ	08534	(609) 337-4434
7	501NJ210	9/1/2018	SKZ Enterprises, Inc.	1589 Reed Road Unit #8	Pennington	NJ	08534	(609) 337-4434
	Nevada							
	839NV202	9/1/2015	Jerald Wadsworth and Kayoko Kita	4320 W Reno Ave - Suite	Las Vegas	NV	89118	(702) 302-4113

			Wadsworth	D				
2	839NV203	3/1/2016	Jerald Wadsworth and Kayoko Kita Wadsworth	4320 W Reno Ave - Suite D	Las Vegas	NV	89118	(702) 302-4113
	New York							
	Buffalo	6/1/2020	Ryan Koziol	3203 Sweet Home Road	Amherst	NY	14228	(716) 831-2411
	Tonawanda	12/1/2020	Ryan Koziol	3203 Sweet Home Road	Amherst	NY	14228	(716) 831-2411
	501NY203	12/1/2010	Premier Garage of Northern New Jersey, LLC	16-18 Van Wettering Place	Hackensack	NY	07601	(201) 487-8989
4	501NY221	7/1/2014	Patrick Tracy and Marian Tracy	10 Platt Ave	Smithtown	NY	11787	(631) 498-5595
	Ohio							
	510OH207	6/1/2017	Matthew Bowser and Kerry Bowser	6434 Deer Haven Drive	Concord Twp	OH	44077	(216) 816-1166
	Delaware County	11/1/2020	DEO Speravi, LTD	1687 Adlington Drive	Galena	OH	43021	(614) 758-8682
3	515OH204	7/1/2015	Denny Rupp, Heather Rupp, Kevin Melton & Michelle Melton	886 Lebanon Street Suite A	Monroe	OH	45050	(513) 360-4442
	Oregon							
	Central Oregon	11/1/2021	HBG Designs, Incorporated	62295 Wallace Road	Bend	OR	97701	(541) 419-7376
	820OR203	12/1/2010	HomeThrive Systems, Inc.	3 Monroe Pkwy #P320	Lake Oswego	OR	97035	(503) 390-0522
	820OR202	12/1/2010	HomeThrive Systems, Inc.	3 Monroe Pkwy #P320	Lake Oswego	OR	97035	(503) 390-0522
4	820OR205	12/1/2010	HomeThrive Systems, Inc.	3 Monroe Pkwy #P320	Lake Oswego	OR	97035	(503) 390-0522
	Pennsylvania							
	577PA202	7/1/2014	Nickerson Fine Homes, Inc.	420 E Hamilton Ave	State College	PA	16801	(814) 404-8179
2	The Main Line	1/1/2021	B&L Living LLC	1249 Gulph Creek Drive	Wayne	PA	19087	(610) 477-2828
	South Carolina							
	546SC203	6/1/2017	MayLane Partners, Inc.	1255 Portrait Hill Drive	Chapin	SC	29036	(803) 388-8893
	Greenville and Spartanburg	9/1/2021	MayLane Partners, Inc.	1255 Portrait Hill	Chapin	SC	29036	(803) 388-8893
	519SC201	7/1/2017	TLSC, LLC	2447 Hwy 17 North	Mt. Pleasant	SC	29466	(843) 957-3309
4	519SC202	7/1/2017	TLSC, LLC	2447 Hwy 17 North	Mt. Pleasant	SC	29466	(843) 957-3309
	South Dakota							
1	764SD201	4/1/2017	Stacey Schaeffer and Jamie Schaeffer	23751 Pine Haven Drive	Rapid City	SD	57702	(605) 593-0988
	Tennessee							
	557TN201	2/1/2011	360 Solutions, LLC	3612 Henson Road	Knoxville	TN	37921	(865) 947-8686
	Morristown	2/1/2021	360 Solutions, LLC	3612 Henson Road	Knoxville	TN	37921	(865) 947-8686
3	659TN202	8/1/2017	Mindy Bledsoe and Tim Bledsoe	1117 Princeton Hills Dr	Nolensville	TN	37135	(615) 590-8775
	Texas							
	Central Austin	12/1/2021	Don Michael Bice II and Jennifer Lee Ransom	1101 W 34th Street #263	Austin	TX	78705	(512) 688-6046
	635TX205	7/1/2014	Functional Style, Inc.	5006 W. State Highway 29	Georgetown	TX	78628	(512) 931-2181
	635TX201	1/1/2015	Functional Style, Inc.	5006 W. State Highway 29	Georgetown	TX	78628	(512) 931-2181
	635TX204	8/1/2018	Bartley Improvements LLC	43919 Austin Branch Rd	Hempstead	TX	77445	(979) 431-1664
	623TX202	8/1/2018	Sterling Oak Enterprises, Inc.	7960 Rodeo Trail #410	Mansfield	TX	76063	(817) 769-2665
	623TX205	8/1/2018	Sterling Oak Enterprises, Inc.	7960 Rodeo Trail #410	Mansfield	TX	76063	(817) 769-2665
	Frisco	3/1/2021	Sterling Oak Enterprises, Inc.	1004 Saint Michael Court	Mansfield	TX	76063	(817) 769-2665
	Tomball	10/1/2020	Michael Griglione and Grisel Griglione	148 Bushmallow Ct.	Montgomery	TX	77316	(832) 518-5187
	Montgomery	10/1/2020	Michael Griglione and Grisel Griglione	148 Bushmallow Ct.	Montgomery	TX	77316	(832) 518-5187
	641TX201	9/1/2016	Dolly M. Holmes	10823 Vandale Street, Suite 200	San Antonio	TX	78216	(210) 585-3640
	618TX201	3/1/2018	Lawrence Wilcox and Laura Wilcox	7205 Avenue O	Santa Fe	TX	77510	(281) 836-3554
12	Keller	11/1/2021	Blake Riddel	8000 Mineral Wells Highway	Weatherford	TX	76088	(817) 773-4882
	Utah							
	North Salt Lake	11/1/2020	Ace Premier, LLC	1014 W 350 S	Layton	UT	84041	(385) 324-9600
	Logan	11/1/2021	Ace Premier, LLC	1014 W 350 S	Layton	UT	84041	(385) 324-9600
	770UT203	7/1/2019	Galen Christian	528 Commerce Rd	Orem	UT	84058	(385) 271-1981
4	770UT205	1/1/2020	Galen Christian	528 S. Commerce Drive	Orem	UT	84058	(385) 271-1981
	Virginia							

