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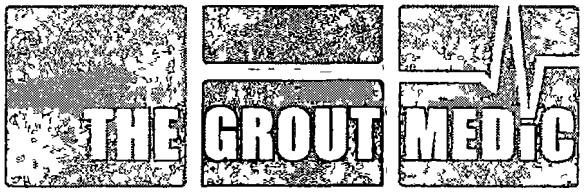
FRANCHISE DISCLOSURE DOCUMENT



THE GROUT MEDIC, LLC
A Texas Limited Liability Company
2121 Lohmans Crossing
Suite 504-228
Austin, TX 78734
800-700-1411
Email jc@thegroutmedic com
www thegroutmedic com

The franchise offered is for a grout and tile restoration and maintenance business

The total investment necessary to begin operation of a Grout Medic franchise is from $26,000 to $54,000 This includes from $15,500 to $19,500 that must be paid to the franchisor or affiliate per territory purchased

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 JC Timmons at 2121 Lohmans Crossing, Suite 504-228, Austin, Texas 78734, 1-800-700-1411

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: February 25, 2019

STATE COVER PAGE

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

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

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

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT REQUIRES THAT MOST DISAGREEMENTS BE SUBMITTED TO ARBITRATION IN THE CITY WHERE OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED, WHICH CURRENTLY IS AUSTIN, TEXAS OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN OUR HOME STATE THAN IN YOUR HOME STATE

2 THE FRANCHISE AGREEMENT STATES THAT THE LAW OF THE STATE OF TEXAS GOVERNS THE AGREEMENT THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR STATE'S LAW YOU MAY WANT TO COMPARE THESE LAWS

3 THE FRANCHISE AGREEMENT REQUIRES YOU TO PAY A MINIMUM AMOUNT OF CONTINUING FRANCHISE FEES FOR EACH FULL CALENDAR MONTH OF THE TERM THOSE FEES ARE PAYABLE EVEN IF THE FRANCHISE BUSINESS HAS NO REVENUE

4 AFTER THE END OF TWELVE FULL CALENDAR MONTHS THROUGH THE END OF TWENTY FOUR CALENDAR MONTHS YOU MAY CHOOSE TO TERMINATE THE FRANCHISE IF YOU PAY US AN EXIT FEE EQUALING THE GREATER OF YOUR CONTINUING FEES ACCRUED FOR THE PRIOR TWELVE (12) MONTHS OR THE ENTIRE MINIMUM CONTINUING FEE FOR THE UPCOMING TWELVE (12) MONTHS, PLUS THE ADVERTISING CONTRIBUTION FOR THE UPCOMING TWELVE (12) MONTHS, PLUS ANY AMOUNTS OWED TO US FOR GOODS OR SERVICES OTHERWISE IF YOU TERMINATE THE AGREEMENT AT ANY OTHER TIME OR IF AT ANYTIME WE TERMINATE THE FRANCHISE BECAUSE OF YOUR DEFAULT, YOU MUST PAY US THE FULL BALANCE OF YOUR MINIMUM CONTINUING FEE OBLIGATIONS FOR THE REMAINING TERM PLUS THE ADVERTISING CONTRIBUTION FOR THE REMAINING TERM PLUS ANY AMOUNTS OWED TO US FOR GOODS OR SERVICES PLUS IN THE CASE OF DEFAULT, ANY LEGAL COSTS ASSOCIATED WITH COLLECTING AND DEFENDING OUR RIGHTS WITHIN THIRTY DAYS OF TERMINATION

5 THE SPOUSE OF EACH OWNER OF A 20% OR GREATER INTEREST IN THE FRANCHISEE ENTITY WILL BE REQUIRED TO PERSONALLY GUARANTEE THE FRANCHISEE'S

OBLIGATIONS UNDER THE FRANCHISE AGREEMENT THIS WILL PUT THEIR PERSONAL ASSETS AT RISK IF THE FRANCHISEE DEFAULTS UNDER THE FRANCHISE AGREEMENT

6 WE AND OUR AFFILIATES MAY SELL OR DISTRIBUTE GROUT AND TILE RESTORATION PRODUCTS TO THE GENERAL PUBLIC THROUGH OTHER CHANNELS OF DISTRIBUTION IN COMPETITION WITH THE FRANCHISE, SUCH AS THROUGH INTERNET OR CATALOGUE SALES, OR THROUGH WHOLESALE DISTRIBUTION TO RETAIL OUTLETS, ALTHOUGH NOT THROUGH OPERATION OF A THE GROUT MEDIC OUTLET THAT IS LOCATED IN YOUR TERRITORY

7 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

Effective Date See the next page for the state effective dates

STATE EFFECTIVE DATES

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

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

State	Effective Date
California	March 27, 2018
Illinois	March 30, 2018
Maryland	April 11, 2018
Michigan	March 20, 2018
New York	March 26, 2018
Virginia	April 6, 2018
Washington	March 19, 2018

In all the other states, the effective date of this Franchise Disclosure Document is the issuance date of February 25, 2019

MICHIGAN DISCLOSURE STATEMENT

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

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

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

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

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

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

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

(f) A provision requiring that arbitration or litigation be conducted outside this state This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state However, the provision of the Michigan Franchise Investment Law that prohibited contractual provisions requiring arbitration outside of the state of Michigan is preempted by the Federal Arbitration Act and therefore arbitration between Us and You will take place in the state and county where we are located at the time of filing

(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 or is a franchisee of the franchisor's competitor

(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

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EXHIBITS:

Exhibit A	List of State Administrators
Exhibit B	List of Agents for Service of Process
Exhibit C	Franchise Agreement (State-Specific Addenda are included as its Exhibit 6)
Exhibit D	General Release
Exhibit E	Assignment Agreement
Exhibit F	Confidentiality and Non-Competition Agreement
Exhibit G	Financial Statements
Exhibit H	State-Specific Addenda
Exhibit I	List of Current and Former Franchisees
Exhibit J	Table of Contents to Operations Manual

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

The purpose of this disclosure document is to familiarize you with important legal and business aspects of The Grout Medic, LLC, the franchisor, and of the franchise it offers to qualified individuals To simplify the language, we will refer to The Grout Medic, LLC as "Grout Medic", "we", or "us" and the person or company that buys a franchise from Grout Medic as "you " The word "you" includes your owners if you are a corporation, partnership, limited liability company or other business entity

We are a Texas limited liability company Snowcap Texas, LLC is the sole member of The Grout Medic, LLC Snowcap Texas, LLC was formed on November 29, 2018 and commenced operation with the acquisition of The Grout Medic, LLC on December 21, 2018 Our principal address for business is 2121 Lohmans Crossing Suite 504-228 Austin, TX 78734 Our agents for service of process are listed in Exhibit B to this Disclosure Document

We do not have any other parent or other affiliate companies

Our predecessor is The Grout Medic, LLC, an Illinois limited liability company that was formed on May 21, 2001 and commenced operations on May 1, 2004 ("The Grout Medic, LLC (Illinois)") The Grout Medic, LLC (Illinois) was located at 1585 Beverly Ct , Suite 111, Aurora, Illinois 60502 The Grout Medic, LLC (Illinois) was the franchisor for Grout Medic Outlets from April 2004 to December 2008 The Grout Medic, LLC (Illinois) never offered franchises in any other line of business, and never conducted any line of business other than offering Grout Medic Outlet franchises The Grout Medic, LLC (Texas) purchased all of the assets of The Grout Medic, LLC (Illinois), and assumed all of its obligations under The Grout Medic franchise agreement, on December 31, 2008 All franchisees of The Grout Medic, LLC (Illinois and Texas) are now franchisees of ours (The Grout Medic, LLC (Texas), owned by Snowcap Texas, LLC)

THE FRANCHISED BUSINESS

Grout Medic franchises use the trademarks of and to operate a Grout Medic Outlet A Grout Medic Outlet provides grout and tile restoration, maintenance, and refurbishing services through a uniform system consisting of high standards of service, use of quality products, and under the business format created and developed by Grout Medic (the "Grout Medic System") We offer two tiers of franchises, Tier One for metropolitan areas of at least 175,000 households (with a higher initial fee) and Tier Two for lower density areas with less than 175,000 households

Grout Medic Outlets are mobile businesses in which the services are sold and then provided in customer's homes, and therefore we will only grant you a franchise if you currently own or lease a personal vehicle suitable for traveling to customers' homes and providing Grout Medic® services The types of vehicles that are acceptable for you to use in the business are a pick-up truck, a sport utility vehicle ("SUV"), a van, or a full-sized car (*e g* , Ford Taurus) or a mid-sized car (*e g* , Honda Accord)

APPLICABLE LAWS OR REGULATIONS, COMPETITION

Grout Medic is not aware of any laws or regulations specific to the grout and tile business, but you should check your local jurisdiction In particular, we are aware that certain counties or municipalities require that you obtain a contractors' or home improvement license to operate a grout and tile restoration business In some areas you must have a minimum level of experience in home improvements or repairs (as an apprentice or employee of a licensed contractor) to obtain the required license

As a grout and tile restoration and maintenance business, your franchise may be affected by seasonal weather patterns and the strength of the local grout and tile market Our industry is mature and you will compete with other businesses, including franchised operations, chains and independently owned companies that offer grout and tile restoration and maintenance

ITEM 2 BUSINESS EXPERIENCE

Managing Member JC Timmons

Mr Timmons is the managing member of Snowcap Texas, LLC, sole member of The Grout Medic, LLC With these responsibilities Mr Timmons has served as the CEO of The Grout Medic, LLC since its acquisition by Snowcap Texas, LLC in December 2018 Since 2008 Mr Timmons has operated Timmons Company, and The Snowcap Group, consulting and strategic advisement firms focused on building small business value Additionally, and concurrently, Mr Timmons held executive leadership positions in the Southern California commercial banking sector, working on franchise and non-franchising projects, with the following roles Community Bank, Vice President, Pasadena, CA, May 2012 through May 2014, Bridge Bank, Senior Vice President, May 2014 through May 2016, and Pacific Mercantile Bank, Senior Vice President, May 2016 through June 2017

Director of Marketing and Franchise Support David Muirhead

Mr Muirhead has been our Franchise System Development, Operations and Support Director since August 2016, after serving as our primary trainer of new franchisees since July 2015 He also is the President of Capital Tile & Stone, LLC d/b/a The Grout Medic of Virginia since 2006, where he oversees the work of two employed managers handling The Grout Medic services from Richmond to Virginia's Washington, D C suburbs

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item

ITEM 4 BANKRUPTCY

In Re David L Muirhead, Case No 10-11884-RGM (U S Bankruptcy Court, Eastern District of Virginia) Our Director of Franchise System Development, Operations and Support, filed for Chapter 7 bankruptcy on March 12, 2010 to obtain relief from personal debts He received an order of discharge on June 28, 2010

No other bankruptcy information is required to be disclosed in this Item

ITEM 5 INITIAL FEES

For your first GROUT MEDIC franchise, if your franchise will be located in a Metropolitan Area (a "Tier One" franchise), meaning a Territory that has at least 175,000 households, the initial franchise fee is typically $19,500 (the "Initial Franchise Fee") If your franchise will be located in a less densely populated area in which there are less than 175,000 households (a "Tier Two" franchise), the initial franchise fee is typically $17,500

Also, if a prospective franchisee is converting their existing tile, grout or home restoration business to a GROUT MEDIC franchise, the initial franchise fee for an operator in a Tier 1 will be $17,500 for a single territory conversion, or $15,500 for an operator in a Tier 2 for a single territory conversion

In exchange for the initial franchise fee paid for your initial The Grout Medic franchise, we will provide you with the Equipment Package as described in Exhibit 3 to this Franchise Agreement, which is Exhibit C to this Disclosure Document, as well as Training as further described in Item 11 of this Disclosure Document

If you purchase an additional GROUT MEDIC franchise within twelve (12) months of purchasing your first GROUT MEDIC franchise, your initial franchise fee for the additional franchise will be one-half of our then-current initial fee, which currently means $9,750 for a Tier One franchise (granting a territory encompassing at least 175,000 households), $7,500 for a Tier Two franchise (granting a territory encompassing less than 175,000 households), and $8,750 and $7,500, respectively, for business conversions adding territory(ies) If you purchase additional GROUT MEDIC franchises more than 12 months after you purchase your first franchise, our then-current standard initial franchise fees will apply

If you purchase additional franchise territory we will not provide an Equipment Package or initial training, since in most such situations the territory purchased will be adjacent to your original territory If you require an Equipment Package to operate the added franchise then the fee for such package would be $5,000, and if you require training of an additional person to manage that new franchise then you must pay us pay us a $1,250 fee plus our reasonable out of pocket expenses incurred in providing the training at our headquarters We have never sold an additional Equipment Package to a franchisee that purchased additional territories

All initial payments are not refundable under any circumstances All initial payments are due upon execution of the Franchise Agreement and must be paid in a lump sum via certified check, cashier's check or money order

During 2019 we may provide inducements for new or our existing franchisees to purchase additional territories

ITEM 6 OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Full Service Continuing Fee	10% on Gross Revenue of up to $25,000 in any month, then 5% of all additional Gross Revenue, but subject to these Mandatory Minimum Monthly Fees For Tier One franchises Months 1 - 3 $200, Months 4 – 6 $400, Months 7 – 9 $600, Months 10 – 12 $800, Remainder of Term $1,000 per month For Tier Two franchises Months 1 - 3 $100, Months 4 – 6 $200, Months 7 – 9 $300, Months 10 – 12 $400, Remainder of Term $500 per month If signing the franchise agreement to renew, your mandatory minimum will be the highest figure listed for your Territory's Tier	Begins to accrue on the 1st day of the calendar month following the effective date of the Franchise Agreement, with first payment due on the 1st day of the next month Paid on this semi-monthly schedule 1st of each month = ½ of mandatory minimum is due, 5th of each month = Gross Revenue report for prior month's income is due, 15th of each month = The other ½ of mandatory minimum, and any additional Continuing Fees owed on revenues earned in the prior month, are due	Under the Full-Service option, we provide our Customer Center Services (or "Call Center"), a license to use our Business Management Software, one email account and one telephone number If you are opening a new Grout Medic Outlet, you must utilize the Full-Service option and pay this fee through the end of your 12th month of operation, at which time you can qualify for the Limited Service Continuing Fee (see below) If you are renewing an agreement, buying an additional territory, or purchasing an existing Grout Medic Outlet, you may choose the Limited Service option and the Limited Service Continuing Fee, but you must comply with operating requirements The mandatory minimum applies for each Territory that you own, each of which is a separate franchise However, the $25,000 monthly "breakpoint" (when the percentage rate decreases) is

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
			measured based on your Gross Revenue from all territories that you own See also Note 1, 2, 3, 4 and 5 below

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Limited Service Continuing Fee	5% of Gross Revenue, subject to these Mandatory Minimum Monthly Fees For Tier One franchises Months 1 - 3 $200, Months 4 – 6 $400, Months 7 – 9 $600, Months 10 – 12 $800, Remainder of Term $1,000 per month For Tier Two franchises Months 1 - 3 $100, Months 4 – 6 $200, Months 7 – 9 $300, Months 10 – 12 $400, Remainder of Term $500 per month If signing the franchise agreement to renew, your mandatory minimum will be the highest figure listed for your Territory's Tier	1st of each month = ½ of mandatory minimum is due, 5th of each month = Gross Revenue report for prior month's income is due, 15th of each month = The other ½ of mandatory minimum, and any additional Continuing Fees owed on revenues earned in the prior month, are due	This option is available if you have completed 12 full months of operating a Grout Medic Outlet, or you are signing a renewal franchise agreement, or you are signing a franchise agreement for an additional territory after having completed 12 full months of operating a Grout Medic Outlet, or you are purchasing an existing Grout Medic Outlet In all cases, instead of using our Customer Center Services you must employ someone on a full time basis to answer your business telephone who does not also perform The Grout Medic services in customers' homes (i e , administrative support) If you choose this option You also will have pay the Technology Fee and use our Business Management Software If You fail to do these things we may require you to use the Call Center and pay the Full Service Continuing Fee for up to 12 months You must pay the mandatory monthly minimum amount for

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Technology Fee	$100 per month for a single license	Payable on the 1st of each month, or as directed by us	This payment is required if you choose the Limited Service Continuing Fee It covers one license to use of our required Business Management Software, one email address and one telephone number We can increase this fee if we add modules to the software that cost us more to provide to you See also Note 3 below regarding inflation adjustments

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Additional Software and Communications Assets	$90 per month for each additional Business Management Software license $5 per month for each additional telephone number $5 per month for each additional email address	Payable on the 1st of each month, or as directed by us	You must have additional software licenses if you own multiple Territories that are not contiguous and therefore need to separately report revenue for each area, or if you want an additional license to maintain separate databases for your territories, such as in preparation for selling one We can increase the software fee if we add modules that cost us more to provide to you See also Note 3 below regarding inflation adjustments
National Marketing Fund	Up to 3% of Gross Revenue, or a mandatory flat fee of up to $300 per month Currently charged at $200 per month per franchisee, but to be increased to $300 per month on January 1, 2020, regardless of the number of Territories within the same metropolitan area	Payable in equal increments on the 1st and 15th of each month, so currently $100 is due at each interval and beginning January 1, 2020, $150 is due at each interval	See definitions of Gross Revenue in Note 1 If you own multiple franchises in separate metro areas, then you will have to pay a separate National Marketing Fund payment for each metro area Also see Note 3 and 4

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Metro Area Advertising	TBD	If implemented, must be paid periodically as directed by us	If more than one franchisee operates in the metropolitan area where your Territory is located, we may require you to contribute to advertising directed to the entire Metro Area and reimburse us for amounts that we pay to vendors for such ads
Late reporting of Gross Revenue Fee	$100, plus your monthly Continuing Fee charged as the greater of 105% of Gross Revenue from your highest reported monthly Gross Revenue in the prior 12 months, or 105% of monthly Minimum Fee for first violation, increasing by 5% for each subsequent violation	As incurred	Payable to us
Additional Headquarters Training Fee	$1,250 per person or $250 per additional day $125 per day for tech training only (1/2 day)	Payable upon your arrival at training	
Additional On-Site Consulting Charges	$200 per day, plus our incidental costs	15 days after billing	See Note 3 and 4

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Breach Fee	Up to $3,000 for breach of territorial restriction, in-term non-compete or confidentiality obligation, Up to $1,000 for any other breach	15 days after billing	We may charge such a fee instead of terminating the agreement, but we are not required to do so
Grout Repair Supplies and Equipment, Printed Items, Marketing Materials, and Advertising Services	To Be Determined	Payable on the 1st of each month, or as directed by us	Currently franchisees must purchase most of these items from third party suppliers whom we have designated In the future we may require you to purchase these items from us or other companies we own or control
Supplier Inspection, Testing or Administration Fee, Supplier Rebates	Varies	At time of initial inspection or testing Supplier rebates paid monthly, quarterly or annually	We may charge any of these fees as a condition of approving your request for a supplier other than one we have designated The supplier would pay the fee to us, but may pass along the cost to you in its price

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Voluntary Termination Fee Following the completion of the First Twelve (12) Months, but Before Beginning Month Twenty Five (25), Per Territory	The greater of your Continuing Fees accrued for the prior twelve (12) months or the entire minimum Continuing Fee for the upcoming year, plus the National Fund contribution for the upcoming year, plus any other amounts that have been due and owing to us This fee is payable for each Territory that is terminated (also see r below	With your written notice of termination	You may terminate the Agreement at any time after the end of the 12th complete month from your Start Date up until the end of the 24th month if you are not in breach, notify us in writing, pay this fee, and operate the business for 30 days after we receive the notice and payment All post-termination covenants will be binding
Transfer Fee	$5,000	Prior to completion of the transfer	See Note 3 and 4
Renewal Fee	$2,000	Submit with executed renewal franchise agreement	See Note 3 and 4
Relocation Fee	$2,000	Prior to consummation of relocation of your Territory, if feasible	See Note 3 and 4
Insufficient Funds Charge	$100	Upon rejection of our EFT transmittal, or our receipt of notice from your bank of insufficient funds to pay your check	If our drafting of any continuing fee is denied by your bank due to insufficient funds in your account, then this fee will be charged
Interest on late payment	18% per year or the highest rate permitted by law, whichever is less	As incurred	Interest is charged on any fee that you must pay us that is not paid by its due date

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Audit	Full amount of deficiency if discovered through audit, plus Cost of audit if there is a discrepancy of 2% or more	Amount of deficiency is due on demand, Cost of audit is due in 15 days if there is a discrepancy of 2% or more	
Attorney Fees	Amount incurred by prevailing party	As incurred	
Indemnification	All damages and costs including attorneys' fees	On demand	You must defend lawsuits at your cost and hold us harmless against lawsuits, any employee related claims, or governmental enforcement actions resulting from your operation of an Outlet

Unless otherwise provided, all fees are imposed by and are payable to Grout Medic All fees are nonrefundable All fees listed are uniformly imposed on new franchisees who receive this disclosure document

1 You must pay us the full amount of your minimum Continuing Fee obligations for the full term regardless of your Gross Revenue, unless you terminate the Agreement due to our uncured material breach or you voluntarily terminate after the end of the first year and pay the Termination Fee If you are purchasing an existing franchise (as a transfer) then you will be obligated to pay the highest minimum monthly Continuing Fee, except that during your first 3 complete months of your operation your mandatory minimum will be 50% of that amount (*e g*, $500 per month for a Tier 1 Territory)

2 "Gross Revenue" means the total amount of income received by you and your Related Parties for all goods sold and all services rendered in connection with the Trade Name or Marks, excluding sales tax

3 We reserve the right and might increase all fees stated as a specific amount including but not limited to mandatory minimum Continuing Fees, annually, beginning January 1, 2020, by the greater of 2% or the rate of increase in the Consumer Price Index ("inflation") during the year just ended

4 Credit Card payments to us are generally not allowed After a formal request in email, if we do accept credit card payments on any service or product fees owed from franchisees, and where allowed by law, we will pass along all related third-party fees ("Pass-Along Fees")

associated with the processing of these payments These fees generally range from 1-4% per transaction

5 We are not required to continue to provide Customer Center Services indefinitely, although it is our intention to do so If we cease providing Customer Center Services then you will automatically be switched to the Limited Services Continuing Fee option, be required to employ someone on a full-time basis to answer your business telephone who does not also perform The Grout Medic services in customers' homes (i e , administrative support), pay the Technology Fee, and continue use our Business Management Software, hosted email and the assigned telephone number

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT (LOW/ HIGH)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[1], (unless you are a Business Conversion, Below)	$17,500/$19,500	Lump sum	On signing the Franchise Agreement	Grout Medic
Initial Franchise Fee for a Business Conversion[1]	$15,500/$17,500	Lump sum	On signing the Franchise Agreement	Grout Medic
Travel and Living Expenses[2]	$1,300/ $2,250	As incurred	During training	Airlines, Hotels, Restaurants, etc
Real Estate[3]	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Vehicle Decoration	$600/$2,500	As determined by Vendors	Prior to opening	Supplier of branded Grout Medic logo package and local installer

TYPE OF EXPENDITURE	AMOUNT (LOW/ HIGH)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Insurance[4]	$600/$1,200	As determined by vendors	As determined by vendors	Insurance providers, agents or brokers
Legal and Accounting fees	$1,000/$1,500	As incurred	Prior to opening	Attorneys and/or accountants
Opening Inventory	$50/$500	As incurred	Prior to opening	Outside Suppliers for purchase of grout, sealer, stains and cleaners
Advertising[5]	$4,500/$9,000	As incurred	Prior to opening and first 3 months	Vendors
Computer Equipment and Software[6]	$0/$1,000	As determined by Vendors	Prior to opening or as arranged with Vendors	Computer Store
Office Furniture and Equipment	$0/$1,000	As determined by Vendors	Prior to opening or as arranged with Vendors	Outside Vendors
Bookkeeping[7]	$300/$750	By direct debit	Monthly during the first 3 months	Designated vendor or software provider
Employees' Payroll[8]	$0/$11,250	Bi-weekly	As earned	Employees, if you choose to hire any in your initial period

TYPE OF EXPENDITURE	AMOUNT (LOW/ HIGH)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Additional Funds (3 Month Initial Phase)[9]	$2,150/$3,550	As incurred	As incurred	Outside Vendors and Us
Estimated Totals	$28,000/$54,000			
Estimated Business Conversion Totals	$26,000/$52,000			

Explanatory Notes

1 If your franchise will be located in an area with a low population density (generally less than $175,000 households, a "Tier 2") that cannot reasonably be combined with nearby cities to form a cohesive Metropolitan Area (a "Tier One" franchise), the initial franchise fee is $17,500 Otherwise the initial franchise fee is $19,500 for a "Tier 1 " For Business Conversions, where an eligible business in the grout, tile or home restoration space converts to a GROUT MEDIC franchise, the fee is $17,500 in a Tier 1 territory, or $15,500 for a business conversion in a Tier 2 territory

2 The low estimate is for one person attending training whose round-trip airfare is $300 The high-end estimate is for two people attending training with airfare of $500 per person

3 The operation of the Franchised Business is oftentimes home-based and we do not recommend or encourage you to lease space outside of your home to operate the franchise

4 This estimate includes the initial payments required to establish insurance policies during for the first three (3) months This includes general liability insurance, an additional "hired auto" rider on your personal vehicle liability insurance, and workers' compensation insurance Your cost might be lower if you don't have employees and you do not purchase a separate vehicle for use in the business

5 Within three months of the opening of your business, you must spend the minimum amount listed on advertising, marketing and promotion of the opening of the Outlet in accordance with an opening marketing plan approved by us The lower figure is for Tier 2 franchises only, Tier 1 franchises must spend at least $9,000 total during the first 3 months in operations At least 1/3rd of this expenditure must be on digital marketing of the page for your Territory on our website You may place some of this advertising through us, but you are not required to do so

6 You are required to have a personal computing device that will enable you to be able to consistently access the Internet and communicate by electronic mail We recommend that it be a durable device used for mobile computing such as laptop or tablet The low estimate assumes that you already own such a device and will use it in the business

7 We intend to require you to use a bookkeeping service, system or software that we designate, and we will have access to your profit and loss and other accounting data maintained by that vendor

8 You are not required to hire any employees to operate a Grout Medic Outlet and we generally do not recommend that you do so until the business has obtained sufficient customer volume to cover such overhead The high estimate assumes that you choose to hire an employee from the start of your business

9 This estimate includes other startup expenses you are likely to incur during the three (3) month phase after you complete training, including gasoline, upkeep of your personal vehicle as used to operate the business, payment for a mobile internet access service (such as "Smart Card") for you to communicate electronically, payments to add an additional telephone line at your home office (such as for a fax machine), and your minimum fees due to us regardless of your Gross Revenue This does not include any salary or draw for the owner of the franchise This estimate is exclusive of expenses separately disclosed in this estimate

These figures are estimates, and can vary significantly from market to market, and Grout Medic cannot guarantee that you would not have additional expenses starting your business This schedule does not include ongoing royalty fees, nor does it try to anticipate your local advertising spend, etc You should review these estimates carefully with business advisors before making any decisions to purchase the franchise

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

In exchange for the initial franchise fee that you pay to us, we will provide you with most of the items that you need to initially operate your first Grout Medic Outlet, as detailed in the Equipment List attached as Exhibit 3 to the Franchise Agreement (the "Equipment Package") If you purchase additional franchises for a territory adjacent to others that you own then you will not be required to obtain an additional Equipment Package However, if you purchase an additional franchise for a territory in a separate metropolitan area, or otherwise need an Equipment Package to operate the additional franchise, then you must pay us $5,000 for the additional Equipment Package We did not sell any additional Equipment Packages during the past fiscal year

You must purchase your ongoing supplies of most products that you use, as well as many of the services that you need to operate the franchised business in compliance with our system, from suppliers or vendors that we have approved During calendar year 2018 we earned $3,716 80 in revenue as a result of designated suppliers' sales of products or services to our franchisees, which was 0 5% of our total annual revenue of $740,660 80 The source of that information is our internal books of account, which were provided to our auditors for inspection in the process of preparing our annual audited financial statement

We also serve our franchisees by placing advertising for their services through organizations such as Angie's List We do not currently require franchisees to place advertising through us or our affiliates, but we may require this in the future During calendar year 2018 we received a total of $88,545 86 in gross revenues and earned a net profit of $8,080 82 (after paying advertisers) from the placement of advertising We also received an additional $13,535 in revenues providing software and communications services to franchisees The source of this information is our internal books of account, which were provided to our auditors for inspection in the process of preparing our annual audited financial statement

Other than as described above, there are no approved suppliers in which any of our officers owns an interest

At this time neither us nor any company in which any of our officers owns an interest is the only approved supplier of any products, goods or services However, we or our affiliates (if established in the future) may be designated as exclusive suppliers of other products or services in the future, and we may require you to purchase all of your required supplies, equipment and services from us, our affiliates or approved suppliers For example, our current policy is to permit you to purchase grout from any supplier However, we provide standards and specifications and recommend certain brands in the Manual and through our training program We reserve the right in the future to negotiate purchase arrangements with suppliers to obtain price terms for our franchisees on grout If we do so, we may designate one or more required suppliers of grout and receive commissions or rebates from such suppliers based upon the amount of your purchases

To maintain consistency of operations we have designated suppliers whom we recommend to use for the following categories of services and goods employee background checks, payroll processing and human resources advice, employee time tracking, business management software, accounting software or bookkeeping service, printed materials, grout cleaners, sealers and stains, grout restoration machines, call center, email, insurance, marketing programs, online review management, and digital marketing We provide a complete list of those suppliers and their contact information in our Operations Manual

You must own or lease a personal vehicle suitable for traveling to customers' homes and providing Grout Medic® services The types of vehicles that are acceptable for you to use in the business are a pick-up truck, a sport utility vehicle ("SUV"), a van, or a full-sized car (*e g*, Ford Taurus) or a mid-sized car (*e g*, Honda Accord) You must purchase a logo package to affix to your vehicle from an approved supplier

You may operate from your home, but if you choose to have a retail location it must meet the following standards (i) adequate room and facilities for you to use your computer and to make and receive calls from customers, and (ii) a storage area of at least two feet by two feet (2' x 2') to store supplies

Other than as described above, we do not currently provide standards or specifications or require approval of any suppliers of other products or services that you will use to operate your Grout Medic Outlet However, in the future we may (i) issue standards or specifications for other types of products or services used in operating a Grout Medic outlet, and (ii) require

you to obtain our approval for suppliers of products and services used in operating a Grout Medic outlet

If we have designated or approved one or more suppliers of an item or service used in Grout Medic outlets, then you must submit a written request for our approval if you wish to purchase, lease or use such item or service from an alternative supplier We are not obligated to approve your request, and you may not make any purchases from that supplier unless and until we have approved such supplier in writing Within 30 days of receiving your request we will respond by either approving or disapproving your request, or by requesting additional information from the proposed alternative supplier Within 60 days of receiving any additional information that we have requested, we will notify you of supplier approval or disapproval

We may require that the proposed new supplier comply with any requirements that we may deem appropriate, including for example payment of reasonable initial and continuing inspection fees and administrative costs, or other payment to us by the supplier on account of their dealings with you or other franchisees Any alternative supplier whom you suggest will be judged by its willingness to make such payments to us, its ability to consistently and reliably provide goods or services of a quality that we deem sufficient, the prices it proposes to charge to you and other franchisees, and the impact that approval of your request might have on our relationship with our existing designated suppliers

We may revoke our prior approval of a supplier for any reason or no reason, provided that we inform you of our decision in writing If we revoke approval of a supplier then you may not order additional products or services from that supplier, but we will provide you with a reasonable period of time to exhaust previously purchased material and to avoid early termination penalties in services contracts

You must, at all times, maintain insurance as follows

A Workers' compensation insurance in amounts prescribed by law in your territory,

B Additional coverage on your personal vehicle liability insurance through an additional "hired auto" rider,

C Comprehensive general liability insurance and product liability insurance coverage in such amounts and upon such terms as may from time to time be customary for a maintenance and repair business located in your Territory, but not less than $1,000,000, insuring both you and "The Grout Medic, LLC" against all claims, suits, obligations, liabilities and damage, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage arising as a result of your operations of the Outlet "The Grout Medic, LLC" will be added as an "Additional Insured or "Co-insurance" party on the first and all subsequent general liability and product liability policies, and evidence of coverage will be forwarded to the franchisor within 7 calendar days of possession, and,

D Such additional insurance as may be required by the terms of any lease or mortgage for the office from which you operate your Outlet

It is important to note that, while general liability insurance may provide you with protection if you or your employees accidentally causes harm to customer's persons or property, it typically will not pay you for your costs and expenses involved in re-doing work that was previously done in a sub-standard manner

We estimate that, as described in this Item and in Item 7 of this disclosure document, between 80% to 95% of your purchases or leases of goods and services required to establish this franchise must be made from approved suppliers or in accordance with our specifications or standards We estimate that between 60% and 85% of your purchases or leases of goods and services required to operate the franchise must be made from approved suppliers or in accordance with our specifications or standards We do not provide material benefits to a franchisee based on a franchisee's use of designated or approved sources or purchase of particular products or services However, we may terminate the franchise, refuse to renew it, and/or refuse to grant additional franchises if you do not purchase the required items only from approved suppliers or if you deviate from mandatory standards or specifications and fail to cure such deviations after notice from us

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	Section 4(b)	Items 8, 11 and 12
b Pre-opening purchases/leases	Sections 6(a) and 7	Items 8 and 11
c Site development and other pre-opening requirements	Sections 6 and 7	Item 8 and 11
d Initial and ongoing training	Sections 5(a)	Item 11
e Opening	Sections 7(n)1 and 11(b)1 b	Item 11
f Fees	Section 6	Items 5, 6 and 11
g Compliance with standards and policies Operating Manual	Sections 5(c) and 7(f)	Items 8 and 11
h Trademarks and proprietary information	Sections 7(a)	Items 13 & 14

OBLIGATION		SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
i	Restrictions on products/services offered	Section 7(g)	Items 8, 11, 14 & 16
j	Warranty and customer service requirements	Section 7(j)	Item 8
k	Territorial development and sales quotas	Section 7(n)	Item 12
l	Ongoing product/service purchases	Sections 6(n), 7(b) and 7(h)	Items 8 and 16
m	Maintenance, appearance and remodeling requirements	Section 7(e) and 7(o)	Item 11
n	Insurance	Section 7(q)	Item 8
o	Advertising	Section 7(c) and (n)	Items 6 and 11
p	Indemnification	Section 8(d)	Item 6
q	Owner's participation/management staffing	Section 7(m)	Item 15
r	Records/reports	Section 6(b) and 7(p)	Items 6 and 11
s	Inspection/audits	Sections 6(q) and 7(k)	Item 6
t	Transfer	Sections 6(g) and 10	Items 6 and 17
u	Renewal	Section 4(g)(2)	Item 17
v	Post-termination	Section 11(d)	Item 17
w	Non-competition covenants	Section 9(b)(& 9(c)	Item 17
x	Dispute resolution	Sections 12 and 13	Item 17
y	Owner/Shareholder Guaranty	Sections 14(l) and Exhibit 2	Item 15

ITEM 10 FINANCING

The Grout Medic, LLC does not offer direct or indirect financing We do not guarantee your note, lease or any other obligation incurred to develop or operate the franchised business

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

Except as listed below, Grout Medic is not required to provide you with any assistance.

Our Pre-opening Obligations

1 Before the opening of your Grout Medic Outlet, the person who will operate the franchise on a day to day basis (the "Designated Manager") must complete the training program described below to our satisfaction, and at your option we also will train either you (or you will not be the Designated Manager) or one other person whom you select (Franchise Agreement – Subsection 5(a)1)

2 We will loan you one copy of Grout Medic's Confidential Operating Manual containing mandatory and suggested specifications, standards, operating procedures and rules prescribed from time to time by Grout Medic as provided in Section 5 5 of the Franchise Agreement We will modify and update the Manual from time to time and send you such changes by postal or electronic mail The Manual is 93 pages long and its Table of Contents, attached as Exhibit J to this Disclosure Document, discloses the number of pages devoted to each section (Franchise Agreement – Section 5(c))

3 We will provide you with access to our Grout Medic advertising materials such as video and audio recordings and copy ready print advertising materials You must pay to have those materials distributed for use in your local advertising campaign (Franchise Agreement – Section 5 (d))

4 If this is your first Grout Medic franchise, we will provide you with a start-up supply of equipment, materials, business supplies and marketing materials as identified in the Equipment Package, which is Exhibit 3 of the Franchise Agreement [Franchise Agreement – Section 6(a))

Time to Open for Business, Location of Your Office

Grout Medic estimates that franchisees normally will open their businesses two weeks to two months after they sign a Franchise Agreement The factors that may affect this time are (a) the availability of grout and tile restoration equipment and materials, and (b) whether you choose to start operation of the business from a location outside of your home, in which case the opening of the business will be impacted by your ability to obtain a lease, financing or building permits, compliance with zoning and local ordinances, shortages or delays in the installation of equipment, fixtures and signs, and possibly weather conditions You are required to open for business within three months after the date of your franchise agreement (Franchise Agreement Sections 3(m) and 11(b)(1)(b))

The operation of the Franchised Business is oftentimes home-based and we do not encourage you to lease space outside of your home to operate the franchise If you choose to operate from an office outside of your home, You may lease or purchase any office location that

provides adequate room and facilities for you to use your computer, make and receive calls from customers, and have a storage area at least two feet by two feet (2' x 2') to store supplies, and you promptly provide us with the street address, facsimile number and telephone number for your office location You must pay all costs associated with selecting a location and we will not assist you in any way in finding an office outside your home

Our Post-Opening and Continuing Obligations

1 We will provide you with telephone consultation during the term of the franchise If you request consultation in the Territory concerning your business operations, we will make our operations personnel available to you in a timely manner, but we can charge you our per day consultation rate plus travel expenses (Franchise Agreement Section 5(b))

2 We will supply you with information concerning any new services or methods that we may develop in the future for use in connection with your Grout Medic Outlet (Franchise Agreement Section 5 (c))

3 We currently provide advertising templates to you Materials provided to all franchisees may include video and audio recordings and copy ready print advertising materials We or our affiliate will sell you the following types of marketing materials and paper products as you require them on an ongoing basis branded apparel, brochures, banner signs, vehicle magnets, business cards, estimate forms and comment cards (Franchise Agreement Section 5 (d))

4 We may have an annual convention or meeting of all Grout Medic franchisees for continuing education and other purposes, and if so we will require you to attend We will not charge any attendance fee or tuition, but you would be required to pay your travel, lodging and food costs to attend such meetings (Franchise Agreement Section 5 a 3)

5 For as long as we believe to be necessary and appropriate, we will supply you with the business management software and with maintenance and customer support for the software described below We may stop providing you the software and support in the future, provided that we stop charging the Business Management Software fee and we provide you with instruction to facilitate your transition to alternative computer software (Franchise Agreement Section 5 e)

6 For as long as we believe to be necessary and appropriate, and you pay the Services Fee, we will operate a Customer Center that will field calls from prospective customers, schedule appointments and communicate with customers after appointments on your behalf (Franchise Agreement Section 5 f)

7 If you appoint a new general manager of your Grout Medic Outlet, or purchase an additional Territory and must hire a separate general manager to oversee its operations, then we will provide the new or additional manager with our five (5) day training at our headquarters, and pay us a $1,250 fee plus our reasonable out of pocket expenses incurred in providing the training (Franchise Agreement Section 7 n) If you request it, we also provide additional managerial training at our headquarters for $250 per day and

½ day technical training for $125, plus our reasonable out of pocket expenses incurred in providing the training (Franchise Agreement Section 5 (a)2) These fee amounts are subject to annual increases for inflation (Franchise Agreement Section 6 l)

Advertising

You may develop advertising materials for your own use, at your own cost However, you must obtain Grout Medic's prior written approval of the advertising We may use outside advertising and marketing agencies to create advertising

We have a national brand building fund (the "National Marketing Fund") and currently require franchisees to pay to $200 per month to the National Marketing Fund Our current policy is that, if you own more than one Territory within the same standard metropolitan statistical area as defined by the U S government (a "Metro Area"), then you will only be required to pay the National Marketing Fund contribution for your first franchise in that Metro Area, however, if you own a franchise in separate Metro Areas then you must pay the National Marketing Fund contribution for each such area

We use the National Marketing Fund proceeds to protect and build the brand, advertise, market and promote the products and/or services sold by the franchisees and we may not use the funds for purposes primarily intended to sell additional franchises We have full control over the use of the National Marketing Fund proceeds, except for the limitation stated in the prior sentence (Franchise Agreement Section 5 (d))

During the fiscal year that ended December 31, 2018, we collected $53,453 12 in National Marketing Fund payments and we spent $ 57,228 36 on National Marketing Fund programs, of which 89 5% was spent on Internet marketing purchases (such as advertising, search engine optimization, content development, website hosting and domain name registrations) and 10 5% was used for administration of the National Marketing Fund program

The National Marketing Fund may be a non-profit corporation All Company-owned Grout Medic Outlets will contribute to the National Marketing Fund on the same basis as franchisees The National Marketing Fund will be administered at the expense of the National Marketing Fund by Grout Medic's accounting and marketing personnel An annual financial statement of the National Marketing Fund will be available to any franchisee upon request

Advertising placement is done on a local basis by individual franchisees, but all local advertising materials must be approved in advance by us We are an approved supplier for direct mail advertising as described in Item 8 Local advertisement is your responsibility and done typically by local advertising agencies hired by you or advertising cooperatives

Within three months of the opening of the GROUT MEDIC® Outlet, you must spend a minimum of Nine Thousand Dollars ($9,000) on local advertising, marketing and promotion of the opening of the GROUT MEDIC® Outlet in accordance with an opening marketing plan approved by us and using advertising and promotional materials that we have approved Beginning in your fourth (4th) full month of serving customers, You must spend a minimum of Two Thousand Two Hundred and Fifty Dollars ($2,250) per month for advertising and promotion until your monthly Gross Revenues exceed $15,000 for three (3) consecutive months, after

which you must spend at least Ten Percent (10%) of your Gross Revenues on advertising and promotion (the "Minimum Local Advertising Expense") Local Advertising means advertising that is primarily directed to people or entities within Your Territory, and includes advertising expenditures purchased from or through Grout Medic or a Related Party, however, at least One Thousand Dollars ($1,000) per month of your Minimum Local Advertising Expense must be spent on digital or "online" marketing in a program that we approve

However, if your Territory is designated as "Tier 2" in Exhibit 1 of the Franchise Agreement, then your minimum required advertising expenditures are reduced by fifty percent (50%)

If more than one The Grout Medic franchisee operates within a Metro Area, then we may require all of the franchisees within that Metro Area to jointly advertise and promote The Grout Medic services within that Metro Area While we will solicit your opinion on the methods of Metro Area Advertising covering your Territory, we will control and decide the methods and manner of Metro Area Advertising using our reasonable business judgment, and you must pay your proportionate share of the cost for Metro Area Advertising Your payments for Metro Area Advertising will serve as a credit towards satisfaction of your Minimum Local Advertising Expense (This provision does not apply if you have a Tier 2 territory)

We do not participate in or provide an advertising-type council, but reserve the right to do so in the future

Advertising Through Electronic Media, Including the Internet

You are not permitted to create, host or update any Internet website, page or listing that utilizes the name "Grout Medic", the GROUT MEDIC® logo, or any similar name or logo without obtaining our express prior written consent, which we may withhold for any reason or no reason We will provide, own, and control Your business telephone number and website domain name, both of which You must publish in all of Your advertising materials, as well as the email addresses that you must use in operating the Grout Medic Outlet With our prior written consent, You may promote a webpage for your Territory that we create and host for you (such as http //northwestbaltimore thegroutmedic com/) through local directories and other methods of advertising to prospective customers in your Territory, and we require that you spend at least $1,000 per month promoting your Grout Medic Outlet through the Internet and other methods of "digital" or "mobile" communications networks

Computer Systems

You are required to have a personal computing device with a Windows based operating system that will enable you to be able to consistently access the Internet, communicate by electronic mail, utilize the business management software that we designate while you travel to customers' homes, and provide transactional data to the designated bookkeeping service, system or software whom we will require you to use We recommend a laptop computer which has a processor speed of at least 2 4 gigahertz (GHZ) You also will be required to have continuous wireless Internet access and that may require purchase of an addition to the computer (sometimes referred to as a "Smart Card") Unless you already own these items, the estimated cost to purchase the computer equipment necessary to operate a Grout Medic franchise ranges from $600 to $1,000

You must use the business management software that we sub-license to you to run your GROUT MEDIC® Outlet, including maintaining your appointment calendar, issuing estimates and customer contracts, and processing customer payments You also must use a bookkeeping service, system or software that we designate for keeping track of your expenses and profit information, and the email addresses that we assign to you in sending and receiving electronic mail for your GROUT MEDIC® Outlet We will have independent access to the information and data you maintain through each of these systems, and there are no contractual limitations on our right to access the information and data Provided that you maintain your computer in working order, we will provide you with all updates and upgrades to the business management software and we will maintain the software, including necessary repairs, as well as a reasonable level of ongoing customer support However, we may stop sub-licensing and supporting that software in the future if we stop charging the Business Management Software fee and provide you with assistance that you reasonably request to facilitate transition to alternative computer software

We recommend that you obtain a maintenance contract with a reputable organization for your computer hardware and its operating software, separate and apart from the business management software You may be required to upgrade or update any computer hardware or operating software program during the term of the Franchise Agreement There are no contractual limitations on the frequency or costs associated with this obligation

Training

You or your Designated Manager must successfully complete our initial training program before you begin operation of your Grout Medic Outlet This training program is oftentimes five-days, but could be adjusted to one, two, three or four days, as necessary Training could also wholly or partially include virtual or remote training and education You must begin operations within three (3) months of signing the Franchise Agreement The cost of the initial training program for up to two (2) trainees is included in your Initial Franchise Fee (or Transfer Fee, if buying an existing franchise), but you must pay the travel and living expenses for you and your employee(s) Other individuals who will be involved in the operation or management of your franchise may attend the initial training program for the fees stated in Item 6 of this Disclosure Document The training program will be conducted as often as necessary to enable each franchisee to complete it prior to opening for business

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING (estimated and subject to change per franchisee)	HOURS OF ON THE JOB TRAINING	LOCATION
Company Vision - Orientation	1	0	Online and/or Regional Training center in Sacramento, CA, Southlake, TX or Raleigh, NC, at Franchisor discretion
Marketing/Advertising/Social Media Software and Services Review	6	0	Online and/or Regional Training center in Sacramento, CA, Southlake, TX or Raleigh, NC, at Franchisor discretion
Operations/Sales/Marketing Software Training (Business Management)	10	0	Online and/or Regional Training center in Sacramento, CA, Southlake, TX or Raleigh, NC, at Franchisor discretion
Inventory - Control/Products/Equipment	1	0	Online and/or Regional Training center in Sacramento, CA, Southlake, TX or Raleigh, NC, at Franchisor discretion

SUBJECT	HOURS OF CLASSROOM TRAINING (estimated and subject to change per franchisee)	HOURS OF ON THE JOB TRAINING	LOCATION
Administrative/Payroll/Staffing/Insurance software and services Overview	3		Online and/or Regional Training center in Sacramento, CA, Southlake, TX or Raleigh, NC, at Franchisor discretion
Finance/Accounting/Bookkeeping	3	0	Online and/or Regional Training center in Sacramento, CA, Southlake, TX or Raleigh, NC, at Franchisor discretion
Business Planning Session	2	0	Online and/or Regional Training center in Sacramento, CA, Southlake, TX or Raleigh, NC, at Franchisor discretion
Technical Training	14	0	Online and/or Regional Training center in Sacramento, CA, Southlake, TX or Raleigh, NC, at Franchisor discretion
Total Hours	40	0	

Unless otherwise noted, the training materials used during the training session described in the above chart are limited to the Manual

David Muirhead, our Director of Franchise Development, Operations and Support and President of our multi-unit franchisee in Virginia, is generally, but not always, our primary training instructor David has managed the operations of Grout Medic Outlets since 2006, expanding that business from a single territory in Virginia's western suburbs of Washington, D C to owning 6 territories stretching from Washington, D C to Richmond

Our intention is to hold an annual conference, but it is not required We do require all franchisees to attend that event as continuing training, as offered If you fail to attend the annual convention without being excused by us prior to the event, then we require you to pay a fine to us of $1,000 We have no other mandatory or optional continuing training programs, except that if you replace your Designated Manager or hire a manager to oversee operations in an additional Territory then we may require that a new or additional manager complete our training program at our headquarters

ITEM 12 TERRITORY

We will grant you an exclusive Territory, meaning that as long as you are in compliance with your Franchise Agreement we will not establish or operate or license others to establish or operate other franchises in the business of selling grout and tile restoration services to owners of residential property within your protected Territory Your Territory will have a population of at least 175,000 households if you purchase a Tier One franchise or with less than 175,000 households if you purchase a Tier Two franchise We will determine the number of households in your Territory based upon our review of reputable sources of demographic information concerning the population of your town and surrounding towns before you and we sign the Franchise Agreement Boundary streets, highways, ZIP codes, towns or county lines on an attachment to the Franchise Agreement will delineate the Territory