	511VA015	8/1/2007	Peter Todd Carter	14110 Sullyfield Circle, Suite G	Chantilly	VA	20151	(703) 707-0009
	511VA203	11/1/2013	Peter Todd Carter	14110 Sullyfield Circle, Suite G	Chantilly	VA	20151	(703) 707-0009
	511VA204	4/1/2014	Peter Todd Carter	14110 Sullyfield Circle, Suite G	Chantilly	VA	20151	(703) 707-0009
	511VA206	11/1/2014	DAMartz, Inc.	4 Daffan Court	Fredericksburg	VA	22405	(540) 602-2909
5	556VA005	9/1/2016	sk2 Designs, Inc.	8149 Staples Mill Road	Henrico	VA	23228	(804) 355-1595
	Vermont							
1	506VT201	6/1/2017	R2 Holdings Inc.	79 Spruce Lane	Williston	VT	05495	(802) 465-4655
	Washington							
1	Vancouver	10/1/2020	Moore Custom Interiors, LLC	4020 NE 83rd Way	Vancouver	WA	98665	(360) 980-8086
	Wisconsin							
	658WI203	3/1/2019	Michael Paul Doberstein and Sherri Sue Doberstein	N77W16364 Countryside Drive	Menomonee Falls	WI	53051	(262) 509-0859
	669WI007	1/1/2008	Tim Woollen	4437 Robertson Road	Madison	WI	53714	(608) 240-8831
	669WI004	3/1/2017	Tim Woollen	4437 Robertson Road	Madison	WI	53714	(608) 240-8831
4	617WI201	5/1/2018	World Class Outdoor Lighting, LLC	210 S. Prairie Avenue	Waukesha	WI	53186	(262) 246-3900