During the term of our agreement with you (as renewed in the future), we will not, either in our own name or through any affiliate, base any company-owned GROUT MEDIC Outlet within the Territory While we have no present intent to do so, We or our affiliates may sell franchises to others within the Territory (or anywhere else) using trade names and trademarks other than GROUT MEDIC in connection any line of business, including the sale of products or services similar to those offered by a GROUT MEDIC Outlet, except that We will not sell a franchise within the Territory for operation of a business selling grout and tile restoration or maintenance services to the owners of residential properties We also may sell products identified by the name Grout Medic or any of our trademarks, such as grout cleaner, sealer and stains, through any other means of distribution, including wholesale to other retail outlets, catalog transactions, or Internet transactions

You are prohibited from marketing to customers outside of your Territory, and you may not provide services to customers outside of your Territory unless we refer them to you or you otherwise receive our written permission to do so Except as specified below, neither we nor any other franchisee will be permitted to solicit orders or customers from your Territory

However, we have and will offer and grant franchises to use the Trade Name, Marks and System from any site outside your Territory, regardless of how close the site is to your Outlets

Grout Medic Outlets' services are primarily marketed towards the owner-occupants and renters of residential real estate However, occasionally opportunities arise to provide The Grout Medic services in commercial real estate or in apartment complexes on behalf of property management firms (each a "Commercial Job") If you are offered the opportunity to fulfill a Commercial Job in your Territory but decide not to do so, then you must inform us of that Commercial Job opportunity so that we may refer it to another The Grout Medic franchisee or pursue the opportunity and complete the work on our own account

This franchise is solely for operation within the Territory specified in the franchise agreement You may operate from any location that provides adequate room and facilities for you to use your computer, make and receive calls from customers, and have a storage area at least two feet by two feet (2' x 2') to store supplies, and you promptly provide us with the street address, facsimile number and telephone number for your business address We do not limit the number of times you may relocate your principal business address

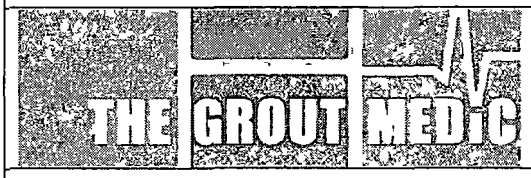
You may only relocate your Grout Medic Outlet to a different geographic Territory if it has not been granted to another franchisee and you obtain our prior written consent The conditions we will require to obtain our consent are that (a) you are in good standing under your current franchise agreement, (b) you agree to sign a cancellation agreement as to your original Territory and our then-current form of franchise agreement for the new Territory, and (c) you grant us a general release of claims However, rather than paying an additional franchise fee, we will only require you to pay a relocation fee of $2,000, an amount we may increase on an annual basis by the rate of inflation The only circumstances in which we may waive some conditions are if you are forced to relocate due to a major natural disaster that devastates the commercial viability of your Territory

You do not receive the right to acquire additional franchises within your area or in any contiguous area

ITEM 13 TRADEMARKS

The principal service mark to be licensed to you is "THE GROUT MEDIC®" We own the service marks shown in the following table, all of which are registered on Principal Register of the United States Patent and Trademark Office ("USPTO")

Service Mark	Registration Number	Date of Registration
The Grout Medic	3,553,974	December 30, 2008
"Bringing Grout and Tile Back to Life!"	3,605,775	April 14, 2009

"We Re-Create the Beauty of Home"	4,138,520	May 8, 2012
	4,364,313	July 9, 2013
"The Grout Medic"	4,546,871	June 10, 2014

All necessary affidavits have been filed with the USPTO with respect to these registrations

You must follow our rules when you use these marks You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols, except for those which Grout Medic licenses to you You may not use Grout Medic's registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by Grout Medic

There is no currently effective determination of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, or any pending interference, opposition or cancellation proceeding, or any pending material litigation involving the above-described Marks which are relevant to your use of these Marks

No currently effective agreements limit Grout Medic's right to use or license the use of Grout Medic's principal service marks

You must notify Grout Medic immediately when you learn about an infringement of or challenge to your use of our service marks Grout Medic will decide whether to take action to prevent the unauthorized use of Grout Medic's service marks Grout Medic will indemnify and hold you harmless from any expense or liability arising from your use of the Grout Medic marks in accordance with the Franchise Agreement and the Manual

You must modify or discontinue the use of a service mark if Grout Medic modifies or discontinues it If this happens, Grout Medic will reimburse you for your tangible cost of compliance (for example, changing signs) You may not directly or indirectly contest our right to our service marks, trade secrets or business techniques that are part of our business

Grout Medic does not know of any infringing uses that could materially affect your use of Grout Medic's Marks

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the franchised business

Our Manual, operational materials, and other proprietary materials specifically created by us in connection with the Grout Medic System, including the proprietary advertisements, printed materials and forms are and will be protected under the U S Copyright Act, whether or not registrations are obtained You must use the Manual and other copyrighted materials in a

manner consistent with our ownership rights and solely for the promotion of your Grout Medic Outlet You also must promptly tell us when you learn about any unauthorized use of copyrighted information We are not obligated to protect your rights to use our copyrighted materials

There are no currently pending copyright applications relating to our copyrighted materials There are no effective determinations of the U S Copyright Office or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation involving the copyrighted materials which are relevant to their use by you

There are no agreements currently in effect which significantly limit our right to use or to license the use of our copyrighted materials in any manner material to you We do not know of any infringing uses of our copyrighted materials which materially affect your use of those materials

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

Grout Medic does not require that you personally supervise the franchised business The business must be directly supervised on premises by a Designated Manager who has successfully completed Grout Medic's management training program The Designated Manager cannot have an interest or business relationship with any of Grout Medic's business competitors The Designated Manager need not have an ownership interest in the corporate or partnership franchisee, however, the Designated Manager must sign a Confidentiality and Noncompetition Agreement, in the form attached as Exhibit F to this Disclosure Document, which either you or we can enforce against the Designated Manager

Each owner of a 20% or greater interest in the franchisee entity and their spouse must sign the Guaranty and Assumption of Franchisee's Obligations attached as Exhibit 2 to the Franchise Agreement, assuming and agreeing to discharge all obligations of the "Franchisee" under the Franchise Agreement, including (but not limited to) the Confidentiality and Noncompetition obligations of the Franchisee

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Grout Medic requires you to offer and sell only those goods and services that Grout Medic has approved (see Item 1 under the heading, "The Franchised Business") You must offer all goods and services that Grout Medic designates Grout Medic reserves the right, in our sole discretion, to change the types of authorized goods and services upon reasonable notice to you There are no contractual limits on Grout Medic's right to make changes

Supplies and equipment used in your Grout Medic Outlet must be approved by us (see Item 8)

You may sell goods and services to any person within your Territory, so long as that person may lawfully purchase such goods and services You may not sell goods or services to any person outside your Territory unless we refer that person to you or provide you with written permission to do so

ITEM 17 RENEWALS, TERMINATIONS, 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 Franchise Agreement	Summary
a	Length of the franchise term	Section 4 (g) 1	10 years
b	Renewal or extension of the term	Section 4 (g) 2	If you are in good standing, you can renew for up to 2 successive additional 10-year terms
c	Requirements for you to renew or extend	Section 4 (g)2	Good standing, timely notice, sign new agreement, be current in payments, renewal fee paid, and sign release You may be asked to sign a contract with materially different terms and conditions than your original contract
d	Termination by franchisee	Section 11 (c)	Material default by Grout Medic and our failure to cure within sixty (60) days, or after the end of the 12th complete month of the franchise by paying us a fee consisting of (i) the greater of your Continuing Fees accrued for the prior twelve (12) months or the entire minimum Continuing Fee for the upcoming year, plus (ii) and National Fund contribution for the upcoming year, plus (iii) any amounts owed for the initial Franchise Fee
e	Termination by franchisor without cause	None	---
f	Termination by franchisor with "cause"	Section 11 (b)	Grout Medic can terminate only if you default

	Provision	Section in Franchise Agreement	Summary
g	"Cause" defined – curable defaults	Section 11 (b)	You have 30 days to cure noticed curable defaults other than non-payment of fees You have 5 days to cure non-payment of fees
h	"Cause" defined – non-curable defaults	Section 11 (b)	Non-curable defaults include misuse of trademarks, breach of non-competition or confidential obligations, unauthorized assignment, material misrepresentation, lack of prior written consent when required, abandonment, repeated defaults even if cured, threat to public health or safety, bankruptcy, conviction of felony, engage in conduct which reflects materially and unfavorably on the goodwill associated with our Marks, failure to make required purchases from approved suppliers and knowingly maintaining false books or records
i	Franchisee's obligations on termination/non-renewal	Section 11 (d)	Obligations include final accounting, complete de-identification, Grout Medic's option to purchase assets, and payment of amounts due, including all unpaid minimum Continuing Fee Fees for the remainder of the initial term unless you terminate the Agreement in accordance with Section 11 (c) (also see r below)
j	Assignment of contract by franchisor	Section 10 (g)	No restriction on Grout Medic's right to assign so long as assignee expressly assumes obligations under Agreement
k	"Transfer" by franchisee – defined	Section 10	Includes transfer of contract or assets, or change of ownership
l	Franchisor approval of transfer by franchisee	Section 10 (c)	Grout Medic must give prior written approval of any transfers

	Provision	Section in Franchise Agreement	Summary
m	Conditions for franchisor approval of transfer	Section 10 (d)	New franchisee qualifies, adequate arrangements for satisfying customer warranty claims (such as escrow of part of purchase price), payment of all of your outstanding debts to Grout Medic and its Related Parties, cure of any defaults, current agreement signed by new franchisee (but inheriting the seller's minimum monthly royalty) or assumption of current agreement (as determined by Us), transfer fee paid, training completed, release signed by you and your Related Parties, and your continuing guarantee and subordination if you will finance all or part of the transferee's purchase of your franchise (also see r below)
n	Franchisor's right of first refusal to acquire franchisee's business	Section 10 (c)	Grout Medic can match any offer for the franchisee's business
o	Franchisor's option to purchase franchisee's business	Section 11 (d)5	If the franchise is terminated, Grout Medic may, but is not required to, purchase your franchise's inventory and supplies at the lower of cost or fair market value, and purchase its tangible personal property at its depreciated value, as long as we send you written notice of our election to purchase those assets within thirty (30) days after termination
p	Death or disability of franchisee	Section 10 (e)	Heirs or beneficiaries must demonstrate, within 90 days, ability to operate franchise Otherwise, franchise must be assigned by estate to approved buyer within 180 days

	Provision	Section in Franchise Agreement	Summary
q	Non-competition covenants during the term of franchise	Section 9 (b) 2	No business that offers or provides services substantially similar to a Grout Medic Outlet, as defined in the Franchise Agreement
r	Non-competition covenants after the franchise is terminated or expires	Section 9 (b) 3	No business that offers or provides services substantially similar to a Grout Medic Outlet, as defined in the Franchise Agreement, for 2 years within your former Territory, or within 15 miles of the perimeter of your former Territory, or within 20 miles of any other Grout Medic Outlet existing on the date of execution of your franchise agreement or the date of Termination
s	Modification of the agreement	Section 14 (d)	No modification generally unless on consent of both parties, but Manual subject to change
t	Integration/merger clause	Section 14 (f)	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law) Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable
u	Dispute resolution by arbitration or mediation	Sections 12 and 13	Mediation and arbitration are provided for dispute resolution, except for certain claims
v	Choice of forum	Sections 12 and 13	All disputes shall be arbitrated in the city where Grout Medic's headquarters are located, subject to the requirements of your state's laws, except if you breach the Agreement we may obtain a preliminary injunction from a court whose district includes the county in which you operate the business

Provision	Section in Franchise Agreement	Summary
w Choice of law	Section 14 (b)	Subject to state law, Texas law applies

ITEM 18 PUBLIC FIGURES

Grout Medic does not use any public figure to promote its 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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets We also do not authorize our employees or representatives to make this representation either orally or in writing If you are purchasing an existing outlet, however, we may provide you with 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 JC Timmons, 2121 Lohmans Crossing Suite 504-228 Austin, TX 78734, telephone 800-700-1411, the Federal Trade Commission, and the appropriate state regulatory agencies

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No 1

System-wide Outlet Summary For Years 2016 to 2018

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2016	52	54	+2
	2017	54	50	-4
	2018	54	50	-4
Company-Owned	2016	0	0	0
	2017	0	0	0
	2018	0	0	0
Total Outlets	2016	52	54	+2
	2017	54	50	-4
	2018	50	50	0

Table No 2

Transfers of Outlets From Franchisees to New Owners (other than the Franchisor)

For years 2016 to 2018

State	Year	Number of transfers
FL	2016	2
	2017	2
	2018	0
MI	2016	0
	2017	0
	2018	1
NJ	2016	2
	2017	0
	2018	2
Total	2016	4
	2017	2
	2018	3

Table No 3

Status of Franchised Outlets

For years 2016 to 2018

State	Year	Outlets at Start of Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
AL	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
CA	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
	2018	3	1	0	0	0	0	4
CO	2016	5	0	0	0	0	0	5
	2017	5	0	0	0	0	0	5
	2018	5	0	0	0	0	0	5
FL	2016	4	2	2	0	0	0	4
	2017	4	2	0	0	0	0	6
	2018	6	0	1	0	0	0	5
IL	2016	5	0	0	0	0	0	5
	2017	5	0	3	0	0	0	2
	2018	2	0	0	0	0	0	2
MD	2016	4	0	0	0	0	0	4
	2017	4	0	2	0	0	0	2
	2018	4	0	2	0	0	0	2
ME	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
MI	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
NE	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
NJ	2016	4	0	0	0	0	0	4
	2017	4	0	0	0	0	0	4
	2018	4	0	0	0	0	0	4
NY	2016	4	0	0	0	0	0	4
	2017	4	0	0	0	0	0	4
	2018	4	1	0	0	0	0	5

State	Year	Outlets at Start of Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
NC	2016	3	0	0	1	0	0	2
	2017	2	3	0	0	0	0	5
	2018	2	3	0	0	0	0	5
OH	2016	4	0	0	0	0	0	4
	2017	4	0	0	1	0	0	3
	2018	3	0	0	0	0	0	3
OK	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	1	0	0	0	0
PA	2016	2	0	1	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
SC	2016	1	0	0	0	0	0	1
	2017	1	0	1	0	0	0	0
	2018	1	0	1	0	0	0	0
TX	2016	2	2	0	0	0	0	4
	2017	4	0	0	0	0	0	4
	2018	4	0	0	0	0	0	4
VA	2016	6	0	0	0	0	0	6
	2017	6	0	0	0	0	0	6
	2018	6	0	0	0	0	0	6
Totals	2016	52	4	1	1	0	0	54
	2017	54	3	6	1	0	0	50
	2018	50	0	0	0	0	0	50

Table No 4

Status of Company-Owned Outlets

For years 2016 to 2018

State	Year	Outlets at the Start of the Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at the End of the Year
Totals	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0

Table No 5

Projected Openings as of December 31, 2018

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Arizona	0	1	0
California	0	1	0
Connecticut	0	0	0
Florida	0	1	0
Georgia	0	0	0
Michigan	0	1	0
New York	0	0	0
Pennsylvania	0	0	0
Texas	0	1	0
Total	0	5	0

Exhibit I to this Disclosure Document contains the following items

a) A list of all The Grout Medic franchisees as of December 31, 2018, and

b) A list of former franchisees who left the system during between January 1, 2018 and December 31, 2018, and of franchisees who have not communicated with us within ten (10) weeks of the disclosure document issuance date

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

During the last three fiscal years, none of our current or former franchisees signed provisions restricting their ability to speak openly about their experience with THE GROUT MEDIC

As of the issuance date of this Disclosure Document, we do not sponsor any trademark-specific franchisee associations, and there are no trademark-specific franchisee associations that have requested to be included in this Disclosure Document

ITEM 21 FINANCIAL STATEMENTS

Our audited financial statements for calendar years 2016, 2017 and 2018 are attached to this Disclosure Document as Exhibit G Our fiscal year end is December 31

ITEM 22 CONTRACTS

The following agreements and other required documents are attached to this Disclosure Document in the pages immediately following

Exhibit C – Franchise Agreement (State-Specific Addenda are included in Exhibit 3)

Exhibit D General Release

Exhibit E Assignment Agreement

Exhibit F Confidentiality and Non-Competition Agreement

ITEM 23 RECEIPTS

The last two pages of the Disclosure Document are detachable documents acknowledging receipt of the Disclosure Document, one of which is for you to sign and provide to us and the other of which is for you to keep

EXHIBIT A

LIST OF STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

We may decide to register this disclosure document as a "franchise" in some or all of the following states, in accordance with the applicable state law If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of the franchises in that state

CALIFORNIA
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500

HAWAII
Department of Commerce and
Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

ILLINOIS
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

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

MARYLAND
Office of the Attorney General
Division of Securities
200 St Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

MICHIGAN
First Assistant Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
Department of Attorney General
670 Law Building
525 W Ottawa Street
Lansing, Michigan 48913
(517) 373-7117

MINNESOTA
Deputy Commissioner
Department of Commerce
85 7th Place East, Suite 500
St Paul, Minnesota 55101
(651) 296-6328

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

NORTH DAKOTA
Office of Securities Commissioner
600 East Boulevard, 5th Floor
Bismarck, ND 58505
(701) 328-2910

OREGON
Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310
(503) 378-4387

RHODE ISLAND
Department of Business Regulation
Division of Securities
233 Richmond Street, Suite 232
Providence, Rhode Island 02903-4232
(401) 222-3048

SOUTH DAKOTA
South Dakota Department of
Revenue and Regulation
Division of Securities
445 E Capitol
Pierre, SD 57501
(605) 773-4013

VIRGINIA
State Corporation Commission
Division of Securities & Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501
(360) 902-8760

WISCONSIN
Program Assistant
Department of Financial Institutions
Division of Securities
345 West Washington Avenue, 4th Floor
P O Box 1768
Madison, Wisconsin 53703
(608) 261-9555

EXHIBIT B

LIST OF AGENTS FOR SERVICE OF PROCESS

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Our agent for service of process is JC Timmons, 2121 Lohmans Crossing Suite 504-228 Austin, Texas 78734

We may decide to register this disclosure document as a "franchise" in some or all of the following states, in accordance with the applicable state law If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in those states

CALIFORNIA
California Commissioner of Business Oversight
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7505
(866) 275-2677

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

ILLINOIS
Illinois Attorney General
Franchise Division
500 South Second Street
Springfield, Illinois 62706
(217) 782-1090

INDIANA
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

MARYLAND
Maryland Securities Commissioner
200 St Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

MICHIGAN
Michigan Department of
Commerce,
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, Michigan 48910
(517) 334-6212

MINNESOTA
Minnesota Commissioner of
Commerce
Department of Commerce
85 7th Place East, Suite 500
St Paul, Minnesota 55101
(612) 296-4026

NEW YORK
Secretary of State of the State of
New York
99 Washington Avenue
Albany, New York 12231
(518) 473-2492

NORTH DAKOTA
North Dakota Securities Commissioner
State Capitol
600 East Boulevard Avenue, 5th Floor
Bismarck, North Dakota 58505-0510

OREGON
Director of Oregon Department of
Insurance and Finance
700 Summer Street, N E
Suite 120
Salem, Oregon 97310
(503) 378-4387

RHODE ISLAND
Director of Rhode Island
Department of Business Regulation
233 Richmond Street, Suite 232
Providence, Rhode Island 02903-4232
(401) 222-3048

SOUTH DAKOTA
Director of South Dakota Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501
(605) 773-4823

VIRGINIA
Clerk of the State Corporation
Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON
Director of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501

WISCONSIN
Wisconsin Commissioner of
Securities
345 W Washington Ave , 4th Floor
Box 1768
Madison, Wisconsin 53703
(608) 261-9555

EXHIBIT C TO FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE NUMBER _____

DATE EXECUTED _____

GROUT MEDIC

FRANCHISE AGREEMENT

THE GROUT MEDIC, LLC

With

_____

_____

_____

Effective Date: _____, 2019

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Exhibit 1 – Territory, Initial Franchise Fee, & Minimum Continuing Fee Schedule

Exhibit 2 – Personal Guaranty

Exhibit 3 – Equipment List

Exhibit 4 – Assignment of Telephone Numbers, Listings and Electronic Channels

Exhibit 5 – Franchisee Disclosure Questionnaire

Exhibit 6 – State-Specific Addenda

THE GROUT MEDIC, LLC

FRANCHISE AGREEMENT

1. PARTIES

This Agreement is between The Grout Medic, LLC ("**Grout Medic**" or "**Franchisor**"), a Texas limited liability company located at 2121 Lohmans Crossing, Suite 504-228, Austin, Texas 78734 and _____, a _____ limited liability company / corporation with a principal place of business at _____ ("**You**" or "**Franchisee**") for one GROUT MEDIC Outlet to be located in the State of _____

2. RECITALS

WHEREAS, Grout Medic, through its expenditure of time, effort and money, has established a method of opening, operating and promoting businesses (each of which is a "**GROUT MEDIC® Outlet**") that provide a full range of grout and tile restoration and maintenance services under the name "Grout Medic," using equipment, tools, materials, methods, and procedures as specified by Grout Medic from time to time (the "**System**"),

WHEREAS, the System is identified by certain trade names, trademarks, service marks, logos, emblems, insignia and signs developed for use, including the service mark "Grout Medic®", that Franchisor now designates and may hereafter designate in connection with the Grout Medic System (collectively, the "**Marks**"),

WHEREAS, You recognize the potential value and benefits to be derived from utilizing the System and desire to own and operate a GROUT MEDIC® Outlet in a manner that is consistent with, and will promote, Grout Medic's standards of quality and goodwill as developed from time to time, and Grout Medic, in reliance on the representations made by You, is willing to provide certain training, materials, equipment and ongoing assistance relating to the System and to grant You the right to operate a GROUT MEDIC® Outlet under the terms and conditions hereinafter set forth, which terms are acceptable to You and are acknowledged by the parties to be material and reasonable

NOW, THEREFORE, for and in consideration of the foregoing premises and the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grout Medic and You hereby agree as follows

3. DEFINITIONS

For purposes of this Franchise Agreement, when any of the following words and phrases begins with a capital letter, it has the meaning as defined in this Section 3

(a) Agreement

"The Agreement" or "this Agreement" means "this Franchise Agreement "

(b) Designated Manager

"Designated Manager" means "the person whom You have appointed as general manager of a GROUT MEDIC® Outlet "

(c) Effective Date

"Effective Date" means "the date listed on the cover page of this Agreement "

(d) Franchise Network

"Franchise Network" means "the interdependent network composed of Grout Medic, all GROUT MEDIC® franchisees, Grout Medic's Related Parties, and any other people or business entities that Grout Medic has licensed to use the Trade Name, Marks, or System "

(e) Grout Medic® Outlet

"GROUT MEDIC® Outlet" means "a business that Grout Medic has authorized You to conduct under the Trade Name, Marks, and System within the Territory under this Agreement "

(f) Good Standing

"Good Standing" means "timely compliance by You and Your Related Parties with all provisions of this Agreement and the Manual, specifically including provisions for timely payment of amounts You owe to Grout Medic or its Related Party "

(g) Gross Revenue

"Gross Revenue" means "the total amount of income received by You and Your Related Parties for all goods sold and all services rendered in connection with the Trade Name or Marks, excluding sales tax collected and remitted to the taxing authority " This includes funds You or Your Related Parties receive from providing services to Grout Medic customers other than those identified and advertised by Grout Medic or from referring Grout Medic customers to other services providers

(h) Index

"Index" means "the Consumer Price Index All Items/U S City Average - All Urban Consumers (1982-1984 = 100), published by the Bureau of Labor Statistics, U S Department of Labor, or a comparable index selected by Grout Medic should the above-referenced index cease to be published "

(j) Manual

"Manual" means "collectively all information prepared by Grout Medic from time to time for use and transmitted to You that states or sets forth Grout Medic's policies, procedures, instructions, specifications, and standards relative to the obligations of Franchisee in operating the GROUT MEDIC® Outlet (including, but not limited to, technical processes, advertising and promotion, sales systems and methods, and business management tools and software) , which, at Grout Medic's discretion, may take the form of one or more of the following one or more loose-leaf or bound paper volumes, bulletins, notices, audio recordings, videos, CD-ROMS and/or other electronic or digital media, facsimiles, online postings, email and/or electronic communications, or any other future comparable medium capable of conveying instructions in a manner that may be reproduced after the instruction is issued "

(k) Marks

"Marks" means "selected trademarks, service marks, trade dress, logotypes, slogans and other commercial symbols licensed by Grout Medic to You under this Agreement "

(l) Related Party

"Related Party" or "Related Parties" means "people and companies affiliated with Grout Medic or You, as the context indicates, including, but not limited to, owners, general partners, limited partners, shareholders, or members, who own a Substantial Interest in (i) Grout Medic or in You, (ii) corporations or limited liability companies in which Grout Medic or You have a Substantial Interest, (iii) corporations or limited liability companies in which any person or entity owning a Substantial Interest in You also has a Substantial Interest, and (iv) officers, directors, members or agents of Grout Medic or of You "

(m) Start Date

"Start Date" means "the earlier of three (3) months from signing of this Agreement or the date when Your GROUT MEDIC® Outlet serves its first customer "

(n) Substantial Interest

"Substantial Interest" means "the right to twenty percent (20%) or more of the capital or earnings of a partnership or limited liability company or, alternatively, ownership of twenty percent (20%) or more of the voting stock of a corporation "

(o) System

"System" means "the business methods, technical knowledge and marketing concepts licensed by Grout Medic to You under this Agreement, including the right to use Grout Medic's trade secrets, purchasing arrangements, commercial ideas, advertising materials, marketing strategies, information on sources of supply, administrative procedures, business forms, distinctive signs, uniforms and employee training techniques "

(p) Termination

"Termination" means "expiration of this Agreement, non-renewal of this Agreement, end of the franchise relationship between You and Grout Medic due to an approved Transfer, or termination, under the circumstances described in Section 11 of this Agreement, before its normal expiration date "

(q) Territory

"Territory" means "the geographical area defined in Exhibit 1 to this Agreement "

(r) Trade Name

"Trade Name" means the commercial name "GROUT MEDIC® "

(s) Transfer

"Transfer" means "any sale, gift, or other change in ownership of 1) your rights and obligations under this Agreement, 2) substantially all of the assets of your GROUT MEDIC® Outlet, or 3) a Substantial Interest in You or your Related Party "

(t) Website

"Website" means one or more related documents, designs, pages, or other communications that can be accessed through electronic or digital means, including but not limited to the Internet, World Wide Web, social networking sites (such as Facebook, Twitter, LinkedIn, Google Wave, Google +, and YouTube), blogs, vlogs, national and local domains (including Yelp!) and digital marketing channels

(u) You

"You" means "the person or entity that is named as "You" in Section 1 of this Agreement " "You" means, in addition, "all people or entities that succeed to Your interest by Transfer, other transfer, or operation of law "

4. GRANT OF FRANCHISE

(a) Granting Clause

During the term of this Agreement, Grout Medic hereby grants to You the non-exclusive right and license, and You undertake the obligation, to develop and operate a GROUT MEDIC® Outlet and to use solely in connection therewith the Marks and the System in accordance with the terms and conditions of this Agreement and only within the Territory, as defined in Exhibit 1 to this Agreement

(b) Your Principal Business Office

The GROUT MEDIC® Outlet may operate from your home or from an office, as you choose You may lease or purchase any office location that provides adequate room and facilities for you to use your computer, make and receive calls from customers, and have a storage area at least two feet by two feet (2' x 2') to store supplies, and you shall promptly

provide Grout Medic with the street address, facsimile number and telephone number for your principal business address if it varies from the address listed on the first page of this agreement

(c) Territory Rights and Restrictions

Except as otherwise provided in this Agreement, Grout Medic shall not (i) authorize any other franchisee to operate a GROUT MEDIC® Outlet or serve customers within Your Territory, or (ii) operate any company-owned GROUT MEDIC® Outlet within the Territory You may not market to customers outside Your Territory or engage in Internet sales, except as part of Grout Medic's coordinated marketing effort *You are not authorized to and may not provide services to customers outside your Territory except as a result of a referral from Grout Medic or with Grout Medic's written permission for You to do so*

(d) Rights Reserved

Grout Medic reserves all rights in the Trade Name, Marks and System not expressly granted in this Agreement, including the rights to (i) Offer franchises to others for any site outside Your Territory, regardless of how close the site is to one or more of Your Outlets, (ii) Sell franchises in the Territory using trade names and trademarks other than the Marks in connection any line of business, except for the provision of grout and tile restoration services to owners of residential properties located within the Territory, and (iii) sell products identified by the Marks (*e g*, grout cleaner, sealer and stains) through any means of distribution not specifically prohibited by another provision of this Agreement, such as wholesale distribution to other retail outlets or through Internet transactions

In addition, if you are offered the opportunity to provide The Grout Medic services in commercial real estate or in apartment complexes on behalf of property management firms as buildings in the Territory (each a "Commercial Job") but decline to pursue the opportunity, then you must inform Grout Medic of that Commercial Job opportunity so that Grout Medic may refer that Commercial Job opportunity to another The Grout Medic franchisee or pursue that opportunity and complete the work on its own

(e) No Re-Licensing Rights

Franchisee acknowledges and agrees that the right and license granted to it herein does not include the right to grant franchises or sub-franchises to third parties, nor the right to grant to third parties the right to use in whole or in part any component of the System or the Trademarks

(f) Relocation

You may relocate the GROUT MEDIC® Outlet to a substitute Territory only with Grout Medic's prior written consent, which will be granted only if the following conditions are fulfilled

1 Relocation will not cause infringement of another franchisee's territory or materially impact another franchisee's business,

2 You and Your Related Parties are in Good Standing under this Agreement, any other agreement between Grout Medic or a Grout Medic Related Party and You, and in compliance with all mandatory requirements stated in the Manual,

3 At Grout Medic's option, You and any Related Parties that have signed this Agreement have signed a cancellation of this Agreement and a new franchise agreement in the form that Grout Medic offers to new franchisees at the time of relocation,

4 You and Your Related Parties that are parties to this Agreement have signed a mutual general release of claims in a form satisfactory to Grout Medic with respect to past dealings with Grout Medic and its Related Parties, and

5 You have paid Grout Medic the relocation fee specified in Section 6(f) of this Agreement

(g) Term and Renewal

1. Initial Term

The initial term of the franchise will begin on the Effective Date of this Agreement and will continue for a period of ten years, provided that the expiration date of the Agreement shall be on the final day of the month in which the tenth (10^{th}) annual anniversary occurs (*e g*, if the Effective Date is January 14, 2010, the expiration date shall be January 31, 2020)

2. Successor Agreements

You will have the right to continue the franchise for up to two (2) successive additional ten (10) year terms, on the terms and conditions as set forth below, but only if the following conditions are fulfilled by the time that this Agreement (or its successor, as applicable) expires

a You have notified Grout Medic in writing at least one hundred and eighty (180) days before the expiration date of this Agreement of Your desire to obtain a successor franchise agreement,

b You and Your Related Parties are not, when notice is given, and do not become prior to the expiration of the Initial Term, in default of any provision of this Agreement or any other agreement with Grout Medic or its Related Parties or with any other creditor or supplier of the GROUT MEDIC® Outlet, and You shall have faithfully performed Your obligations under this Agreement and all such other agreements throughout their terms,

c You have paid to Grout Medic the renewal fee specified in Section 6 of the Agreement, which You must submit with the signed renewal franchise agreement,

d You have, before the beginning of the renewal term, at Your own expense, modernized and updated the equipment, signs, technology and operating methods used in the GROUT MEDIC® Outlet so that your GROUT MEDIC® Outlet meets the standards applicable to operation of new GROUT MEDIC® outlets at the time of renewal, and

e Not less than ninety (90) days before the expiration of this Agreement or thirty (30) days after You receive a signature-ready copy of a renewal franchise agreement (as described below), whichever is later, You and any Related Parties that have signed this Agreement have signed our then-current form of franchise agreement (including personal guarantees) that we offer to new franchisees or, if we have ceased offering new franchises, to renewing franchisees, which will be modified to reflect the fact that the Franchisee is renewing and not starting a new business __The provisions of the then-current standard franchise agreement in use by Grout Medic at the end of the Term may be materially different from those contained in this Agreement and may require increased continuing fees and advertising fees, a

reduction in the size of Your Territory, or changes to the scope of your protected rights in the Territory

3. Holding Over After Expiration.

If Franchisee continues to operate the GROUT MEDIC® Outlet after the end of the Term, and Grout Medic accepts continuing fee payments from Franchisee and does not act to sever the business relationship between the parties, then the terms of this Agreement will continue to apply on a "month to month basis," meaning that either party may terminate the business relationship without cause on 30 days' written notice to the other party and the post-termination obligations of the parties will apply from the effective date that the "month to month" relationship terminates

5. SERVICES TO FRANCHISEE

Grout Medic agrees to perform the following services for You at locations selected by Grout Medic provided that You are, at the time when service is to be rendered, in Good Standing under this Agreement, any other agreement with Grout Medic or Grout Medic's Related Party, and the Manual

(a) Training

1. Initial Training

If you are signing this Agreement in connection with opening a new Grout Medic® Outlet or as the buyer of an existing Outlet who has not previously operated a Grout Medic Outlet®, Grout Medic will conduct a one (1) to (5)-day initial training program at a regional training center covering the operation of a GROUT MEDIC® Outlet under the GROUT MEDIC® System for as many as two (2) members of Your management The actual time period will be decided by Franchisor taking your experience, attributes and wishes in consideration Some or all of this training could be virtual The cost of such training is included in Your Initial Franchise Fee, but travel, lodging, food and any other costs are your responsibility Additional people associated with Franchisee may attend initial training for a fee of One Thousand Two Hundred and Fifty Dollars ($1,250) for the complete training, or Two Hundred and Fifty Dollars ($250 00) per training day, or One Hundred and Twenty Five Dollars ($125) for a ½ day technical training, provided that the fee(s) are paid to Grout Medic prior to the commencement of the initial training program and you also reimburse Grout Medic's reasonable out of pocket expenses incurred in providing training to additional persons You or Your Designated Manager must attend and successfully complete the training program to the satisfaction of Grout Medic before You may begin operation of the GROUT MEDIC® Outlet

2. Additional Training

If You request or require additional training beyond that provided in the initial training program, or if Grout Medic believes that you need remedial training due to deficiencies in the quality of service provided by your GROUT MEDIC® Outlet, You must pay to Grout Medic prior to such training an additional fee (the "Additional Training Fee") equal to either One Thousand Two Hundred and Fifty Dollars ($1,250) for the 5 day course, Two Hundred and Fifty Dollars ($250 00) per day, or One Hundred and Twenty Five Dollars ($125) for a ½ day technical training, plus Grout Medic's reasonable out of pocket expenses incurred in providing the training This fee is also required if You hire a new or replacement manager of the Grout Medic Outlet who must complete our training pursuant to Section 7 (m), below These fees may be increased for inflation pursuant to Section 6(l) below

3. Annual Convention and Continuing Education

Grout Medic may offer continuing education programs on matters related to the operation or promotion of the GROUT MEDIC® Outlet, including an annual franchisee convention, on an optional or mandatory basis as Grout Medic considers appropriate in its business judgment We may require you to attend such programs and you must pay Your costs and expenses for attending all such continuing education programs

(b) Consultation

Grout Medic will provide You with telephone consultation during the term of the franchise Grout Medic will use its best efforts to make its personnel available to You for on-site consultation throughout the term of the franchise in a timely manner, in exchange for the charges as specified in Section 6 (f)

(c) Manual

Grout Medic will lend You a copy of the Manual containing explicit instructions for use of the Marks, specifications for the provision of services that are offered by each GROUT MEDIC® Outlet, sample business forms, information on marketing, management, and administration methods developed by Grout Medic for use in the GROUT MEDIC® Outlet, names of approved suppliers, and other information that Grout Medic believes may be necessary or helpful to You in Your operation of the GROUT MEDIC® Outlet You agree the franchisor does not have, and will never have obligations or responsibilities due to employment matters or decisions pertaining to your business To the extent Grout Medic deems it necessary or desirable Grout Medic may revise the Manual periodically to conform to the changing needs of the Franchise Network, and if such revisions are made Grout Medic will distribute updated pages containing these revisions to You in electronic or hard copy format

You must immediately comply with all revisions to the Manual If there is any dispute as to the contents of the Manual at any point in time, the terms of the master copy of the Manual maintained by Grout Medic will control

Instead of a "hard copy" of the Manual, Grout Medic may make available to You a Manual in electronic form that is accessible at a password protected portion of Grout Medic's web-site You will be notified via email of any updates to the Manual You will be responsible for immediately downloading and complying with the revised Manual

(d) Advertising, Brand Building and the National Marketing Fund

Grout Medic will provide you with templates of our Grout Medic advertising materials, which may include video and audio recordings, copy ready print media advertisements or Internet paid advertising messages You must pay to have those materials distributed for use in your local advertising campaign In addition, if this Agreement is for your first GROUT MEDIC® Outlet, Grout Medic will provide you with a starting supply of branded apparel, brochures, banner signs, vehicle magnets, business cards, estimate forms and comment cards

Grout Medic has formed a national brand building fund (the "**National Marketing Fund**") and, in addition to Your Minimum Local Advertising Expense, You must pay the National Marketing Fund Contribution specified in Section 6(c) below No action taken by You will diminish Your obligations to pay contributions to the National Marketing Fund Grout Medic will use the National Marketing Fund proceeds to advertise, market and promote the products and/or services sold by GROUT MEDIC® Outlets to consumers and will not use the funds for purposes primarily intended to sell additional franchises Grout Medic will have full control over the use of the National Marketing Fund proceeds, except for the limitation stated in the prior sentence The National Marketing Fund may be a non-profit corporation, which collects contributions from all franchisees All Company-owned Outlets of Grout Medic will contribute to the National Marketing Fund on the same basis as franchisees National Marketing Fund payments may be used for advertising, promotional events and materials, market research

costs, creative and production costs, and to administer a program of marketing the GROUT MEDIC® Outlets to potential customers, as well as to reimburse Grout Medic or its designee for reasonable legal, accounting and administrative expenses associated with the National Marketing Fund Grout Medic does not have any obligation to ensure that expenditures which are proportionate to Franchisee's contributions are made for the market area of your GROUT MEDIC® Outlet Grout Medic will make available to You, within a reasonable period of time from your request, an annual financial statement of the National Marketing Fund that will be prepared at the expense of the National Marketing Fund

(e) Business Management Software

For so long as we deem it advisable, we will provide you with a license to use our designated computer software for use in operating and managing your GROUT MEDIC® Outlet (the "**Business Management Software**") and we also will provide you with access to updates and upgrades of the Business Management Software and with a reasonable level of user support Unless you pay for the Full Service Continuing Fee as specified in Section 6 (b)1 below, to obtain this license you will be required to pay the Technology Fee specified in Section 6 (d) below You expressly acknowledge and agree that Grout Medic, as it deems appropriate in its sole business judgment, may cease licensing and supporting the Business Management Software without being in breach of this Agreement, provided that Grout Medic provides You with such instruction and assistance that You reasonably request to facilitate Your transition to alternative computer software

(f) Customer Center Services

For so long as we deem it advisable and necessary, and in exchange for your payment of the Full Service Continuing Fee specified in Section 6 (b)1 below, our employees or independent contractors (as we deem appropriate) will answer incoming calls to the telephone number assigned to your GROUT MEDIC® Outlet, provide general information about Grout Medic Services, schedule estimates on your behalf using the interactive calendaring feature in the Business Management Software, make outbound calls to potential and actual customers of your GROUT MEDIC® Outlet with regard to service appointments, and send follow up communications to customers after service appointments (collectively, these functions are called the "**Customer Center Services**") Franchisee acknowledges that (i) the methods of providing Call Center Services may change in the future and may be done by electronic messaging (including "instant messaging" or "live chat" services) instead of through telephonic voice communications, provided that one or more human beings under Grout Medic's general control communicate with customers in "real time" or reasonably close thereto, and (ii) Grout Medic, as it deems appropriate in its sole business judgment, may eliminate the Customer Center Services provided that it no longer charges the Full Service Continuing Fee as specified in Section 6 (b)1 below

(g) Equipment Package

If this Agreement is for the initial Term of your first Grout Medic® Outlet, then we will provide you with the "Equipment Package" that is described in detail in Exhibit 3 to the Agreement in exchange for the Initial Franchise Fee described immediately below

6 PAYMENTS BY FRANCHISEE

(a) Initial Franchise Fee and Payments

If you are signing this Agreement to open a new Grout Medic® Outlet, You agree to pay the Initial Franchise Fee specified in Exhibit 1 to this Agreement In addition, if this Agreement

is not for your first Grout Medic® Outlet and you require an additional Equipment Package to permit your Territory manager to operate the Outlet, then you must pay us a fee of Five Thousand Dollars ($5,000) to purchase our Equipment Package These payments will not be refunded under any circumstances and each is due and payable in its entirety upon the execution of this Agreement

(b) Continuing Fee

1 If this Agreement governs your first Grout Medic Outlet and is not entered into as part of an approved Transfer, as a renewal or as purchase of an additional Grout Medic Outlet, then from the Effective Date through the end of the twelve (12th) complete calendar month thereafter You must pay the following continuing fee the greater of (i) the applicable Minimum Continuing Fee specified in Exhibit 1 of this Agreement (the "**Minimum Continuing Fee**"), or (ii) ten percent (10%) of all Gross Revenue of up to $25,000 in a month, plus five percent (5%) of all Gross Revenue above $25,000 in a month (the "**Full Service Continuing Fee**") In exchange for the Full Service Continuing Fee, your Grout Medic Outlet will receive the Customer Center Services, one license for the Business Management Software, one hosted email address, and one telephone number (the "**Full Service**") In determining whether You meet the $25,000 monthly breakpoint for when the percentage rate decreases, your Gross Revenues are measured by the total Gross Revenue from all Grout Medic Outlets (i e , Territories) that You own that are within the same standard metropolitan statistical area as defined by the U S Office of Management and Budget (a "**Metro Area**") Throughout the remainder of this Agreement You may continue to receive the Full Service and pay the Full Services Continuing Fee and for so long as Grout Medic provides Customer Center Services, as described in Section 5 (f) above In addition, if You are not otherwise required to use the Full Service You may choose to change to Limited Service by sending written notice to Grout Medic (which You may provide by electronic mail), and if so Grout Medic will charge You the Limited Service Continuing Fee

2 If You do not utilize the Full Service as specified above, then during the term of this Agreement, in consideration for Your use of the Marks and the System only (the "**Limited Service**"), You must pay us on a monthly basis the greater of (i) the Minimum Continuing Fee, or (ii) five percent (5%) of all Gross Revenue during the preceding month (the "**Limited Services Continuing Fee**") So long as You pay the Limited Service Continuing Fee only, You must employ a specific person on a full-time basis to answer your business telephone and who does not also perform The Grout Medic services in customers' homes (an "**Administrative Assistant**"), pay Grout Medic the Technology Fee described in Section 6 (d) below and utilize the Business Management Software At any time after your Grout Medic Outlet has been in existence for more than twelve (12) full months, or if you are otherwise utilizing the Full-Service option, You may move from Full Service to Limited Service by sending written notice to Grout Medic that specifically identifies the name of your Administrative Assistant, and beginning on the day after Grout Medic receives the notice You will be charged the Limited Service Consulting Fee instead of the Full Service Continuing Fee However, if You fail to fulfill your operational duties as stated in this paragraph, then in addition to its other remedies Grout Medic may require you to utilize the Full- Service option and pay the Full Service Continuing Fee for a period of up to twelve (12) months

3 You must report all Gross Revenue through the computer system that we designate, and all Gross Revenue earned during any calendar month must be entered in the computer system by no later than the fifth (5^{th}) day of the following month (*e g*, all Gross Revenue received in January must be entered by February 5), or otherwise you report to Grout Medic all of your Gross Revenue during each month by no later than the fifth (5th) day of the following month If you fail to add your information into the computer system or report it

to us by the due date, You will be assessed a late charge of $100 per month until the information for the delinquent month has been entered or reported, and in addition Grout Medic will collect the Continuing Fee for the prior month based on the greater of (i) an estimate of the prior month's Gross Revenues as 105% of your Outlet's highest monthly Gross Revenue amount during any of the previous twelve months, or (b) 105% of your Minimum Continuing Fee, which alternative measure will increase by five (5) percentage points for each additional month in which you fail to enter Gross Revenue into the computer system (*e g*, if you fail to do so for a fourth (4th) occasion, then this alternative measure will be one hundred and twenty percent (120%) of the Monthly Continuing Fee)

4 On the 1st day of each month you must pay us one-half (1/2) of your monthly Minimum Continuing Fee for that calendar month, *i e*, on January 1 you must pay us one-half of Minimum Continuing Fee that is required for the month of January On the 15th of each month, you must pay us the other one-half (1/2) of your monthly Minimum Continuing Fee for that month, plus any additional Continuing Fees arising from your Gross Revenue during the prior month in excess of Minimum Continuing Fee We may require Continuing Fees to be paid by electronic funds transfer as provided in Section 6(m)

5 If you are signing this Agreement to open a new Grout Medic® Outlet, and not in connection with a transfer, renewal, relocation or other continuation of an existing Outlet, then Your obligation to pay the Continuing Fee begins on the 1st day of the second (2nd) month after the Effective Date For example, if the Effective Date is during the month of February, then your first Minimum Continuing Fee payment (one-half of the total) will be due on April 1, the first Gross Revenue statement will be due on April 5 (for the month of March), and on April 15 you would pay the other half of the Minimum Continuing Fee plus any additional Full Service Continuing Fee amounts due from Gross Revenue earned in the month of March

(c) National Marketing Fund Contribution

During the term of the Agreement, Grout Medic will require you to pay, on a monthly or semi-monthly basis as determined solely by Grout Medic, the greater of Three Hundred Dollars ($300) per month or up to three percent (3%) of Gross Revenue during the preceding month to be used in the National Marketing Fund as described in Section 5(d) above (the "**National Marketing Fund Contribution**") At the present time the required National Marketing Fund Contribution is $200 per month and must be paid on the same schedule as the Minimum Continuing Fee payment, with $100 payable on the 1st of each month and $100 payable on the 15th of each month Beginning January 1, 2020, the minimum required National Marketing Fund Contribution will be $300 per month, with $150 payable on the 1st of each month and $150 payable on the 15th of each month You acknowledge and agree that Grout Medic is not obligated to provide or manage a National Marketing Fund by virtue of this provision, but only to use such National Marketing Fund Contributions that You pay in the manner specified in Section 5(d) of this Agreement Your obligation to make the National Marketing Fund Contribution begins at the same time as your obligation to pay the Continuing Fee

(d) Technology Fee

If You do not pay the Full Service Continuing Fee pursuant to Section 6 (b)2 , then You must pay to Grout Medic or its designated Related Party the sum of One Hundred Dollars ($100 00) per month in exchange for being authorized to use one license of the Business Management Software and receiving the support services with regard to same specified in Section 5 (e) of this Agreement, and receiving use of one (1) telephone number and one (1) hosted email address as assigned to you by Grout Medic In addition to its rights under Section 6 (l) below, Grout Medic may increase this fee by a reasonable additional amount if Grout Medic offers new modules or services through the Business Management Software At the present

time this fee is payable on the 1st day of each month, but Grout Medic reserves the right to collect one-half of the fee on the 1st of the month, and the other one-half of this fee on the 15th day of each month If we choose to stop offering the Business Management Software then we may require separate payment for use of the hosted email and/or telephone numbers at the rates specified in Section 6 (e) below

(e) Additional Software or Communications Fees

If you require additional license(s) for use of the Business Management Software because you own Territories that are not within the same Metro Area, or you want to maintain separate databases or finances for your multiple Territories, then you must pay us Ninety Dollars ($90) per month for each such additional license In addition to its rights under Section 6 (l) below, Grout Medic may increase this fee by a reasonable additional amount if Grout Medic offers new modules or services through the Business Management Software If you require additional telephone number(s) or hosted email addresses for use in your Grout Medic Outlet, then you must pay us a fee of Five Dollars ($5) per month for each additional telephone number and/or email address At the present time this fee is payable on the 1st day of each month, but Grout Medic reserves the right to collect one-half of the fee on the 1st of the month, and the other one-half of this fee on the 15th day of each month

(f) Consulting Costs

As described in Section 5 (b) of this Agreement, Grout Medic will use its best efforts to make its personnel available to You for on-site consultation in a timely manner if You request such assistance You will promptly reimburse Grout Medic at its daily on-site consulting rate of Two Hundred Dollars ($200) plus all incidental expenses incurred by Grout Medic in rendering consulting services that you request, including, but not limited to, the cost of business class transportation, lodging, and meals

(g) Transfer Fee

As a condition of Transfer of this franchise, You must pay, before Transfer, a transfer fee of five thousand dollars ($5,000), as increased due to inflation pursuant to Section 6(l) below

(h) Relocation Fee

As a condition of relocation of this Franchise, You must pay, before relocation, a relocation fee of two thousand dollars ($2,000), as increased due to inflation pursuant to Section 6(l) below This fee is in addition to the reimbursement of any costs incurred by Grout Medic under Section 6 (d)

(i) Renewal Fee

As a condition of entering into a successor franchise agreement, You must pay, with your submission of the signed successor agreement, a renewal fee of Two Thousand Dollars ($2,000), as increased due to inflation pursuant to Section 6(l) below

(j) Breach Fees

Instead of terminating this Agreement due to your failure to fulfill or honor any of your obligations undertaken herein, Grout Medic may require you to pay it fees on the following schedule

(i) Breach of Section 4 (c) (Territory), Section 9 (a) (Confidentiality) or Section 9 (b)2 (In-Term Covenant Not To Compete) up to three thousand dollars ($3,000 00)

(ii) Breach of any other provision up to one thousand dollars ($1,000 00) This includes failure to attend any meeting or convention that Grout Medic

designates as mandatory

You must pay any such fees to Grout Medic within fifteen (15) days of when we issue such an invoice The remedy described in this subsection may be utilized by Grout Medic at its election and shall not be construed to deprive Grout Medic of any other remedies specified in this Agreement or otherwise available at law or equity for any subsequent breaches of the same or any other contractual obligation The existence of this provision shall not be used to rebut an assertion of irreparable harm to Grout Medic in an action to obtain an order restraining your breach of a covenant or requiring you to specifically perform an obligation you have undertaken in this Agreement

(k) Insufficient Funds Fee

If any payment that you make to us is not honored when presented to your bank due to insufficient funds being in your account (*i e*, a "bounced check" or "NSF" designation), you must pay us an additional fee of one hundred dollars ($100) for each such incident

(l) Inflation adjustments for periodic fees.