164 Total

Not Yet Operational on 12/31/2021

Total	Company	Start Date	Owner	Address	City	State	Zip	Phone
	California							
1	Rancho Cucamonga North	2/1/2022	Joseph Chang	6260 River Crest Drive #A	Riverside	CA	92507	(951) 653-7510
	Colorado							
1	Colorado Springs North	3/1/2022	DeAnna K. Hackler and Justin Hackler	7505 Antelope Meadows Circle	Peyton	CO	80831	(214) 734-6345
	Iowa							
1	Mason City	4/1/2022	North Iowa Interiors LLC	22540 Balsam Avenue	Clear Lake	IA	50428	(877) 373-8535
	Ohio							
1	Cleveland West	2/1/2022	John Bodak and Michelle Bodak	347 Brunswick Drive	Avon Lake	OH	44012	(440) 534-9661
	Tennessee							
1	Hendersonville	6/1/2022	Emmett Brost and Jana Brost	13816 172nd Street CT E	Puyallup	TN	98374	(253) 656-6778

5 Total

EXHIBIT D

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.

Total	Status	Company	End Date	Owner	City	State	Zip	Phone
	California							
1	K - Non-Renewal	828CA202	10/31/2021	Ronald & Merry Blaski	Atascadero	CA	93423	(805) 462-8133
	Connecticut							
1	H - Mutual Release	533CT209	5/31/2021	Amadeus Enterprises LLC	Oakdale	CT	06370	(860) 451-4091
	Indiana							
1	H - Mutual Release	527IN210	10/1/2021	Better Homes and Garages, Inc	Greenwood	IN	46142	(317) 836-0068
	Pennsylvania							
1	H - Mutual Release	504PA212	8/31/2021	William Johnson	Rehoboth Beach	PA	19971	(302) 444-4224
	Texas							
	H - Mutual Release	623TX211	2/28/2021	Sterling Oak Enterprises, Inc.	Mansfield	TX	76063	(817) 769-2665
2	H - Mutual Release	623TX213	2/28/2021	Sterling Oak Enterprises, Inc.	Mansfield	TX	76063	(817) 769-2665

6 Total

Terminated Franchisees

No Transfers in 2021

EXHIBIT E

AGENCIES/AGENTS FOR SERVICE OF PROCESS

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

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau

State	State Agency	Agent for Service of Process
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8236	Attn: New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Director of the Division of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033	Director of Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760

State	State Agency	Agent for Service of Process
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT F

CONFIDENTIAL OPERATING MANUAL TABLE OF CONTENTS

tailored living

Home, Organized.

Operations Manual – Table of Contents

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EXHIBIT G

CONSENT TO TRANSFER AND ASSUMPTION OF FRANCHISE AGREEMENT

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 Organized Spaces, LLC, a California limited liability company ("Organized Spaces"), _____("Existing Franchisee"), and _____ ("New Franchisee").

WHEREAS, Organized Spaces and Existing Franchisee presently are parties to that certain Franchise Agreement, dated_____ ("Franchise Agreement"), pursuant to which Organized Spaces franchised Existing Franchisee the right to operate a business ("Franchised Business") including the Marks of Organized Spaces ("Franchise") in the territory known as Tailored Living of _____ ("Territory").

WHEREAS, with Organized Spaces' 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 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 the TAILORED LIVING® Marks. New Franchisee has reviewed the Confidential Operating Manual and agrees that it 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 Organized Spaces, including, but not limited to, those pertaining to advertising.

3. If the state where the Franchised Business will be conducted requires New Franchisee to have a contractor's license to conduct the Franchised Business, New Franchisee shall obtain such contractor's license (or at all times have an employee who has a contractor's license) prior to the Transfer Date.