The fees specified in Sections 6(b) – 6(k) and in Section 5 (a)2 , as well as the amount of required advertising expenditures specified in Section 7(n) below, could be increased by Grout Medic on an annual basis beginning January 1, 2020, by the greater of two percent (2%) or the annual percentage increase of the Index, as defined in Section 3

(m) Electronic Depository Transfer Account

You understand and agree that Grout Medic reserves the right and may require, in its sole discretion, that all Continuing Fees, National Marketing Fund contributions and other amounts that you owe to Grout Medic or its Related Parties must be paid by automated bank draft or other reasonable means necessary to ensure payment of such fees are received by Grout Medic and its Related Parties Payments for all amounts shall be in accordance with the procedures set forth in the Manual You agree to comply with Grout Medic' payment instructions and to execute such documents as Grout Medic may request from time to time to provide your unconditional and irrevocable authority and direction to your bank authorizing and directing it to pay and deposit directly to the account designated by Grout Medic and its Related Parties all Continuing Fees, National Marketing Fund contributions, and other fees, payments or contributions due hereunder You agree, upon request, to execute all documents Grout Medic or its bank requires to establish and implement this automated bank draft system described herein Once such a system is established, you may not close the account from which automated bank drafts are being withdrawn without Grout Medic's prior written consent

(n) Payments for Products and Services

You must pay all amounts owed to Grout Medic or our Related Parties for products and services that you purchase but which have not been specified in this Agreement All such payments will be due by no later than fifteen (15) days from invoice, and our Related Parties are entitled to utilize and are bound by the dispute resolution procedure provisions stated in this Franchise Agreement Grout Medic's current terms of sale for such additional goods and services is to invoice the franchisee on the first (1st) day of each month for such goods or services provided during the prior month, and to obtain payment on that invoice by electronic funds transfer on the fifth (5th) day of each month

(o) Interest on Late Payments

Any payment not received by Grout Medic or its Related Parties when due will bear interest at eighteen percent (18%) per year, unless applicable law mandates a lower rate, in

which case the rate shall be the highest rate permitted by law Interest charges on late payments are intended to partially compensate Grout Medic for loss of use of the funds and for internal administrative costs resulting from late payment which would otherwise be difficult to measure precisely The fact that such charges are imposed shall not be construed as a waiver of Grout Medic's right to timely payment

(p) Application of Payments

Grout Medic has the right to apply any payment it receives from You to any past due amount You owe to Grout Medic or its Related Parties regardless of how You indicate the payment is to be applied

(q) Audit

Grout Medic will have the right during normal working hours to audit the books and financial records of You and Your Related Parties, including (without limitation) tax returns, financial statements, bank records and computers, that concern or relate to the GROUT MEDIC® Outlet Such an audit may include (without limitation) reconstruction and estimation of your Gross Revenue based on the number of jobs scheduled or other information inputted in the Business Management Software with regard to your GROUT MEDIC® Outlet If an audit discloses an underpayment of Continuing Fee or National Marketing Fund payments required by this Agreement, You shall immediately pay these amounts to Grout Medic together with accrued interest on the amount underpaid as required by Section 6 (o) of this Agreement In addition, if the underpayment exceeds two percent (2%) of the total applicable fee payable for any period covered under the audit, You agree to reimburse Grout Medic for all expenses actually incurred by Grout Medic in connection with the audit, including reasonable accountant's and attorney's fees

(r) Credit Card Payments

Credit card payments to us are generally not allowed However, after a formal request via e-mail, if we agree to accept credit card payments for any service or product fees owed by You, as permitted by law, we will pass along all related third-party fees associated with the processing of those payments These fees generally range from 1-4% per transaction

7. OBLIGATIONS OF FRANCHISEE

(a) Use of Trade Name and Marks

1. Context

You may use the Trade Name and Marks only in connection with the operation of the GROUT MEDIC® Outlet within the Territory You may not use any other trade name or marks in connection with the GROUT MEDIC® Outlet without the express written consent and direction of Grout Medic

2 Internet Usage

You may not use or permit any third party to use any of the Marks in connection with any Website or electronic mail address, unless we have expressly approved such use in advance and in writing We are not obligated to approve your use of the Marks on any Website other than those controlled by us If you previously created, hosted or updated any Website containing any of the Marks, by signing this Agreement you expressly assign to Grout Medic at no cost any Internet domains or addresses that contain the words "Grout", "Medic", "GM" or anything else reasonably related to Grout Medic's name You hereby appoint Grout Medic as your irrevocable attorney-in-law and in fact in all matters dealing with or concerning any Internet domains and addresses containing the Marks and any Internet directories or listings containing same, and hereby promise to execute at any time (whether before or after any termination of this Agreement) any writings required by Franchisor to transfer to Franchisor or

its agent or designee, without compensation, any such Internet domains or addresses

3 Telephone Numbers and Email Addresses

You acknowledge that telephone numbers and email addresses used to advertise and promote the GROUT MEDIC® Outlet inevitably become associated with the Marks and that use of any such telephone numbers or email addresses subsequent to termination or expiration of the Agreement to provide services substantially similar to those offered by GROUT MEDIC® Outlets shall constitute infringement of the Marks Accordingly, Grout Medic may require you to use a business telephone number and email addresses that we control and assign to you, which you must use exclusively in all promotion and operation of your GROUT MEDIC® Outlet Moreover, to the extent that Grout Medic authorizes Franchisee to utilize any other telephone number or email address in the operation of GROUT MEDIC® Outlet, through execution of **Exhibit 4, Assignment of Telephone Numbers, Listings and Electronic Channels**, Franchisee hereby appoints Grout Medic as Franchisee's irrevocable attorney-in-law and in fact in all matters dealing with or concerning any such telephone numbers and email addresses used in connection with the GROUT MEDIC® Outlet or any telephone directory advertisements or listings containing those numbers, including but not limited to the execution at any time (whether before or after any termination of this Agreement) of any writings to Franchisor or to any person, firm or corporation designated by Franchisor transferring without compensation any telephone numbers or email addresses advertised or listed under any of the Marks, subject to Franchisee's right to continue to use any such telephone number or email account until termination of this Agreement and any successors thereto between Grout Medic and Franchisee

4 Changes in Trade Name and Marks

Grout Medic has invested time, energy, and money in the promotion and protection of its Trade Name and other Marks as they exist on the Effective Date It has no present intention of altering them However, You recognize that rights in intangible property such as the Trade Name and Marks are often difficult to establish and defend and that changes in the cultural and economic environment within which the System operates or third-party challenges to Grout Medic's rights in the Marks may make changes in the Trade Name and Marks desirable or necessary Grout Medic therefore reserves the right to change its Trade Name and Marks and the specifications for each when Grout Medic believes that such changes will benefit the Franchise Network Grout Medic will try to do this in a manner that minimizes cost to You You agree that You will promptly conform, at Your own expense, to any such changes

(b) Purchase of Products, Business Materials and Support Services

Franchisee agrees to purchase from Grout Medic, its affiliate or a designated supplier all services, products, equipment, supplies and computer software necessary to operate the GROUT MEDIC® Outlet, as specified by Grout Medic At Grout Medic's discretion, such items may include, but are not limited to, employee background checks, payroll processing and human resources advice, employee time tracking, business management software, accounting software or bookkeeping service, printed materials, grout cleaners, sealers and stains, grout restoration machines, call center, email, insurance, marketing programs, online review management, and digital marketing Franchisee acknowledges that Grout Medic and/or its affiliate will earn a profit in supplying such Branded Products and support services to GROUT MEDIC® Outlets and that Grout Medic has the right to earn such profits in the future should it continue to directly supply such goods and/or services In addition, if Grout Medic designates one or more unrelated companies to supply such goods and/or services, Grout Medic has the right to be paid compensation from such third parties in the form of "rebates" or "access fees," which Grout Medic may use for any purpose We may obtain reports concerning your purchases from the designated or approved suppliers to determine your compliance with the

Agreement and our Manual

(c) Advertising Materials

Franchisee acknowledges that Grout Medic and its designated supplier are currently the only approved supplier of marketing materials used to make presentations to prospective customers, such as brochures, branded folders and inserts in the folders, and of the creation, hosting and promotion of Internet websites used to promote your GROUT MEDIC® Outlet (including a subpage of any social media or business directory website) Grout Medic is not required to approve any alternative suppliers for those items You are free to obtain all other types of local advertising and promotion products and services from any vendor of your choice However, if You wish to create and place any advertising other than that prepared by Grout Medic or its affiliates, You must submit to Grout Medic copies of all advertising materials that You propose to use at least two weeks before the first time that you propose to broadcast or publish that material Grout Medic will review the materials within a reasonable time and will promptly notify You in writing as to whether it approves or rejects them, but Grout Medic is under no obligation to approve advertising that has not been created by it or its affiliates For purposes of this paragraph, advertising materials that differ from previously approved materials only in such variables as date or price will be considered to be previously approved Even if Grout Medic approves specified materials, it may later withdraw its approval if it reasonably believes this is necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising, including any misrepresentations Grout Medic's failure to approve or reject proposed advertising within fourteen (14) days of submission shall be deemed a rejection of such proposed advertising

(d) Legal Protection

You agree to notify Grout Medic immediately in writing if You become aware of any unauthorized use of Grout Medic's Trade Name, Marks, or System You will promptly notify Grout Medic in writing of any claim, demand, or suit against You or Your principals in connection with Your use of the Trade Name, Marks, or System In any action or proceeding arising from or in connection with any such claim, demand, or suit, You agree that Grout Medic may select legal counsel and has the right to control the proceedings Grout Medic may indemnify and hold You harmless in certain cases as described in section 8 (d) of this Agreement

(e) Quality Control

You agree to diligently operate the GROUT MEDIC® Outlet and to abide by Grout Medic's customer satisfaction program as communicated to You in writing and as stated below

1 You agree to require all employees of the GROUT MEDIC® Outlet to wear apparel conforming to the specifications, design, and standards Grout Medic may from time to time designate in the Manual or otherwise

2 You agree to require all employees of the GROUT MEDIC® Outlet to conduct themselves at all times in a competent and courteous manner, and use best efforts to ensure that Your employees maintain a neat and clean appearance and render competent, sober and courteous service to customers of the GROUT MEDIC® Outlet Grout Medic shall have no control over Your employees, including, without limitation, work hours, wages, hiring or firing

(f) Compliance with Manual

You must operate the GROUT MEDIC® Outlet in complete compliance with the standards and specifications stated in the Manual, and revisions thereto, as provided in Section 5 (c) of

the Agreement

(g) Products and Services Offered for Sale

You must offer and sell all the products and services and only the products and services that Grout Medic has authorized You to provide If you would like to provide services that are not part of the standard menu of services as advertised by Grout Medic, then you must request our approval (which Grout Medic will not unreasonably withhold) and you must provide those services under the Marks and otherwise in compliance with this Agreement, including payment of the Continuing Fee on revenues earned from providing those services

(h) Supplies and Services Providers

Grout Medic reserves the right to designate one or more suppliers of any products or services used to operate The Grout Medic businesses If Grout Medic has designated or approved one or more suppliers of an item or service used in Grout Medic Outlets, then Franchisee must submit a written request for approval if it wishes to purchase, lease or use such item or service from an alternative supplier Grout Medic is not obligated to approve such a request, and Franchisee may not make any purchases from that supplier unless and until Grout Medic has approved such supplier in writing Within 30 days of receiving Franchisee's request Grout Medic will respond by either approving or disapproving your request, or by requesting additional information from the proposed alternative supplier Within 60 days of its receipt of any additional information requested, Grout Medic will notify you of supplier approval or disapproval

To the extent that Grout Medic advises You of brands that meet its standards and specifications, Grout Medic expressly disclaims any warranties or representations as to the condition of the goods or services sold under those brands, including, without limitation, expressed or implied warranties as to merchantability or fitness for any intended purpose You agree to look solely to the manufacturer of goods or the supplier of services for remedies arising from any defect in the goods or services they provide Grout Medic may terminate the franchise, refuse to renew it, and/or refuse to grant additional franchises if You do not purchase the required items only from approved suppliers or if You deviate from mandatory standards or specifications and fail to cure such deviations after notice from Us

(i) Computer Hardware, Software and Programs

You must adhere to the terms and conditions of the software programs established by Grout Medic, as such terms and conditions may be modified from time to time Moreover, You must purchase or lease computer and communications equipment and software that meet specifications that are stated in the Manual to facilitate the creation of standardized financial records and their conveyance to Grout Medic, and upgrade such equipment and update such software to remain in compliance with any such specifications stated in the Manual.

(j) Customer Satisfaction Program

You must distribute customer response cards in the form prescribed by Grout Medic for return by Your customers to Grout Medic's headquarters, or implement any other customer satisfaction survey methods reasonably required by Grout Medic from time to time If Your scores from the customer satisfaction surveys do not meet Grout Medic currently effective standards as provided to you in writing, Grout Medic may suggest ways in which You can improve Your scores Your failure to take immediate, effective steps to comply with Grout Medic's standards shall constitute a material breach of this Agreement In addition, and without limiting the foregoing, if your average scores over a six month period are more than twenty percent (20%) below the average score of all Grout Medic franchisees, then Grout Medic may require you to complete remedial training under the terms stated in Section 5 (a)2

(k) Inspections and Operational Audits

Grout Medic may conduct periodic inspections of the GROUT MEDIC® Outlet at your principal business office and/or of your workmanship at customers' homes during normal business hours to determine your compliance with this Agreement, with the Manual (including use of required suppliers and System components), and/or with our standards for customer service **In other words, Grout Medic has the right to audit and inspect all aspects of your GROUT MEDIC® Outlet and to require you to comply with all aspects of the System** Inspections may be made with or without prior notice If any aspect of Your operation does not comply with the System and Grout Medic informs you of that non-compliance, you must immediately conform the operations of your GROUT MEDIC® Outlet to the requirements of the System

(l) Notification of Complaints

You must notify Grout Medic promptly if You are served with a complaint in any legal proceeding that is in any way related to the GROUT MEDIC® Outlet or if You become aware that You are the subject of any complaint to or investigation by a governmental licensing authority or consumer protection agency

(m) Personnel

1 Management

You or Your Designated Manager must devote all his or her productive time and effort to the management and operation of the GROUT MEDIC® Outlet in the minimum amount of forty (40) hours per week The Designated Manager or another employee who has successfully completed Grout Medic's initial training program must actively manage the GROUT MEDIC® Outlet's operation at all times the GROUT MEDIC® Outlet is open for business If You own more than one GROUT MEDIC® Outlet, we may require you to employ an additional Designated Manager for each such GROUT MEDIC® Outlet If Grout Medic, in its sole discretion, determines that a Designated Manager is not properly performing his duties, Grout Medic will advise You and You must immediately take steps to correct the situation You must keep Grout Medic informed as to the identity of Your Designated Manager Upon the termination of employment of a Designated Manager, You must appoint a successor within thirty (30) days Any successor Designated Manager must successfully complete the training program conducted by Grout Medic before starting work in the GROUT MEDIC® Outlet

2. Employees

You must maintain at all times a staff of trained employees sufficient to operate the GROUT MEDIC® Outlet in compliance with Grout Medic standards You must obtain a criminal background check for each employee from a service provider who we specify, furnish us with a copy of each such background check, and refrain from employing any person who we reasonably believe poses an unacceptable risk to the consuming public You also must comply with all laws applicable to employing personnel in your state and utilize a payroll and human resources provider whom we specify

3. Administrative Support

Unless You utilize our Customer Center Services and pay the Full Service Continuing Fee, You must employ a specific person on a full-time basis to answer your business telephone and who does not also perform The Grout Medic services in customers' homes (i e , an administrative assistant or office manager), identify that person to us at all times, and consistently ensure that all active or prospective customers' calls and written requests are handled in a prompt, professional and courteous manner If you fail to comply with this requirement, in addition to our other remedies Grout Medic may require You to use the Customer Service Center and pay the Full Service Continuing Fee for a period of up to twelve (12) months

(n) Advertising

1 Grand Opening

Within three months of the opening of the GROUT MEDIC® Outlet, you must spend a minimum of Nine Thousand Dollars ($9,000) on local advertising, marketing and promotion of the opening of the GROUT MEDIC® Outlet in accordance with an opening marketing plan approved by Grout Medic and using advertising and promotional materials approved by Grout Medic However, if your Territory is designated as "Tier 2" in Exhibit 1 of this Agreement, then your minimum expenditures specified in this paragraph are reduced by fifty percent (50%)

2 Local Advertising

Beginning in your fourth (4th) full month of serving customers, You must spend a minimum of Two Thousand Two Hundred and Fifty Dollars ($2,250) per month for advertising and promotion until your monthly Gross Revenues exceed $15,000 for three (3) consecutive months, after which you must spend at least Ten Percent (10%) of your Gross Revenues on advertising and promotion (the "Minimum Local Advertising Expense") Local Advertising means advertising that is primarily directed to people or entities within Your Territory, and includes advertising expenditures purchased from or through Grout Medic or a Related Party, however, at least One Thousand Dollars ($1,000) per month of your Minimum Local Advertising Expense must be spent on digital or "online" marketing in a program that we approve If your Territory is designated as "Tier 2" in Exhibit 1 of this Agreement, then the dollar amount figures specified in this paragraph are reduced by fifty percent (50%) You promise to obtain Grout Medic's express prior approval of all of your local advertising and promotional materials, including any Internet-based advertising or promotion, and You agree to submit to Grout Medic monthly reports documenting Your satisfaction of this requirement

3. Metro Area Advertising

If more than one The Grout Medic franchisee operates within a Metro Area, then Grout Medic may require all of the franchisees within that Metro Area to jointly advertise and promote The Grout Medic services within that Metro Area While Grout Medic will solicit your opinion on the methods of Metro Area Advertising covering your Territory, Grout Medic will control and decide the methods and manner of Metro Area Advertising using its reasonable business judgment, and you must pay your proportionate share of the cost for Metro Area Advertising Your payments for Metro Area Advertising will serve as a credit towards satisfaction of your Minimum Local Advertising Expense

4. National Marketing Fund

When a National Marketing Fund is in existence, in addition to Your Minimum Local Advertising Expense, You shall pay the National Marketing Fund Contribution as required pursuant to Section 6(c)

(o) Vehicle Requirements

You must utilize a motor vehicle in operating the Outlet that meets our specifications as communicated in the Manual (the "Vehicle") You agree to display the Marks on the Vehicle in the manner specified by Grout Medic from time to time which, without restricting the generality of the foregoing, may include the purchase or leasing of such signs or vehicle decoration (or "wrap") as Grout Medic may determine You acknowledge that Grout Medic may specify the color, size, and design of all such signage or decor You must complete decorating at least one Vehicle with a "wrap" within twelve (12) months of the Effective Date Moreover, if Grout Medic changes its vehicle specifications in a manner that requires you to obtain a new Vehicle, then you must obtain and decorate a conforming Vehicle within twelve (12) months of receiving Grout Medic's new specification

(p) Financial Information

1. Records

You must record all sales and all receipts of revenue within 24 hours of receipt of same, and otherwise comply with Grout Medic's reporting systems as described to you in writing You must retain all reporting forms for at least three (3) years following the date of the report

2. Accounting Reports and Computer Requirements

In addition to revenue reporting required by Section 6 (b)2 , on or before the fifteenth (15th) day following the end of each month you must complete your bookkeeping of the expenses and profit of your GROUT MEDIC® Outlet for the prior month, including Local Advertising expenditures, and make those records available for our inspection either remotely (*e g*, through the Internet) or in person We may mandate in the Manual both the format of any such reports and the computer and communications technologies that must be used to prepare and provide access to your bookkeeping records, and if we do so you must comply with those requirements You must also submit to Grout Medic, at the time of filing, copies of all federal, state and local income tax returns Grout Medic may use this data to confirm that You are complying with Your obligations under this Agreement and to formulate earnings and expense information to disclose to prospective and/or active franchisees

3. Bookkeeping Service

In our reasonable business judgment, we may require you to utilize either an outside bookkeeping service, bookkeeping system or bookkeeping software from a vendor who we approve to provide us with the monthly reports required under Section 7 (p)2 , which vendor may be us or one of our affiliates Any such bookkeeping services will be provided under commercially reasonable terms specified prior to the first provision of such services

(q) Insurance

You must purchase prior to opening and maintain a policy or policies of comprehensive public liability insurance, including product liability coverage, covering all GROUT MEDIC® Outlet assets, personnel, and activities on an occurrence basis with a combined single limit for bodily injury, death or property damage of not less than One Million Dollars ($1,000,000) Grout Medic may increase the minimum coverage requirement annually if necessary to reflect inflation or other changes in circumstances You must also carry (i) vehicle liability coverage, or a "hired auto" rider on Your personal vehicle liability insurance, (ii) worker's compensation insurance covering all individuals who work in your GROUT MEDIC® Outlet, including the Designated Manager, and (iii) any other types of insurance required by applicable law Each policy or policies must be written by a responsible carrier or carriers reasonably acceptable to Franchisor Each liability policy of any kind must contain an Additional Insured Endorsement naming Franchisor and its respective officers, directors, partners, members, affiliates, subsidiaries, and employees as additional insureds Additional insured status shall include, without limitation, coverage for ongoing and completed operations The additional insured endorsement form shall be ISO CG 20-26 or any other form approved in writing by Franchisor that provides comparable coverage Additional insured coverage shall not be limited to vicarious liability and shall extend to (and there shall be no endorsement limiting coverage for) the negligent acts, errors or omissions of Franchisor or other additional insureds You must deliver a certificate of the issuing insurance company evidencing each policy to Grout Medic within thirty (30) days after the policy is issued or renewed

(r) Financial and Legal Responsibility

1. Compliance with Law

You must comply with all federal, state, and local laws and regulations pertaining directly or indirectly to the GROUT MEDIC® Outlet It is Your responsibility to research all laws

and licensing requirements applicable to your operation of the GROUT MEDIC® Outlet, including any applicable contractor licensing and minimum experience requirements You must keep current all licenses, permits, bonds, and deposits made to or required by any government agency in connection with the operation of the GROUT MEDIC® Outlet

2. Payment of Indebtedness

You must pay promptly when due all taxes and debts that You incur in the conduct of operating your GROUT MEDIC® Outlet

(s) Websites and the Internet

You are not permitted to create, host or update any Website that utilizes the name "Grout Medic", the GROUT MEDIC® logo, or any name or logo similar thereto without obtaining the express prior written consent of Grout Medic, which consent may be withheld for any reason or no reason Our consent to your establishment and maintenance of any Website is subject to such requirements as we establish from time to time, including, among others (i) submission to us for our prior written approval, in the form and manner that we may reasonably require, of the domain name, the home page address, and all proposed content of the Website whether visible (including proposed screen shots and any text, video clips, photographs, images, sound bites or other materials in which any third party has any ownership interest) or non-visible (including meta-tags), (ii) establishment of hyperlinks to our Website and others as we may require, and obtaining our prior written approval of your use of any other hyperlinks and/or other links, and (iii) submission to us for our prior written approval any modifications to the Website content We may revoke our approval of your Website at any time and require you to discontinue its use In addition to any other applicable requirements, you promise to comply with any standards and specifications we develop that are applicable to Websites and/or social media as set forth in the Manual or otherwise in writing

(t) Developments or Improvements by Franchisee

If You develop any new modification, concept, process, improvement or slogan in the operation or promotion of the GROUT MEDIC® Outlet or to the System, the same shall be deemed a work made for hire, and You shall promptly notify Grout Medic of, and provide Grout Medic with all necessary information, regarding such modification, concept, process, improvement or slogan, without compensation to You You acknowledge that any such modification, concept, process, improvement or slogan shall become Grout Medic's sole and exclusive property and that Grout Medic may use or allow other franchisees to use the same in connection with the System or the operation of GROUT MEDIC® Outlets, without compensation to You

8. RELATIONSHIP OF PARTIES

(a) Interest in Marks and System

You may not at any time do or cause to be done anything contesting or impairing Grout Medic's interest in its Trade Name, Marks or System You acquire no rights in any of these things except for Your right to use them in accordance with the express terms of this Agreement Grout Medic retains the right to grant other franchises or licenses to use the Trade Name, Marks and System upon any terms that Grout Medic wishes, except as expressly limited by this Agreement

(b) Independent Status

You are an independent legal entity and must make this fact clear in Your dealings with suppliers, lessors, government agencies, employees, customers and others You will rely on Your own knowledge and judgment in making business decisions, subject only to the requirements of this Agreement and the Manual You may not expressly or implicitly hold

Yourself out as an employee, partner, shareholder, member, joint venture or representative of Grout Medic, nor may You expressly or implicitly state or suggest that You have the right or power to bind Grout Medic or to incur any liability on Grout Medic's behalf You may not use the Trade Name or any derivation thereof, or any name that is confusingly similar to the Trade Name, as part of Your corporate, limited liability company, limited partnership or other business entity name However, You must file a trade name or d/b/a registration with Your state identifying Your Outlet as "The Grout Medic of [Your city], [Your state]" and identifying You as the owner

(c) Display of Independent Franchisee Disclaimer

You must conspicuously display a sign indicating that your GROUT MEDIC® Outlet is an independently owned and operated franchised business on all vehicles used in connection with the GROUT MEDIC® Outlet Business cards, stationery, purchase order forms, invoices, leases, and other documents that You use in Your business dealings with suppliers, government agencies, employees and customers must clearly identify You as an independent legal entity

(d) Indemnification

Franchisee hereby agrees to defend, indemnify, save and hold harmless Grout Medic, any affiliate of Grout Medic, each of those companies' affiliates, subsidiaries, successors, assigns and designees, and the officers, directors, managers, members, employees, agents, attorneys, shareholders, owners, designees and representatives (collectively, the "**Indemnitees**") from any and all liabilities, losses, suits, claims, demands, costs (including attorneys' fees), damages, fines and expenses of any kind or nature whatsoever incurred in connection with any action, suit, proceeding, claim, demand, investigation or formal or informal inquiry (regardless of whether any of the foregoing is reduced to judgment) or any settlement of the foregoing (any of which is a "**Claim**"), including allegations of negligence by any of the Indemnitees to the fullest extent permitted by applicable law, which actually or allegedly, directly or indirectly, arises out of, is based upon, is a result of or is related to (i) your establishment, opening or operation of the GROUT MEDIC® Outlet, (ii) the unauthorized use of the Marks, or (iii) the violation of any law or regulation applicable to the GROUT MEDIC® Outlet Franchisee must promptly give notice to Grout Medic of any Claim covered by the preceding sentence Grout Medic will have the right, through counsel of its choice, at Franchisee's expense, to control the defense and response to any such Claim, and such undertaking by Grout Medic will not, in any manner, diminish Franchisee's obligations to Grout Medic Under no circumstances will Grout Medic or a person indemnified be required to seek recovery from third parties or mitigate its losses in order to maintain a claim for indemnification against Franchisee under this Agreement, and the failure to pursue such recovery or mitigate a loss will in no way reduce the amounts recoverable from Franchisee by a person indemnified

Grout Medic will indemnify and hold You harmless from all Claims alleging that Your operation of a GROUT MEDIC® Outlet in compliance with this Agreement infringes the intellectual property of the third party claimant, provided that you promptly notify Grout Medic of such a Claim Grout Medic will have the right, through counsel of its choice, to control the defense and response to any such action You agree to cooperate fully with Grout Medic in defending against any such Claim

The parties' obligations in this Section will survive the termination or expiration of the Agreement

9. COVENANTS

(a) Confidentiality

You acknowledge and agree that the information, ideas, forms, marketing plans and other materials disclosed to you under this Agreement, whether or not included in the Manual, are confidential and proprietary information and trade secrets of Grout Medic You agree to maintain the confidentiality of all such materials You shall not disclose any such information to any third party, except to your employees and agents as necessary in the regular conduct of the GROUT MEDIC® Outlet and except as authorized in writing by Grout Medic You shall be responsible for requiring compliance of your Related Parties and your employees with the provisions of this Section The foregoing obligations will commence on the date hereof and will survive the termination of this Agreement However, any provision to the contrary notwithstanding, it shall not be a violation of Franchisee's confidentiality obligation if disclosure of confidential information (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, and (ii) solely for the purpose of reporting or investigating a suspected violation of law, or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal

(b) Covenants Not to Compete

1 **Competitive Business** The term "**Competitive Business**" means a business that offers or performs any of the following services Caulk Replacement ("Re-caulk"), the removal and replacement of all types of grout ("Re-grout"), cleaning and sealing of all types of grout, cleaning and staining of all types of grout, replacing of tiles ("Tile Replacement"), re-adhering of loose tiles ("Tile Repair"), replacing shower, tub and sink area walls ("Water Damage Repair"), Soap Dish Replacement, or Shower Door Replacement

2 **Noncompetition During Term.** You agree that, during the term of this agreement unless terminated in accordance with this Agreement, you will not own any direct or indirect financial interest in any other Competitive Business nor will you operate or be employed by any Competitive Business

3 **Post-Term Noncompetition Agreement.** You acknowledge that the restrictive covenants contained in this Section 9 (b) are fair and reasonable and are justifiably required for purposes including, but not limited to (i) protecting the System, (ii) inducing Grout Medic to grant a franchise to You, and (iii) protecting Grout Medic against its costs in training You and Your officers, directors, executives, professional staff and Designated Managers Accordingly, You agree, for two (2) years after Termination of this agreement, not to operate or own any direct or indirect financial interest in any Competitive Business that is located either within Your former Territory, within fifteen (15) miles of any boundary of Your former Territory, or within twenty (20) miles of any other any other Grout Medic® Outlet existing on effective date hereof or the date of Termination of this Agreement, subject to applicable state law This restriction prohibits You from engaging in any such conduct for yourself or on behalf of any third party, directly or indirectly, as a partner, member, joint venturer, shareholder, employee, and/or any other method or status, and also prohibits entering into or engaging in any capacity in any Competitive Business within the geographic areas and during the time period specified in the prior sentence

(c) Non-Solicitation.

Franchisee and its Related Parties agree that they will not, for two (2) years following the effective date of termination or expiration of this Agreement for any reason, or following the date of a Transfer by Franchisee, directly or indirectly, for or on behalf of itself, himself, herself or any other person or entity, provide any sort of home improvement or renovation services involving the restoration, maintenance or replacement of grout or tile to any individual or entity that has been a customer of the GROUT MEDIC® Outlet during the five (5) years prior to

termination, expiration or transfer of the franchise

(d) Employee and Related Party Agreements

You shall obtain a written confidentiality and non-competition agreement in a form satisfactory to Grout Medic from each of your Related Parties, their spouses, and each employee of the GROUT MEDIC® Outlet within ten (10) days after each Related Party or employee assumes such status with you You agree to send Grout Medic a copy of each such agreement immediately following its execution Our requested current form of confidentiality and non-competition agreement is attached to our Disclosure Document as Exhibit F, however, it is your responsibility to modify this form as reasonably necessary to make its operative provisions enforceable under the laws applicable to the Territory

10 TRANSFER OF FRANCHISE

(a) Purpose of Conditions for Approval of Transfer

Grout Medic's grant of this franchise is made in reliance upon the integrity, ability, experience and financial resources of your principal owners, each of whom has executed the **Personal Guaranty** that is **Exhibit 2** of this Agreement Neither the franchise, the GROUT MEDIC® Outlet operated under it, nor a Substantial Interest in You may be transferred unless You have first obtained Grout Medic's written consent, and you agree that any such event shall be a "**Transfer**" under this Agreement While Grout Medic will not unreasonably deny its consent to a Transfer, to ensure that no Transfer jeopardizes the Trade Name, the Marks, or Grout Medic's interest in the successful operation of the GROUT MEDIC® Outlet, Grout Medic will consent to a Transfer only if You comply with the provisions of Sections 9 (b), 9 (c) and 9 (d) of this Agreement

(b) Notice of Proposed Transfer

If You would like to consummate a Transfer, You must submit to Grout Medic a) the form of franchise application currently in use by Grout Medic, completed by the prospective assignee, purchaser of The GROUT MEDIC® Outlet, or purchaser of a controlling interest in You (any of whom is a "**Transferee**"), b) a written notice, describing all the terms and conditions of the proposed Transfer, including, without limitation, an explanation of how the prospective transferee will finance the purchase, and c) a non-refundable transfer application fee of One Thousand Dollars ($1,000 00) If Grout Medic approves the Transfer, then Grout Medic will apply the transfer application fee towards payment of the Transfer Fee described in Section 6 of the Agreement

(c) Consent by Grout Medic; Right of First Refusal

Grout Medic must respond in writing to Your written notice within fifteen (15) days after receiving it, or, if Grout Medic requests additional information, within fifteen (15) days after receipt of the additional information Grout Medic may either consent to the Transfer, tell You its reason for refusing to consent, or, except for transfer of a Substantial Interest in You to the spouse or child of your existing Related Party, purchase the GROUT MEDIC® Outlet or the Substantial Interest in You upon the same terms and conditions as those offered by the third party However, unless otherwise provided by Grout Medic in writing, Grout Medic's failure to respond to notice of a proposed transfer within fifteen (15) days of receipt of such notice shall be deemed to be a disapproval of the proposed transfer If Grout Medic consents to the Transfer and you satisfy the conditions of approval specified in Section 9(d), then You may Transfer the interest described in the notice only to the named transferee and only upon the terms and conditions stated in the notice Consent by Grout Medic to a particular Transfer will not constitute consent to any other or subsequent Transfer

(d) Conditions for Consent to Transfer

The conditions Grout Medic may require as a condition of approving a proposed Transfer include, but are not limited to, the following

1 That the proposed transferee meets all of the criteria of character, business experience, financial responsibility, net worth and other standards that Grout Medic customarily applies to new franchisees at the time of Transfer, and that the terms of the proposed transfer (including financing) will not prevent the proposed transferee from operating the GROUT MEDIC® Outlet in compliance with its franchise agreement and at or above the level of productivity at which it was operated by Franchisee,

2 That adequate arrangements are included in the agreement between you and the proposed transferee for satisfaction of any and all warranty claims made by customers who you have served prior to transfer,

3 Payment of all Your outstanding debts to Grout Medic and its Related Parties,

4 Cure of all defaults under the Franchise Agreement, any other agreement(s) between Grout Medic or its Related Parties and You, and the Manual,

5 The Transferee's execution of Grout Medic's then-current form of franchise agreement, appropriately amended in light of the fact that the business is already operational, or signing by the Transferee of an assumption of all liabilities and benefits of the existing franchise agreement, or the signing by the Transferee of a personal guarantee of Your obligations under this Agreement,

6 Payment to Grout Medic of the Transfer Fee described in Section 6 of this Agreement,

7 Completion by the Transferee of the Grout Medic initial training program to Grout Medic's satisfaction,

8 Franchisee and, if Franchisee is a business entity, its owners, members and shareholders, executing and delivering in favor of Grout Medic and its Related Parties, a general release in such form as may be required by Grout Medic of any claims against Grout Medic and its Related Parties, in their corporate and individual capacities, including without limitation, claims arising under federal, state and municipal laws, rules and regulations to the greatest extent permitted by applicable law, the current form of such a release being attached to our Franchise Disclosure Document as Exhibit E, and

9 If You will finance all or any portion of the Transferee's purchase of the franchise of the Grout Medic® Outlet, You (i) guaranteeing the transferee's obligations under its franchise agreement with Grout Medic until the loan to the transferee is repaid in full, and (ii) subordinating any security interest(s) in transferee or its assets to Grout Medic's right to be paid all amounts owed by the transferee to Grout Medic

(e) Assignment upon Death

If an owner of a Substantial Interest in You dies within the term of this Agreement, that

owner's heirs or beneficiaries shall have ninety (90) days within which to demonstrate to Grout Medic's satisfaction that they meet all of the criteria of character, business experience, financial responsibility, net worth and other standards that Grout Medic requires of new franchisees at that time If Grout Medic approves the heir or beneficiary as an owner of a Substantial Interest in you, and those people meet the other conditions of Transfer, Grout Medic will waive any Transfer fee in connection with the transfer If Grout Medic advises Your heirs or beneficiaries in writing that Grout Medic will not approve them as transferees, or if Grout Medic neither approves nor disapproves the transfer within ninety (90) days following the death, the estate of the owner of the Substantial Interest will have ninety (90) additional days from the date of disapproval of the transfer or the end of the first ninety (90)-day period, whichever is first, within which to find and notify Grout Medic of a proposed Transfer to a qualified buyer in conformity with the provisions (b), (c), and (d) of this Section If the estate does not advise Grout Medic of a qualified buyer within the specified period, the franchise will automatically terminate at the end of the ninety (90)-day period unless Grout Medic has granted a written extension of time

(g) Assignment by Grout Medic

Grout Medic may assign this Agreement or any rights or obligations created by it at any time and for any reason without Your consent, provided that the assignee expressly agrees in writing to assume Grout Medic's obligations under this Agreement

11. TERMINATION

(a) Termination by Consent of the Parties

This Agreement may be terminated upon the mutual written consent of the parties

(b) Termination by Grout Medic

1 Defaults with 30-Day Opportunity to Cure

Grout Medic shall have the right to terminate this Agreement if You fail to cure the following defaults within thirty (30) days of receiving notice of default

(a) If You fail to submit to Grout Medic in a timely manner any report or information You are required to submit under this Agreement,

(b) If You fail to begin operation of an GROUT MEDIC® Outlet by the Start Date of this Agreement or if You fail to operate Your GROUT MEDIC® Outlet in accordance with this Agreement or the Manual, or

(c) If You default in the performance of any material obligation under any other agreement with Grout Medic or its Related Party

2 Default with 5-Day Opportunity to Cure

Grout Medic shall have the right to terminate this Agreement if You or any of your Related Parties fail to make any payment when due under this Agreement or any other agreement between You or your Related Party and Grout Medic or its Related Party, and You or your Related Party fails to cure such default within five (5) days of receiving notice of default

3 Defaults with No Opportunity to Cure

Grout Medic shall have the right to terminate this Agreement immediately upon providing notice of default to You with respect to any of the following defaults

(a) If You misuse the Marks or the System or engage in conduct which reflects materially and unfavorably upon the goodwill associated with them or if You operate the GROUT MEDIC® Outlet under any names, marks, systems, logotypes or symbols that Grout Medic has not authorized You to use,

(b) If You fail to give Grout Medic a signed copy of the Nondisclosure and Non-competition Agreement attached to our Franchise Disclosure Document as Exhibit F for each of Your Related Parties, their spouses, and Your employees within ten (10) days after Grout Medic requests it,

(c) If You attempt to assign Your rights under this Agreement in any manner not authorized by this Agreement,

(d) If You or Your Related Party has made any material misrepresentation in connection with the acquisition of a GROUT MEDIC® Outlet or to induce Grout Medic to enter into this Agreement,

(e) If You act without Grout Medic's prior written approval or consent in regard to any matter for which Grout Medic's prior written approval or consent is expressly required by this Agreement,

(f) If You cease to operate the GROUT MEDIC® Outlet, unless (i) operations are suspended for a period of no more than one hundred eighty (180) days and (ii) the suspension is caused by fire, condemnation, or other act of God,

(g) If You default on a payment obligation more than two (2) times in any eighteen (18) month period, or if You fail to permanently correct a breach of this Agreement or to meet the standards stated in the Manual after being twice requested in writing by Grout Medic to correct a similar problem in any twelve (12) month period,

(h) If Grout Medic makes a reasonable determination that the operation of the GROUT MEDIC® Outlet poses a threat to public health or safety,

(i) If You, or any of Your owners or personal guarantors if You are a business entity, become insolvent, are adjudicated a bankrupt, or file or have filed against You a petition in bankruptcy, reorganization or similar proceeding,

(j) If You, or any of Your owners or personal guarantors if You are a business entity, are convicted of or plead no contest to any felony or of criminal misconduct that is relevant to the Operation of the GROUT MEDIC® Outlet,

(k) If You do not purchase the required items only from approved suppliers, or

(l) If You knowingly maintain false books or records or deny Grout Medic's authorized representative immediate access to Your books and records during an audit or inspection

(c) Termination by You

You may terminate this Agreement in ony the following ways, none of which will be valid unless you meet all applicable conditions of the next section of this Agreement, entitled "Rights and Obligations after Termination," within the specified time periods

1 If Grout Medic fails to cure a material breach of this Agreement within sixty (60) days (or such additional time as may be reasonably required to accomplish the cure) of receiving written notice of Your request for Grout Medic to cure the default

2 You may terminate the Agreement at any point after the end of the 12th complete month from the Start Date through the end of the 24th complete month if you are not in breach of the Agreement, you notify Grout Medic in writing, you continue to operate the business for thirty (30) days after you notify us of your decision to terminate, and you pay Grout Medic a fee of (i) the greater of your Continuing Fees accrued for the prior twelve (12) months or the entire minimum Continuing Fees for the upcoming year, plus (ii) the National Marketing Fund contribution for the upcoming year, plus (iii) any amount that you owe us for products or services performed as of the date of your notification, including any past due fees

accrued under Article 6 of this Agreement, plus in the case of default, any legal costs associated with collecting and defending our rights Payment of the fee is due with your notice of termination If you complete these requirements then Section 11 (d)6 will not apply to this termination

3 You have no other right to terminate this Agreement

(d) Rights and Obligations after Termination

Upon termination of this Agreement for any reason, the parties will have the following rights and obligations

1 Grout Medic will have no further obligations under this Agreement,

2 You must give Grout Medic a final accounting for the GROUT MEDIC® Outlet, pay Grout Medic within thirty (30) days after Termination all payments due to Grout Medic, and return to Grout Medic the Manual and any other property belonging to Grout Medic You must maintain all records required by Grout Medic under this Agreement for a period of not less than three (3) years after final payment of any amounts You owe to Grout Medic on the date of Termination of this Agreement

3 You must immediately and permanently stop using the Marks and any confusingly similar marks, the System, or any advertising, signs, stationery, or forms that bear identifying marks or colors that might give others the impression that You are operating a GROUT MEDIC® Outlet

4 You must promptly sign any documents and take any steps that, in the judgment of Grout Medic, are necessary to (i) delete Your listings from print and on-line classified telephone directories, or assign them to Grout Medic at its option, (ii) disconnect or, at Grout Medic's option, assign to Grout Medic all telephone numbers that have been used in the GROUT MEDIC® Outlet, and (iii) terminate all other references that indicate You are or ever were affiliated with Grout Medic By signing this Agreement, You irrevocably appoint Grout Medic Your attorney-in-fact to take the actions described in this paragraph if You do not do so yourself within seven (7) days after Termination of this Agreement

5 Grout Medic has the option to purchase the equipment, supplies and inventory you have used in the GROUT MEDIC® Outlet, including its equipment, supplies and inventory, during a period of sixty (60) days following the effective date of Termination, valued as follows The lower of cost or fair market value of the supplies and inventory, and the depreciated value of other tangible personal property calculated on the straight-line method over a five (5) year life, less any liens or encumbrances Grout Medic must send written notice to You within thirty (30) days after Termination of this Agreement of its election to exercise the option to purchase, and if it sends such a notice then you must inform Grout Medic of the items in your inventory, equipment and supplies, including the age of relevant equipment items, so that Grout Medic can determine the items it wishes to purchase and the price due Grout Medic may offset that price of such items it purchases from you against amounts that you owe Grout Medic, in which case Grout Medic will issue a credit notice after receiving the purchased items

6 **Unless You terminate the Agreement in accordance with the terms of Section 11 (c), above, if the Agreement is terminated for any lawful reason whatsoever, effective immediately as of the date of termination You will owe Grout**

Medic the full balance of Your Minimum Continuing Fee obligations for the remainder of the initial term of this Agreement, at the rate for the Minimum Continuing Fee as exists on the termination date of the Agreement, plus all national marketing fund obligations plus any other amounts that have been due and owing to us reduced to present value using an interest rate equal to Prime plus two percent (2%), plus in the case of default, any legal costs associated with collecting and defending our rights. Payment of this sum will be due to Grout Medic no later than thirty (30) days from the effective date of termination of this Agreement.

(e) No Limitation of Remedies after Termination

If the franchise granted in this Agreement is terminated because of Your default, the rights of Grout Medic described above shall not constitute Grout Medic's exclusive remedies, but shall instead supplement any other equitable or legal remedies available to Grout Medic Termination of this Agreement does not extinguish any obligation of either party that accrued prior to termination All obligations of the parties, which by their terms or by reasonable implication are to be performed in whole or in part after Termination, shall survive Termination

12. NEGOTIATION AND MEDIATION

(a) Agreement to Use Procedure

The parties have reached this Agreement in good faith and in the belief that it is mutually advantageous to them In the same spirit of cooperation, they pledge to try to resolve any dispute without litigation or arbitration They agree that, if any dispute arises between them, before beginning any legal action or arbitration concerning this Agreement or the franchise, they will first follow the procedures described in this Section 12, provided, however, that this Section 12 will not deprive either party of any right it may otherwise have to seek provisional injunctive relief from a court of competent jurisdiction Good faith participation in these procedures as stated in this Section to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any legal action or arbitration concerning this Agreement or the franchise

(b) Initiation of Procedures

The party that initiates these procedures ("Initiating Party") must give written notice to the other party, describing in general terms the nature of the dispute, specifying the Initiating Party's claim for relief, and identifying one or more people with authority to settle the dispute on the Initiating Party's behalf The party receiving the notice ("Responding Party") has seven (7) days from receipt of that written notice within which to inform the Initiating Party in writing of one or more people with authority to settle the dispute on the Responding Party's behalf (the "Authorized Person(s)") If the Responding Party does not designate an Authorized Person by this deadline, then the Authorized Person of a party shall be that party (if an Individual) or the party's Chief Executive Officer (if an entity)

(c) Direct Negotiations

The Authorized Person(s) may investigate the dispute as they consider appropriate, but agree to meet within seven (7) days from the date of the designation of Authorized Person(s) to discuss resolution of the dispute The Authorized Person(s) may meet at any times and places and as often as they agree, and may do so in person or through telephonic, video or "web" conferencing If the Dispute has not been resolved within ten (10) days after their initial meeting, either party may begin mediation procedures by giving written notice to the other party that it is doing so *However, If a party refuses to engage in any method of Direct Negotiations as defined in this paragraph, then the other party is excused from pursuing*

mediation of the dispute prior to initiating arbitration

(d) Selection of Mediator

Provided that the provisions of Section 12(c) have been satisfied, the Authorized Person(s) will have seven (7) days from the date on which one party gives notice to the other that it is beginning mediation within which to submit to one another written lists of acceptable mediators who are not associated with either of the parties Within seven (7) days from the date of receipt of any list, the Authorized Person(s) must rank all the mediators in numerical order of preference and exchange the rankings If one or more names are on both lists, the highest ranking person will be designated the mediator, and if that person is not available to serve the parties must go on to contact the mediator who was next highest in ranking until they are able to select a mediator If this process does not result in selection of a mediator, the parties agree jointly to request that the American Arbitration Association ("AAA") administer the mediation and agree to select a mediator in compliance with the AAA's Commercial Arbitration Rules and Mediation Procedures, which are available at AAA's website (www adr org)

(e) Time and Place for Mediation

In consultation with the parties, the mediator should promptly designate a mutually acceptable time and place for the mediation within twenty (20) miles of the city where Grout Medic's headquarters are located when the proceedings are conducted Unless circumstances make it impossible, the mediation shall occur no later than thirty (30) days after selection of the mediator

(f) Exchange of Information

If either party to this Agreement believes it needs information in the possession of another party to this Agreement to prepare for the mediation, all parties must attempt in good faith to agree on procedures for an exchange of information, with the help of the mediator if required

(g) Summary of Views

At least seven (7) days before the first scheduled mediation session, each party must deliver to the mediator and to the other party a concise written summary of its views on the matter in dispute and on any other matters that the mediator asks them to include The mediator may also request that each party submit a confidential paper on relevant legal issues, which may be limited in length by the mediator, to him or her

(h) Representatives

In the mediation, each party must be represented by an Authorized Person and may be represented by counsel In addition, each party may, with permission of the mediator, bring with him, her, or it any additional people who are needed to respond to questions, contribute information, and participate in the negotiations

(i) Conduct of Mediation

The mediator should advise the parties in writing of the format for the meeting or meetings If the mediator believes it will be useful after reviewing the position papers, he or she should ask each party to provide an oral presentation of its views on the matter in dispute The mediator should assist the Authorized Parties to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties

All mediation sessions will be strictly confidential The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible

(j) Termination of Procedure

The parties agree to participate in the mediation procedure to its conclusion, as defined in this Section 12 The mediation may be concluded (1) by the signing of a settlement agreement by the parties, (2) by the mediator's declaration that the mediation is terminated, or (3) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any legal action or seek another remedy before the expiration of five (5) days following the mediation A party may begin legal action within this period only if the legal action might otherwise be barred by applicable statute of limitations or in order to request an injunction to prevent irreparable harm