4. If New Franchisee has not already done so to the satisfaction of Organized Spaces, New Franchisee shall comply with the training requirements set forth in the Franchise Agreement by attending the next available training program offered by Organized Spaces for new franchisees.

5. Concurrently upon the Transfer Date New Franchisee shall become a franchisee of Organized Spaces 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 Marks of Organized Spaces.

6. As between Existing Franchisee and Organized Spaces, 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 Organized Spaces and existing Franchisee.

7. Existing Franchisee shall sign all documentation deemed necessary by Organized Spaces to transfer the Franchise to New Franchisee.

8. New Franchisee shall sign Organized Spaces' 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 8.

9. (a) As consideration for Organized Spaces 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 [*two years from the Transfer Date*]:

(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 Organized Spaces' Marks and the System (as that term is defined in the Franchise Agreement); or

(ii) Within, or within a 25 mile radius of, the Territory or the territory of any TAILORED LIVING® business 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 9(a) is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Organized Spaces 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 Organized Spaces shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Paragraph 9(a) or any portion thereof effective immediately upon receipt by Existing Franchisee of written notice thereof from Organized Spaces, and Existing Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

(d) Paragraph 9(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.

10. 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.

11. 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.

12. Existing Franchisee releases, indemnifies and agrees to hold harmless Organized Spaces in respect of any liabilities which may arise as a result of this transfer.

13. Failure to comply with any of the provisions of this Consent and Assumption shall constitute a material breach hereof and shall entitle Organized Spaces 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.

14. 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.

15. In granting its consent to this Consent and Assumption, Organized Spaces 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.

16. 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 Organized Spaces, 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 Organized Spaces 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.

17. 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.

18. 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.

19. Although the Franchise Agreement provides that no interest in the Franchise Agreement can be transferred without the prior written consent of Organized Spaces, New Franchisee acknowledges that Organized Spaces 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. Organized Spaces 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 Organized Spaces.

20. Organized Spaces will be provided with a copy of the written sales agreement made by and between the Existing Franchisee and New Franchisee.

21. 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:_____

ORGANIZED SPACES, LLC

By:_____
Jennie Amante, Secretary

Dated:_____

EXISTING FRANCHISEE

By:_____
Name:_____
Title: _____

By:_____
Name:_____
Title: _____

Dated:_____

NEW FRANCHISEE(S)

By:_____
Name:_____
Title: _____

EXHIBIT H

VETERANS ADDENDUM

VETERANS ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to Franchise Agreement (this "***Addendum***") is entered into as of _____, 20___, ("***Effective Date***"), between Organized Spaces, 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 of _____ ("***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. **Initial Franchise Fee**. Section 4.1 of the Franchise Agreement is amended as follows:

Concurrently with Franchisee's signing of this Agreement, Franchisee will pay to Franchisor an "Initial Franchise Fee" of $16,958. 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. The Initial Franchise Fee is not refundable.

2. **Territory Fee**. Section 4.2 of the Franchise Agreement is amended as follows:

Concurrently with Franchisee's signing of this Agreement, if Franchisee is purchasing the Territory from Franchisor (rather than an existing franchisee) Franchisee also will pay Franchisor a Territory Fee of $46,750. 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.

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

[SIGNATURES FOLLOW]

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

FRANCHISOR
ORGANIZED SPACES, LLC

Date: _____ By: _____
Jennie Amante, Secretary

Sign here if Franchisee is an individual:

FRANCHISEE

Date:_____ _____

Name: _____

Sign here if Franchisee is a company:

FRANCHISEE

Company Name:_____

Date:_____ By: _____

Name: _____

Title:_____

EXHIBIT I

ESCROW AGREEMENT
(MARYLAND ONLY)

EXHIBIT J

SECURED PROMISSORY NOTE

SECURED PROMISSORY NOTE

Date:_____
US$_____

Irvine, California

FOR VALUE RECEIVED, the undersigned (hereinafter "Obligor"), hereby promises to pay to the order of ORGANIZED SPACES, 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 HOME FRANCHISE CONCEPTS® brand 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 Irvine, California, on the date first above written.