(k) Fees of Mediator, Disqualification

The fees and expenses of the mediator must be shared equally by the parties The mediator may not later serve as a witness, consultant, expert or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved

(l) Confidentiality

The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence The parties agree that no stenographic, visual or audio record of the proceedings may be made Any conduct, statement, promise, offer, view or opinion whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is confidential and should be treated as privileged No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties However, evidence that would otherwise be discoverable or admissible will not be excluded from discovery or made inadmissible simply because of its use in the mediation

13 ARBITRATION

ANY DISPUTE ARISING OUT OF, IN CONNECTION WITH OR RELATING TO THIS AGREEMENT, IF NOT RESOLVED BY THE NEGOTIATION AND MEDIATION PROCEDURES DESCRIBED IN SECTION 12, SHALL BE SUBMITTED FOR RESOLUTION TO THE AMERICAN ARBITRATION ASSOCIATION ("AAA"), OR A COMPARABLE ORGANIZATION IF THE AAA CEASES TO EXIST. SUCH ARBITRATION PROCEEDINGS SHALL BE CONDUCTED WITHIN TWENTY (20) MILES OF THE CITY WHERE GROUT MEDIC'S HEADQUARTERS IS LOCATED AS OF THE DATE THE ARBITRATION DEMAND IS FILED. ANY ARBITRATION BETWEEN OR AMONG THE PARTIES TO THIS AGREEMENT AND ANY OF THEIR RELATED PARTIES SHALL BE CONDUCTED ON AN INDIVIDUAL BASIS AND NOT ON A CONSOLIDATED OR CLASS-WIDE BASIS. THIS ARBITRATION CLAUSE WILL NOT DEPRIVE EITHER PARTY OF ANY RIGHT IT MAY OTHERWISE HAVE TO SEEK PROVISIONAL INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION. THE ARBITRATOR MUST BE AN ATTORNEY WITH SUBSTANTIAL EXPERIENCE IN FRANCHISE LAW. THE PARTIES ASK THAT THE ARBITRATOR LIMIT DISCOVERY TO THE GREATEST EXTENT POSSIBLE CONSISTENT WITH BASIC FAIRNESS IN ORDER TO MINIMIZE THE TIME AND EXPENSE OF ARBITRATION. IF PROPER NOTICE OF ANY HEARING HAS BEEN GIVEN, THE ARBITRATOR WILL HAVE FULL POWER TO PROCEED TO TAKE EVIDENCE OR TO PERFORM ANY OTHER ACTS NECESSARY TO ARBITRATE THE MATTER IN THE ABSENCE OF ANY PARTY WHO FAILS TO APPEAR. BOTH PARTIES WAIVE ANY RIGHTS THEY MAY HAVE TO DEMAND TRIAL. THE ARBITRATOR WILL HAVE NO

POWER TO (1) STAY THE EFFECTIVENESS OF ANY PENDING TERMINATION OF THE FRANCHISE; OR (2) MAKE ANY AWARD THAT MODIFIES OR SUSPENDS ANY LAWFUL PROVISION OF THIS AGREEMENT THE PARTY AGAINST WHOM THE ARBITRATOR RENDERS A DECISION MUST PAY ALL EXPENSES OF ARBITRATION. ANY COURT OF COMPETENT JURISDICTION MAY ENTER JUDGMENT UPON ANY AWARD

You recognize that You are a member of a Franchise Network and that Your acts and omissions may have a positive or negative effect on the success of other businesses operating under Grout Medic's Trade Name and in association with its Marks Failure on the part of a single franchisee to comply with the terms of its franchise agreement is likely to cause irreparable damage to Grout Medic and to some or all of the other franchisees of Grout Medic For this reason, You agree that if Grout Medic can demonstrate to a court of competent jurisdiction that there is a substantial likelihood of Your breach or threatened breach of any of the terms of this Agreement, Grout Medic will be entitled to an injunction restraining the breach or to a decree of specific performance, without showing or proving any actual damage, until a final determination is made by an arbitrator

The parties hereto recognize, and any arbitrator is affirmatively advised, that certain provisions of this Agreement describe Grout Medic's right to take (or refrain from taking) certain actions in the exercise of our business judgment based on our assessment of the overall best interests of The Grout Medic® System Where such discretion has been exercised, and is supported by our business judgment, no arbitrator may substitute his or her judgment for the judgment so exercised by Grout Medic

Neither party may maintain an arbitration against the other party alleging a breach of performance obligations under this Agreement unless the party (a) delivers written notice of any claim to the other party within one hundred eighty (180) days after the event complained of becomes known to the party, (b) thereafter follows the negotiation and mediation procedures required by Section 12 of this Agreement, and (c) files an arbitration demand within one (1) year after the notice is delivered This limitation does not apply to claims for monies owed, such as for the Continuing Fees

Both parties waive, to the greatest extent permitted by law, its right to seek or be awarded punitive or exemplary damages by an arbitrator, except that Grout Medic may seek and obtain an award against You of trebled damages for trademark infringement should You continue to use the Marks after termination of the Franchise Agreement

A party that is successful in enforcing its rights under this Agreement through commencement of an action or counterclaim in arbitration will be awarded its costs (including charges for investigation and preparation, expert witness, the arbitrator and the arbitration administrator) and reasonable attorney fees incurred in such arbitration

This arbitration provision is deemed to be self-executing, is intended to benefit and bind Grout Medic's and Franchisee's Related Parties, and will remain in full force and effect after expiration or termination of this Agreement If a party fails to appear at any properly-noticed arbitration proceeding, an award may be entered against such party by default notwithstanding the failure to appear

This Section 13 will be construed as independent of any other covenant or provision of this Agreement, provided that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, then the parties' intent is that the court may modify such provisions to the minimum extent necessary to comply with applicable law However, if any

court finds that the punitive damages limitation contained in Section 13 and 14j or class action waiver contained in Section 14i is unconscionable or otherwise unenforceable, then either party may require a dispute otherwise subject to this Section 13 to be decided by a court in accordance with the terms of this Agreement without first submitting the dispute to arbitration

14. MISCELLANEOUS PROVISIONS

(a) Construction of Contract

Section headings in this Agreement are for reference purposes only and will not in any way modify the statements contained in any section of this Agreement Each word in this Agreement may be considered to include any number or gender that the context requires If there is any conflict between this Agreement and the Manual, this Agreement will control

(b) Governing Law; Consent to Jurisdiction

This Agreement is made in the State of Texas and its provisions will be governed by and interpreted under the laws of that State, except that (i) neither the Texas Business Opportunities Act nor the Texas Deceptive Trade Practices Consumer Protection Act shall apply unless You are a Texas resident or operate the GROUT MEDIC® Outlet in Texas, and (ii) the arbitration clause is exclusively governed by and should be construed in accordance with the Federal Arbitration Act

You and Grout Medic have negotiated regarding a forum in which to resolve any disputes which may arise between them and have agreed to select a forum in order to promote stability in their relationship Therefore, if a claim is asserted in any legal proceeding involving You or Your Related Parties and Grout Medic or its Related Parties, the parties agree that, unless the claim is covered by the negotiation, mediation and arbitration provisions in Sections 12 and 13 above and those provisions remain enforceable under applicable law, the venue for any judicial proceedings will be in the federal courts hearing cases in the state and county in which Grout Medic then maintains its principal place of business, unless such courts do not have subject matter jurisdiction over such dispute, in which case the court to hear the dispute will be the state court of general jurisdiction located in the county in which Grout Medic maintains its principal place of business You and Grout Medic hereby consent to the jurisdiction of such courts, and You and Grout Medic each waive any objection to venue in or the personal jurisdiction of such federal and state courts However, Grout Medic may, at its option, choose to pursue preliminary injunctive relief and may sue to enforce an arbitration award in any court that otherwise has personal jurisdiction over Franchisee or its Related Parties

(c) Notices

The parties to this Agreement should direct any notices to the other party at the address below that party's name on the beginning page of this Agreement or at another address if advised in writing that the address has been changed Notice may be delivered by facsimile or electronic mail (with simultaneous mailing of a copy by first class mail), courier, or first class mail Notice by facsimile, electronic mail or courier will be considered delivered upon confirmed delivery, and by first class mail, three days after posting

(d) Amendments

Except as expressly stated otherwise in this Agreement, this Agreement may be amended only by a document signed by all of the parties to this Agreement or by their authorized agents

(e) Waiver

No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by Grout Medic or You shall be considered to imply or constitute a further waiver by Grout Medic or You of the same or any other condition, covenant, right, or

remedy

(f) Integration

This Agreement, and any exhibits or attachments hereto, constitute the entire agreement between the parties concerning the franchise granted herein All other agreements and representations made between the parties with respect to the franchise granted herein are hereby superseded by this Agreement No officer, employee, or other servant or agent of Grout Medic or You is authorized to make any representation, warranty, or other promise not contained in this Agreement However, nothing in the Agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you No change, termination, or attempted waiver or cancellation of any provision of this Agreement shall bind Grout Medic or You unless in writing and signed by Grout Medic and You

(g) Attorney Fees and Costs

A party that is successful in enforcing its rights under this Agreement through commencement of any legal action or counterclaim, including any action on appeal and any motion to enforce the arbitration or mediation clauses in this Agreement, and any action to confirm an arbitration award as a court judgment, will be awarded its costs (including investigation and preparation charges and expert witness fees) and reasonable attorney fees incurred in such action Any party that obtains a judgment for breach of obligations under this Agreement (including confirmation of an arbitration award as a judgment) also shall be entitled to reimbursement of reasonable hourly attorneys' fees incurred to pursue post-judgment collection and/or enforcement measures, entry of judgment on this contract will not result in merger of this contract with such judgment, and that the liability to pay collection and enforcement costs continues until the party held liable for breaching this Agreement pays all damages ordered in judgment and complies with all other aspects of the enrolled judgment

(h) Severability

Each provision of this Agreement will be considered severable If, for any reason, any provision of it is determined to be invalid or in conflict with any existing or future law or regulation, that provision will not impair the operation of the remaining provisions of this Agreement The invalid provisions will be considered not to be a part of this Agreement However, if Grout Medic determines that the finding of illegality adversely affects the basic consideration for its performance under this Agreement, Grout Medic may, at its option, terminate it

(i) Individual Dispute Resolution

Any litigation between or among the parties to this Agreement and any of their Related Parties will be conducted on an individual basis and not on a consolidated or class-wide basis

(j) Waiver of Punitive Damages

Both parties waive, to the greatest extent permitted by law, its right to seek or be awarded punitive or exemplary damages by any court of competent jurisdiction, except that Grout Medic may seek and obtain an award against You of trebled damages for trademark infringement should You continue to use the Marks after termination of the Franchise Agreement

(k) Waiver of Right to Jury Trial

THE PARTIES HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER OF THEM AGAINST THE OTHER WITH RESPECT TO ANY AND ALL MATTERS ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT This waiver is a material inducement for Grout Medic to enter into this Agreement

(l) Approval and Guaranties

If You are a corporation, all officers and shareholders or, if You are a partnership, all Your general partners, or, if You are a limited liability company, all Your members, must sign and approve this Agreement, permit You to furnish the financial information required by Grout Medic, and agree to the restrictions placed on them, including restrictions on the transferability of their interests in the franchise and GROUT MEDIC® Outlet and limitations on their rights to compete, and sign separately written guaranties of Your payments and performance in the form attached hereto as **Exhibit 2**

(m) Acceptance by Grout Medic

This Agreement is not binding unless and until an authorized officer of Grout Medic has signed it

(n) DISCLAIMER OF REPRESENTATIONS

NO REPRESENTATIONS OR PROMISES OF ANY KIND HAVE BEEN MADE BY GROUT MEDIC TO INDUCE YOU TO SIGN THIS AGREEMENT EXCEPT THOSE SPECIFICALLY STATED IN THIS FRANCHISE AGREEMENT AND THE FRANCHISE DISCLOSURE DOCUMENT THAT HAS BEEN DELIVERED TO YOU YOU ACKNOWLEDGE THAT NEITHER GROUT MEDIC NOR ANY OTHER PERSON HAS GUARANTEED THAT YOU WILL SUCCEED IN THE OPERATION OF THE GROUT MEDIC® OUTLET OR HAS PROVIDED ANY SALES OR INCOME PROJECTIONS OF ANY KIND TO YOU YOU HAVE MADE AN INDEPENDENT INVESTIGATION OF ALL IMPORTANT ASPECTS OF THE GROUT MEDIC® OUTLET YOU UNDERSTAND THAT GROUT MEDIC IS NOT A FIDUCIARY AND HAS NO SPECIAL RESPONSIBILITIES BEYOND THE NORMAL RESPONSIBILITIES OF A SELLER IN A BUSINESS TRANSACTION YOU FURTHER AGREE, AS AN INDUCEMENT TO THIS AGREEMENT, THAT YOU HAVE MADE NO MISREPRESENTATIONS IN OBTAINING THIS AGREEMENT YOU FURTHER ACKNOWLEDGE THAT THE REPRESENTATIONS THAT YOU HAVE MADE BY COMPLETION OF THE FRANCHISEE DISCLOSURE QUESTIONNAIRE THAT IS **EXHIBIT 5** HERETO ARE CORRECT AND ACCURATE

15. MUTUAL RELEASE OF CLAIMS FOR SUCCESSOR AGREEMENTS

If this Agreement is being executed as a "renewal" or successor agreement to a prior franchise agreement between the same parties or their Related Parties (the "Prior Agreement"), then the following provisions apply.

15 1 Except with regard to any indemnity rights with regard to third parties' claims as granted by the Prior Agreement or under common law, Franchisee and each of its Related Parties hereby release and forever discharge The Grout Medic, each of its affiliates and each of their officers, directors, members, agents, and employees (collectively, the "Grout Medic Parties") from any and all claims, demands, liabilities, and causes of action of whatever kind or nature, vested or contingent, known or unknown, suspected or unsuspected, which Franchisee and each of its Related Parties now own or hold, or have at any time heretofore owned or held, or may at any time own or hold against any of the Grout Medic Parties (including its predecessors) arising prior to and including the effective date of this Termination and Release Franchisee and each of its Related Parties represent and warrant their awareness that they may in the future learn of facts in addition to or different from those which they now know or believe to be true with respect to the subject matter of this Section 15 1, but nonetheless intend to fully, finally, and forever settle and release any and all legal claims that each might possibly have asserted against the Grout Medic Parties for actions and occurrences occurring up to or on the effective date of this Termination and Release

15 2 Except with regard to any indemnity rights with regard to third parties' claims as granted by the Prior Agreement or under common law, The Grout Medic Parties hereby release and forever discharge Franchisee and each of its Related Parties, and each of their officers, directors, members, agents and employees (the "Franchisee Parties") from any and all claims, demands, liabilities, and causes of action of whatever kind or nature, vested or contingent, known or unknown, suspected or unsuspected, which The Grout Medic now owns or holds, or has at any time heretofore owned or held, or may at any time own or hold against any of the Franchisee Parties for actions and occurrences occurring up to or on the effective date of this Termination and Release The Grout Medic Parties represent and warrant their awareness that they may in the future learn of facts in addition to or different from those which they now know or believe to be true with respect to the subject matter of this Section 15 2, but nonetheless intend to fully, finally, and forever settle and release any claims that it might presently have against Franchisee and each of its Related Parties at this time

IN WITNESS TO THE PROVISIONS OF THIS AGREEMENT, the undersigned have signed it on the date stated on the first page of the Agreement

THE GROUT MEDIC, LLC

By:_____

JC TIMMONS, MANAGING MEMBER OF SNOWCAP TEXAS, LLC, SOLE MEMBER OF THE GROUT MEDIC, LLC

DATE: _____, **20**___

FRANCHISEE

By._____

Name _____

Title _____

Date·_____,**20**___

GROUT MEDIC

EXHIBIT 1 TO THE FRANCHISE AGREEMENT

DATED: _____

BETWEEN THE UNDERSIGNED PARTIES

TERRITORY, INITIAL FRANCHISE FEE, & MINIMUM CONTINUING FEE

The following information is hereby specified for inclusion in the franchise agreement

1 Territory If You are purchasing a Tier One Territory, the Territory shall have a population of not less than 175,000 households If You are purchasing a Tier Two Territory, the Territory shall have a population of less than 175,000 households The Territory is the geographical area described as follows

_____

_____

2 Initial Franchise Fee, NON-BUSINESS CONVERSION The Initial Franchise Fee is (check the appropriate box)

- ☐ $19,500 (Tier One Territory)
- ☐ $9,750 (Tier One Territory -- additional)
- ☐ $17,500 (Tier Two Territory)
- ☐ $8,750 (Tier Two Territory -- additional)

Initial Franchise Fee, BUSINESS CONVERSION The Initial Franchise Fee is (check the appropriate box)

- ☐ $17,500 (Tier One Territory)
- ☐ $8,750 (Tier One Territory -- additional)
- ☐ $15,500 (Tier Two Territory)
- ☐ $7,750 (Tier Two Territory -- additional)

3 Continuing Fee Percentage The Continuing Fee Percentage is

- ☐ Full Service Continuing Fee (Section 6 (b)1)
- ☐ Limited Service Continuing Fee (Section 6 (b)2)

Franchisee's current administrative assistant or office manager is _____

4 **Minimum Continuing Fees** The minimum Continuing Fee that you must pay us for the franchise is (check the appropriate box)

☐ Tier One Offering

First partial month from the Effective Date	None
Month 1 through 3 from Effective Date	$200 per month
Month 4 through 6 from Effective Date	$400 per month
Month 7 through 9 from Effective Date	$600 per month
Month 10 through 12 from Effective Date	$800 per month
Remainder of Term	$1,000 per month

☐ Tier Two Offering

First partial month from the Effective Date	None
Month 1 through 3 from Effective Date	$100 per month
Month 4 through 6 from Effective Date	$200 per month
Month 7 through 9 from Effective Date	$300 per month

Month 10 through 12 from Effective Date	$400 per month
Remainder of Term	$500 per month

WE MAY INCREASE THE AMOUNTS IDENTIFIED ABOVE ANNUALLY BE THE GREATER OF 2% OR THE INFLATION RATE OVER THE PRIOR YEAR

IF YOU ARE ENTERING THIS AGREEMENT BECAUSE YOU ARE BUYING AN EXISTING FRANCHISE AS A TRANSFEREE, THEN YOU MUST PAY 50% OF THE HIGHEST APPLICABLE MINIMUM CONTINUING FEE IN MONTHS 1 THROUGH 3, AND THEN THE SAME AMOUNT FOR REMAINDER OF THE TERM, FOR EXAMPLE, FOR A TIER ONE FRANCHISE YOU MUST PAY AT LEAST $500 PER MONTH IN MONTHS 1 – 3, AND THEN $1,000 PER MONTH THROUGHOUT THE REMAINDER OF YOUR AGREEMENT TERM

IF YOU ARE SIGNING THIS AGREEMENT AS A SUCCESSOR TO YOUR PRIOR FRANCHISE AGREEMENT (*I E* "RENEWAL"), THEN YOUR MINIMUM CONTINUING FEE EACH MONTH IS $1,000 FOR TIER ONE OR $500 FOR TIER TWO

THE GROUT MEDIC, LLC

By _____

Print Name JC Timmons

Title Managing Member of Snowcap Texas, LLC, Sole Member of The Grout Medic, LLC

FRANCHISEE

By _____

Print Name _____

Title _____

EXHIBIT 2 TO THE FRANCHISE AGREEMENT

PERSONAL GUARANTY

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "**Agreement**") by The Grout Medic, LLC (the "**Franchisor**"), each of the undersigned hereby personally and unconditionally

Guarantees to Franchisor and its successors and assigns, for the term of the Agreement, including renewals thereof, the prompt payment and performance of each and every obligation of Franchisee, as that term is defined in the Agreement (the "**Franchisee**"), under the Agreement, and

Agrees to be personally bound by, and if not timely satisfied by Franchisee, personally liable for all breaches and defaults under, the Agreement

Each of the undersigned waives the following

1 Acceptance and notice of acceptance by Franchisor of the foregoing undertaking,

2 Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed, unless Franchisee has not received a notice of demand for payment in accordance with the Agreement,

3 Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed,

4 Any right he or she may have to require that any action be brought against Franchisee or any other person as a condition of liability, and

5 Any and all other notices and legal or equitable defenses to which he or she may be entitled

Each of the undersigned consents and agrees that

1 His or her direct and immediate liability under this guaranty shall be joint and several,

2 He or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so,

3 Such liability shall not be contingent upon pursuit by Franchisor of any remedies against Franchisee or any other person, and until all obligations of Franchisee to Franchisor have been satisfied, the obligations of the undersigned under this Guaranty shall remain in full force and effect without regard to, and shall not be released, discharged or in any way modified or affected by, any condition (whether or not the undersigned shall have any knowledge or notice thereof), including, without limitation, any bankruptcy, insolvency, reorganization, composition, liquidation or similar proceeding, with respect to Franchisee or any of its other guarantors, or any action taken by any trustee or receiver or by any court in any such proceeding, and

4 Such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement, including renewals thereof

5 Upon the death of any one of the undersigned, such undersigned's estate shall be bound by this Guaranty, but only for defaults and obligations hereunder

existing at the time of death The obligations of all of the undersigned remaining alive shall continue in full force and effect

6 Each of the undersigned expressly acknowledges that the obligations hereunder survive the termination of the Agreement

7 If Franchisor chooses to proceed against any of the undersigned under this Guaranty, and Franchisor prevails, such undersigned shall reimburse Franchisor its costs and expenses associated with the proceeding, including its reasonable attorneys' fees, court costs and expenses, and such amounts can be included in any arbitration award or judgment entered against the undersigned pursuant to this document

8 Each of the undersigned agrees that each paragraph, provision and term of this document shall be considered severable, and if any paragraph, provision or term herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties, and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this document

9. The undersigned hereby acknowledges that he or she is expressly and personally bound by all of the covenants of the Franchisee in the Franchise Agreement, including (but not limited to) those contained in Sections 9, 10, 12, 13 and 14 therein.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature effective on the same day and year as the Agreement was executed

WITNESS	**GUARANTOR(S)**
_____	_____
Print Name	Print Name
	Date _____, 20___
_____	_____
Print Name	Print Name
	Date _____, 20___

EXHIBIT 3 TO THE FRANCHISE AGREEMENT

EQUIPMENT PACKAGE LIST

*an estimate To be adjusted specific to the needs of each franchisee

Apparel	Tools/Supplies
• Polo Shirts	• $50 Gift Card – Sherwin Williams
• T Shirts	• $50 Gift Card – Home Depot
	• Grout Brush – small
Printed Materials	• Grout Sponge
• Estimate sheet – 100	• Margin Trowel
• Brochures – 100	• Razor Blade Scraper
• Pocket Folders – 100	• Grout Gloves
• Business Cards – 250	• Tool Bag
• Bucket Stickers – 2	• Terry towels – 12 Pack
• Vehicle Magnet – 2	• Chisel – 3/4"
	• Chisel – 3"
Trade Show Materials	• Masking Tape - Blue
• Banners – 2	• Bucket – 5 Gallon
• Table Cover – 1	• Mixing Bowls - 2
• Overhead Banner	• Tile Snips
	• Universal Grout Float
Equipment	• Tile Cutting Board
• Daimler Industries Vapor Machine w/accessories and attachments - 2	• Tape Measure
• Grout Getter Tool (Diamond) – 1	• Utility Knife
• Grout Getter Tool (Triangle) - 1	• Caulk Gun
• Grout Brush w/ handle - 1	• Grout saw – hand
• Oscillating Multifunction Tool & Blade– 1	• Painter's Tool – 5 in 1
• 4 ½" Angle Grinder with 4" Tile blade	• Notched Trowel – 1/4"
	• Notched Trowel – "V"
Cleaners/Sealers	• Screwdriver – 4 in 1
• Viper Venom	• Pliers
• Viper Renew	• Dust Masks – 3
• Solid Rock Sealer	• Hammer
	• Safety Goggles
Business Materials/software	• Scrub Pads
• Operations Manual	• Dust pan and broom
• Padfolio	• Trash Bags
• Training Manual	• Knee Pads
	• Shoe Covers – 40 Pair
Tools/Supplies	• Mildew/Mold Remover
• Cordless Drill	• Paint Brush
• Putty Knife	• Drop Cloth
• 4" scraper	• Shop Vac
• Drywall seam tape	• Rebond – 1 Qt

EXHIBIT 4 TO THE FRANCHISE AGREEMENT

ASSIGNMENT OF TELEPHONE NUMBERS,
LISTINGS AND ELECTRONIC CHANNELS

THIS ASSIGNMENT is entered into this ___ day of _____ , 20___, in accordance with the terms of that certain The Grout Medic Franchise Agreement (the "**Franchise Agreement**") between("**You**") and The Grout Medic, LLC, a Texas limited liability company ("**we**", "**us**" or "**The Grout Medic**"), executed concurrently with this Assignment, under which we granted you the right to own and operate a The Grout Medic business in the Territory referred to as _____ (the "**Outlet**")

FOR VALUE RECEIVED, you hereby assign to us all of your right, title and interest in and to those certain telephone numbers listed below and regular, classified or other telephone directory listings and listings or advertisements on or in any other directory, internet website, domain name, social media site or channel (such as, but not limited to, Facebook and Twitter accounts or sites) and other digital or electronic marketing channel or media that includes or is associated with our trademarks and service marks and used from time to time in connection with the operation of the Outlet at the address provided above (collectively, the "**Telephone Numbers and Listings**") Except as specified herein, The Grout Medic shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless we notify the telephone company or other directory provider and/or the listing agencies with which you have placed telephone directory listings (all such entities are collectively referred to herein as the "**Telephone Company**") to effectuate the assignment pursuant to the terms hereof

THE GROUT MEDIC, LLC. **YOU:**

By _____ By _____
Title Title

Telephone Numbers:

_____

_____

Website Addresses:

_____

_____

EXHIBIT 5 TO FRANCHISE AGREEMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, **The Grout Medic, LLC** and you are preparing to enter into a Franchise Agreement for the operation of a Grout Medic® Outlet In this Franchisee Disclosure Questionnaire, **The Grout Medic, LLC** will be referred to as "we" or "us " The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be untrue, inaccurate or misleading Please review each of the following questions carefully and provide honest and complete responses to each question

1 Have you received and personally reviewed **The Grout Medic, LLC's** Franchise Agreement and each exhibit, addendum and schedule attached to it?