_____

Signature

_____

Print Name

EXHIBIT K

GENERAL SECURITY AGREEMENT

GENERAL SECURITY AGREEMENT

This General Security Agreement dated as of _____ is entered into by _____ and _____ (collectively, "Pledgor") in favor of ORGANIZED SPACES, LLC, a limited liability company organized under the laws of California ("Secured Party").

W I T N E S S E T H

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

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

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

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

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

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

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

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

8.1 Notices

(a) All notices, requests and demands hereunder shall be in writing and made to Secured Party at Organized Spaces, LLC, 19000 MacArthur Boulevard, Suite 100, Irvine, CA 92612, 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.

8.2 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.

8.3 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.

8.4 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.

IN WITNESS WHEREOF, Pledgor and Secured Party have caused these presents to be duly executed as of the day and year first above written.

Secured Party:
ORGANIZED SPACES, LLC

_____
By: Jennie Amante
Secretary

Pledgor:

Sign here:_____

Print Name:_____

Sign here:_____

Print Name:_____

Address of Pledgor's Offices:

_____
_____

_____

EXHIBIT L

STATE EFFECTIVE DATES

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

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

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

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

EXHIBIT M

RECEIPTS

RECEIPT (YOUR COPY)

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 19000 MacArthur Boulevard, Suite 100, Irvine, CA 92612, Telephone (949) 404 1100.

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, us or an affiliate in connection with the proposed franchise sale. Iowa requires that we give you this disclosure document at the 1st personal meeting. Michigan requires that we give you this disclosure document 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires that we give you this disclosure document at the earlier of the 1st personal meeting, or 10 business days before the execution 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. We authorize the agents listed in Exhibit E to this disclosure document to receive service of process for us.

The name, principal business address and telephone number of each franchise seller offering the franchise: Dayn Benson, Shawna Bergstrom, Aaron Cady, Bryan Cranfill, Craig Green, Lisa McGill, Troy Molen, Ralph Rooney and Jonathan Thiessen, 19000 MacArthur Blvd., Suite 100, Irvine, CA 92612, (866) 813-9211; and

_____.

Issuance Date: March 14, 2022

On _____, I received a disclosure document dated March 14, 2022, that included the following exhibits:

A: Franchise Agreement, State Addendum and Schedules
B: Financial Statements
C: List of Franchisees
D: List of Terminated or Transferred Franchises
E: State Franchise Administrators and Agents for Service of Process
F: Confidential Operating Manual Table of Contents
G: Consent to Transfer and Assumption of Franchise Agreement
H: Veterans Addendum to Franchise Agreement
I: Escrow Agreement (MD Only)
J: Secured Promissory Note
K: General Security Agreement
L: State Effective Dates
M: Receipts

_____ _____

Signature of Prospective Franchisee Print Name of Prospective Franchisee

You should retain this dated and signed Receipt for your records.

RECEIPT (OUR COPY)

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 19000 MacArthur Boulevard, Suite 100, Irvine, CA 92612, Telephone (949) 404 1100.

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. Iowa requires that we give you this disclosure document 10 days before the execution of any binding franchise or other agreement or the payment of consideration, whichever occurs first. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of 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. We authorize the agents listed in Exhibit E to this disclosure document to receive service of process for us.

The name, principal business address and telephone number of each franchise seller offering the franchise: Dayn Benson, Shawna Bergstrom, Aaron Cady, Bryan Cranfill, Craig Green, Lisa McGill, Troy Molen, Ralph Rooney and Jonathan Thiessen, 19000 MacArthur Blvd., Suite 100, Irvine, CA 92612, (866) 813-9211; and_____.

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J: Secured Promissory Note
K: General Security Agreement
L: Effective Dates
M: Receipts

_____ _____
Signature of Prospective Franchisee Print Name of Prospective Franchisee

You should return this dated and signed Receipt to Jonathan Thiessen at 19000 MacArthur Blvd, Suite 100, Irvine, CA 92612, (949) 404 1100, Jonathan.Thiessen@gohfc.com.