Yes ___ No ___

2 Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?

Yes ___ No ___

If "No", what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary)

_____

_____

3 Have you received and personally reviewed our Disclosure Document we provided to you?

Yes ___ No ___

4 Do you understand all of the information contained in the Disclosure Document?

Yes ___ No ___

If "No", what parts of the Disclosure Document do you not understand? (Attach additional pages, if necessary)

_____

_____

5 Have you discussed the benefits and risks of operating a Grout Medic® Outlet with an attorney, accountant or other professional advisor and do you understand those risks?

Yes ___ No ___

6 Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, the demand for home maintenance services, and other economic and business factors?

Yes ___ No ___

7 Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Grout Medic® Outlet that we or our franchisees operate?

Yes ___ No ___

8 Has any employee or other person speaking on our behalf made any statement or promise concerning a Grout Medic® Outlet that is contrary to, or different from, the information contained in the Disclosure Document?

Yes ___ No ___

9 Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Grout Medic® Outlet?

Yes ___ No ___

10 Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document?

Yes ___ No ___

11 If you have answered "Yes" to any of questions 7 through 10, please provide a full explanation of your answer in the following blank lines (Attach additional pages, if necessary, and refer to them below) If you have answered "No" to each of such questions, please leave the following lines blank

_____

_____

12 Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us?

Yes ___ No ___

You understand that your answers are important to us and that we will rely on them

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions

_____
Name of Franchisee/Applicant

Date 20_____

_____
Signature

_____
Name and Title of Person Signing

EXHIBIT 6 TO THE FRANCHISE AGREEMENT

STATE-SPECIFIC ADDENDA

ADDENDUM TO THE GROUT MEDIC, LLC FRANCHISE AGREEMENT FOR THE STATE OF CALIFORNIA

This Addendum to the THE GROUT MEDIC LLC Franchise Agreement is agreed to this _____ day of _____, 20____, between THE GROUT MEDIC LLC and _____ ("You") to amend and revise said Franchise Agreement as follows

1 In recognition of the requirements of the California Franchise Investment Law §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, the Franchise Agreement shall be amended as follows

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

- 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 requires application of the laws of Texas This provision may not be enforceable under California law

- You must sign a general release if You renew or transfers its franchise California Corporations Code 31512 voids a waiver of Your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516) Business and Professions Code 20010 voids a waiver of Your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043)

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

- The franchise agreement contains a liquidated damages clause Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable

- Grout Medic and You agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier

2 Section 11 (c)(2) of the Franchise Agreement shall not apply and is deleted from the Franchise Agreement, such that Franchisee's only right to terminate the Franchise Agreement is if Grout Medic fails to cure a material breach within sixty (60) days of receiving Franchisee's notice of default

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms

THE GROUT MEDIC, LLC

By _____

Title _____

You _____

By _____

(print name)

Title _____

ADDENDUM TO THE GROUT MEDIC, LLC FRANCHISE AGREEMENT

FOR THE STATE OF ILLINOIS

This Addendum to the THE GROUT MEDIC LLC Franchise Agreement is agreed to this _____ day of _____, 20____, between THE GROUT MEDIC LLC and _____ ("You") to amend and revise said Franchise Agreement as follows

- Illinois law governs the agreements between the parties to this franchise
- Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void However, a franchise agreement may provide for arbitration outside of Illinois
- Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void
- Your right upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act
- Payment of the initial franchise fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition

THE GROUT MEDIC, LLC

By _____

Title _____

You _____

By _____

(print name)

Title _____

ADDENDUM TO THE GROUT MEDIC, LLC FRANCHISE AGREEMENT

FOR THE STATE OF MARYLAND

This Addendum to THE GROUT MEDIC, LLC Franchise Agreement is agreed to this _____ day of _____ 20____, between THE GROUT MEDIC, LLC and _____ ("You") to amend and revise said Franchise Agreement as follows

1 In recognition of the requirements of the Maryland Franchise Registration and Disclosure law, the Franchise Agreement shall be amended as follows

- Sections 4 (f), 4 (g) and 10 (d) require You to sign a general release as a condition of renewal or transfer of the franchise, such release shall be in the form attached as Exhibit D to the THE GROUT MEDIC, LLC Franchise Disclosure Document and shall not apply to any liability arising under the Maryland Franchise and Registration and Disclosure Law
- No representation, warranty, acknowledgement, or disclaimer contained in the Franchise Agreement is intended to or will act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law
- No limitation of claims provision in the Franchise Agreement shall act to reduce the three (3) year state of limitations afforded You for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law
- Any claims arising under the Maryland Franchise and Disclosure Law must be brought within three (3) years after the grant of the franchise
- The General Release required to relocate the Franchise to a different Territory shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law
- This franchise agreement provides that disputes are resolved through arbitration A Maryland Franchise Regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law In light of the Federal Arbitration Act, there is some dispute as to whether this Maryland Franchise Regulation is legally enforceable
- Franchisee's disclaimers of reliance in Sections 14 (f) and 14 (n) are not intended to be, nor shall be, construed as a waiver or estoppel of Franchisee's rights under the Maryland Franchise Regulations and Disclosure Law

2 Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independent of this Addendum To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits thereto, the terms of this Addendum shall govern

IN WITNESS THEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms

THE GROUT MEDIC, LLC

By _____

Title _____

You _____

By _____

(print name)

Title _____

ADDENDUM TO THE GROUT MEDIC, LLC FRANCHISE AGREEMENT FOR THE STATE OF NEW YORK

This Addendum to the THE GROUT MEDIC LLC Franchise Agreement is agreed to this _____ day of _____, 201__, between THE GROUT MEDIC LLC and _____ ("You") to amend and revise said Franchise Agreement as follows

1 In recognition of the requirements of the General Business Law of the State of New York, Article 33, Sections 680 through 695, the Franchise Agreement shall be amended as follows

- Notwithstanding any provision of the Agreement to the contrary, Grout Medic will not make any assignment of the Agreement except to an assignee who, in Grout Medic's good faith judgment, is willing and able to assume Grout Medic's obligations under the Agreement Notwithstanding any provision of the Agreement to the contrary, all rights enjoyed by You 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 will 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

- Section 8 (d) of the Agreement is amended by adding the following to the end of such section

> The indemnification contained in this Section 8 (d) shall not apply to any liability imposed on Grout Medic as a result of Your reliance upon or use of procedures or products which were required by Grout Medic, if such procedures or products were utilized by You in the manner required by Grout Medic

- Sections 4 (g) and 10 (d) of the Agreement each contain a provision requiring a general release as a condition of renewal or transfer of the franchise These Sections shall be amended to provide that no release shall be required which is intended to exclude claims arising under the General Business Law of the State of New York, Article 3, Sections 687 4 and 687 5

2 Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the General Business Law of the State of New York applicable to the provisions are met independent of this Addendum To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits thereto, the terms of this Addendum shall govern

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms

THE GR®UT MEDIC, LLC

By _____

Title _____

You _____

By _____

(print name)

Title _____

ADDENDUM TO THE GROUT MEDIC, LLC FRANCHISE AGREEMENT FOR THE STATE OF VIRGINIA

This Addendum to the THE GROUT MEDIC LLC Franchise Agreement is agreed to this _____ day of _____, 20___, between THE GROUT MEDIC LLC ("Grout Medic") and _____ ("You") to amend and revise said Franchise Agreement as follows

- Section 11 (b)3 (i) of the Franchise Agreement which terminates the Franchise Agreement upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U S C Section 101, *et seq*)

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Laws of the State of Virginia applicable to the provisions are met independent of this Addendum To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits thereto, the terms of this Addendum shall govern

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms

THE GROUT MEDIC, LLC

By _____

Title _____

You _____

By _____

(print name)

Title _____

ADDENDUM TO THE GROUT MEDIC, LLC FRANCHISE AGREEMENT FOR THE STATE OF WASHINGTON

This Addendum to the THE GROUT MEDIC, LLC Franchise Agreement is agreed to this _____ day of _____, 20____, between THE GROUT MEDIC, LLC and _____ ("You") to amend and revise said Franchise Agreement as follows

1 In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash Rev Code §§ 19 100 010 through 19 100 940, the Franchise Agreement is amended as follows

- The state of Washington has a statute, RCW 19 100 180, which may supersede the Agreement including the areas of termination and renewal of Franchisee's franchise There may also be court decisions which may supersede the Agreement including the areas of termination and renewal of Franchisee's franchise

- If any provisions in the Agreement are inconsistent with the relationship provisions of RCW 19 100 180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Washington Franchise Investment Protection Act will prevail over the inconsistent provisions of the Agreement with regard to any franchise sold in Washington

- The Securities Administrator has concluded that arbitration between a franchisor and franchisee must take place either in the State of Washington or as may be mutually agreed on by the parties or as may be determined by the arbitrator

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

- In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act will prevail

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

- Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier

2 Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Washington Franchise Protection Act applicable to the provisions are met independent of this Addendum To the extent this Addendum is inconsistent with any terms or conditions of said Franchise Agreement or exhibits thereto, the terms of this Addendum shall govern

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms

THE GROUT MEDIC, LLC

By _____

You _____

By _____

Title _____

Title _____

EXHIBIT D TO DISCLOSURE DOCUMENT

CURRENT FORM OF GENERAL RELEASE

GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this ____ day of _____, 20____ by _____, ("RELEASOR") an individual/corporation/ limited liability company/partnership with a principal address of _____ _____, in consideration of

_____ the execution by The Grout Medic, LLC ("RELEASEE") of a successor Franchise Agreement or other renewal documents renewing the franchise (the "Franchise") granted to RELEASOR by RELEASEE pursuant to that certain Franchise Agreement (the "Franchise Agreement") between RELEASOR and RELEASEE, or

_____ RELEASEE'S consent to RELEASOR'S assignment of its rights and duties under the Franchise Agreement, or

_____ RELEASEE'S consent to RELEASOR'S assumption of rights and duties under the Franchise Agreement, or

and other good and valuable consideration, and accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE'S officers, directors, members, shareholders and employees (in their corporate and individual capacities), and RELEASEE'S successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR'S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, but this release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written

RELEASOR _____

_____
(type/print name)

By _____

Name _____

Title _____

_____
(or, if an individual)

Signed _____

Name printed _____

ACKNOWLEDGMENT

State of _____)
) ss
County of_____)

On this ____ day of _____, 20____ before me personally came _____, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the _____ _____ (title) of _____ (company name), and he/she has the authority to execute said General Release]

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

_____ (NOTARIAL SEAL)
Notary Public
My Commission expires

EXHIBIT E TO DISCLOSURE DOCUMENT

CURRENT FORM OF ASSIGNMENT AGREEMENT

ASSIGNMENT AND RELEASE BY SELLER AND ACKNOWLEDGMENT OF CONTINUING OBLIGATIONS TO FRANCHISOR

_____("Seller") hereby assigns and transfers to _____("Buyer") all of Seller's right, title and interest in that Grout Medic "Franchise Agreement" dated _____, 20___between Seller and The Grout Medic, LLC, and acknowledges his/her/its continuing obligations to Franchisor in connection therewith as described herein, subject to Buyer's Acceptance & Assumption of Liabilities (below) with respect thereto, and to Franchisor's Acknowledgment (below), the Assignment not being effective until the date thereof (the "Effective Date") This Assignment and Acknowledgment does not relieve Seller of any liabilities or obligations to Franchisor accruing prior and to the Effective Date In addition, Seller agrees that

(i) Seller shall remain liable to Franchisor for any and all charges payable to Franchisor pursuant to the terms of the Franchise Agreement for a period of twelve (12) months following the Effective Date, to the extent Buyer fails to pay same, including any costs and attorneys' fees incurred in collecting same,

(ii) All obligations and covenants of Seller in the Franchise Agreement that, by their terms, apply after termination of the Franchise Agreement shall apply from the Effective Date,

(iii) Seller hereby releases and discharges The Grout Medic, LLC, its officers, directors, shareholders, members and employees (in their corporate and individual capacities), and their successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that Seller and Seller's heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever whether known or unknown, and whether fixed or contingent, from the beginning of the world to the date hereof, arising out of or related to the Franchise Agreement or the franchise granted thereunder (the "Franchise"), including, without limitation, claims arising under federal, state and local laws, rules and ordinances, but excluding any claims arising under state franchise laws for which waiver is prohibited (the "General Release") This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by Seller and The Grout Medic, LLC, and

(iv) Seller has no right to operate the Franchise or otherwise conduct any business using the Marks or the System, as those terms are defined in the Franchise Agreement, or any derivation thereof

Seller represents that he has provided Buyer with a complete copy of the Franchise Agreement prior to the date of this Assignment and Acknowledgment

Dated _____, 201__

Franchisee:_____

By _____ Attest _____

ACCEPTANCE & ASSUMPTION OF LIABILITIES BY BUYER

"Buyer" acknowledges receipt of a copy of the Franchise Agreement referenced in the Assignment and Acknowledgment By Seller Buyer represents that he has reviewed the Franchise Agreement and understands all of its liabilities and obligations Buyer hereby accepts the foregoing Assignment and Acknowledgment By Seller and hereby assumes all of the liabilities and obligations under the Franchise Agreement (including those owed to the Franchisor) accruing from and after the Effective Date, with Buyer to become the Franchisee under the Franchise Agreement as of the Effective Date (without in any way diminishing or altering the obligations of Seller to the Franchisor under the aforesaid Assignment By Seller and Acknowledgment of Continuing Obligations to Franchisor

Buyer represents that he has received a complete copy of the Franchise Agreement from Seller prior to the date of this Assignment and Acknowledgment

Dated _____, 201__

Buyer· _____

By _____ Attest _____

ACKNOWLEDGMENT BY FRANCHISOR

Franchisor hereby acknowledges receipt of the foregoing "Assignment By Seller and Acknowledgement of Continuing Obligations to Franchisor" and the "Acceptance & Assumption of Liabilities By Buyer," and recognizes Buyer as "Franchisee" under the Franchise Agreement as of the Effective Date (below)

Dated _____, 201__

Franchisor._____

By _____ Attest _____

EXHIBIT F TO DISCLOSURE DOCUMENT

CONFIDENTIALITY & NON-COMPETITION AGREEMENTS

NON-COMPETE AND NON-DISCLOSURE AGREEMENT

THIS NON-COMPETE AND NON-DISCLOSURE AGREEMENT, dated as of the _____ day of _____, 20____ (the "**Agreement**"), is entered into by _____ ("**Franchisee**"), located at _____, and _____ ("**Individual**" or "**You**" or "**Your**"), who resides at _____

WITNESSETH

WHEREAS, Franchisee has access to and uses confidential information ("**Confidential Information**"), including, but limited to, Trade Secrets and other Proprietary Information (as defined herein) owned by our Franchisor, The Grout Medic, LLC, a Texas limited liability company ("**The Grout Medic**"), and

WHEREAS, Franchisee is required by its franchise agreement with The Grout Medic (the "**Franchise Agreement**") to have Individual execute this Agreement prior to providing Individual access to said Trade Secrets and other Proprietary Information, and

WHEREAS, Individual agrees not to disclose any such Confidential Information to any other party and/or use such Trade Secrets or other Proprietary Information to compete against Franchisor, Franchisee or any other franchisee of The Grout Medic in the same and/or a similar business, ("**Competitive Business**") now or in the future, as prescribed and limited by this Agreement,

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows

AGREEMENT

1 *Covenant Not to Compete* During the time period commencing on the date hereof and continuing until a two (2) year period ("**Restricted Period**") following the earlier of (i) termination of the Franchise Agreement, or (ii) termination of Individual's relationship with Franchisee by which Individual obtained access to any Confidential Information, You agree that You will not, for yourself or on behalf of any third party, directly or indirectly, as a partner, a joint venturer, member, shareholder, Individual, or in any other capacity

(a) enter into or engage in any capacity in any business located within Thirty (30) Miles of Franchisee's primary business address, or within Twenty (20) miles of any other The Grout Medic® Outlet, that offers or performs any of the following Caulk Replacement ("Re-caulk"), the removal and replacement of all types of grout ("Re-grout"), cleaning and sealing of all types of grout, cleaning and staining of all types of grout, replacing of tiles ("Tile Replacement"), re-adhering of loose tiles ("Tile Repair"), replacing shower, tub and sink area walls ("Water Damage Repair"), Soap Dish Replacement, or Shower Door Replacement

(b) solicit or attempt to solicit any party who is or was a customer of, or supplier or independent contractor for Franchisee or The Grout Medic®, or

(c) solicit any party who is or was an employee of the Franchisee for purposes of providing services or information as an employee

2 *Non-Disclosure Covenant*

a *Definition of Trade Secrets* As used herein, the term "**Trade Secret**" means information including, but not limited to, technical or non-technical data, compilations, programs, methods, techniques, processes, financial data, financial plans or lists of actual or potential customers which derives economic value, actual or potential, from not being generally known to, and not readily ascertainable by proper means by, other persons or entities who can obtain economic value from its disclosure or use

b *Definition of Proprietary Information* As used herein, the term "**Proprietary Information**" refers to any and all information, whether or not in tangible form, of a confidential, proprietary or secret nature owned by The Grout Medic and/or Franchisee as of the date hereof and which is applicable to, or related in any way to, the Franchised Business of the Franchisee as of the date hereof Proprietary Information includes, without limitation, Trade Secrets (as defined herein), financial or economic data, sales and marketing plans, customer lists and data, and methods, and purchasing and inventory control methods

c *Agreement to Maintain Confidentiality of Proprietary Information* Individual acknowledges that the Proprietary Information is a special, valuable and unique asset Individual will, with respect to all Proprietary Information, (i) restrict disclosure of or access to such Information solely to individuals or entities affiliated with Franchisee, The Grout Medic or its other franchisees with a need to know such Information and who are under duties of confidentiality and nondisclosure at least as stringent as the ones set forth herein, and not disclose or allow access to Proprietary Information to any other Individuals, (ii) not use Proprietary Information in any way that is detrimental or contrary to the interests of Franchisee, The Grout Medic or its Franchisees, (iii) not use Proprietary Information for its own or any other person's benefit or for any purpose other than in connection with the Franchisee's, The Grout Medic's and/or its other franchisees' operations, and (d) not remove, change or deface any proprietary markings in or on any part of the Proprietary Information The foregoing obligations will commence on the date hereof and will survive the termination of this Agreement However, any provision to the contrary notwithstanding, it shall not be a violation of Franchisee's confidentiality obligation if disclosure of confidential information (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, and (ii) solely for the purpose of reporting or investigating a suspected violation of law, or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal

d *Return of Proprietary Information* Individual will, upon termination of its relationship with the Franchisee or upon the request of Franchisee and/or The Grout Medic, either (i) return to Franchisee and/or The Grout Medic all originals and copies of Proprietary Information (including backups, analyses, reports and other information derived from such Information), in paper, electronic or other form, then in Individual's possession or control, or (ii) if so directed by the Franchisee and/or The Grout Medic, destroy all such Proprietary Information and copies thereof

e Nothing contained in this Agreement will be construed as granting or conferring any rights by license or otherwise to in any Proprietary Information disclosed by the Franchisee and/or The Grout Medic

3 *The Grout Medic's Rights to Enforce* The Grout Medic is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein

4 *No Waiver, Severability* No failure or delay by the Franchisee or The Grout Medic in exercising any right hereunder will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right or power The provisions of this Agreement will be deemed severable, and the invalidity or unenforceability of any one or more of the provisions hereof will not affect the validity and enforceability of the other provisions hereof In the event any provision of this Agreement is declared by a court of competent jurisdiction to be unreasonable or unenforceable, such restrictions will be deemed to become and thereafter be the maximum restrictions which the court deems reasonable and enforceable

5 *Remedies, Injunctive Relief* Individual acknowledges that the breach or threatened breach of this Agreement may result in irreparable injury to the Franchisee and/or The Grout Medic and that, in addition to their other remedies, Franchisee and The Grout Medic will be entitled to injunctive relief to restrain any threatened or continued breach of this Agreement by Individual Individual hereby waives any requirement for the posting of a bond or other security in connection with the granting to the Franchisee and/ or The Grout Medic of such injunctive relief Individual will reimburse Franchisee and/or The Grout Medic for any and all costs and attorney fees incurred by Franchisee and/or The Grout Medic to enforce the terms of this Agreement

6 *Authorization for Execution* Each party represents to the other that this Agreement has been duly executed by its duly authorized officers or agents and constitutes a valid, binding and enforceable obligation of such party

IN WITNESS WHEREOF, each party hereto has executed or caused this Agreement to be executed under seal on his or its behalf, all on the day and year first above written

Agreed

Individual

_____

Print Name

Address

Telephone

Agreed

Franchisee's Business Name

By _____

Print Name

Print Title

Receipt Acknowledged By

THE GROUT MEDIC, LLC

By _____
Its Authorized Agent

EXHIBIT H

STATE-SPECIFIC ADDENDA

ADDENDUM TO THE
THE GROUT MEDIC, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF CALIFORNIA

THE FRANCHISE AGREEMENT CONTAINS PROVISIONS THAT LIMIT FRANCHISEE'S RIGHTS AND MAY NOT BE ENFORCEABLE IN CALIFORNIA INCLUDING BUT NOT LIMITED TO A TIME LIMIT TO RAISE CLAIMS AGAINST THE FRANCHISOR, AND WAIVER OF JURY TRIAL

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT

ITEM 3 of the Disclosure Document is amended to add the following

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

ITEMS 6 AND 10 of the Disclosure Document are amended as follows

The highest interest rate allowed in California is 10% annually

ITEM 17 of the Disclosure Document is amended to add the following

- The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise, and also limit the franchisor's ability to restrict the transfer of franchise rights 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 which extends beyond the term of the agreement This provision might not be enforceable under California law
- The Franchise Agreement requires litigation to be conducted in a court located outside of the State of California This provision might not be enforceable for any cause of action arising under California law
- The Franchise Agreement requires application of the laws of Texas This provision might not be enforceable under California law
- The Franchise Agreement requires non-binding mediation The mediation will occur at the forum indicated in ITEM 17 with the costs being borne equally by the parties
- The Franchise Agreement requires binding arbitration The arbitration will occur at the forum indicated in ITEM 17 (currently within 20 miles of Southlake, Texas) with costs being born equally by the parties

- Prospective franchises are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code 20040 5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California

- The following URL address is for the franchisor's website http //www thegroutmedic com

6 ITEM 17 d of the Disclosure Document, "Termination by Franchisee" is amended as follows

- Franchisee may only terminate the Franchise Agreement due to a material default by Grout Medic and our failure to cure within sixty (60) days of receiving a notice of default from You Otherwise the term of the agreement is 10 years and you may not terminate it during that period, except as otherwise permitted under applicable law

FOR THE STATE OF ILLINOIS

- Illinois law governs the agreements between the parties to this franchise
- Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void However, a franchise agreement may provide for arbitration outside of Illinois
- Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void
- Your right upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act
- Payment of the initial franchise fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition

FOR THE STATE OF MARYLAND

ITEM 12 of the Disclosure Document is amended to add the following

- The General Release required to relocate the Franchise to a different Territory shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

ITEM 17 of the Disclosure Document is amended to add the following

- Under the Maryland Franchise Registrations and Disclosure Law, Md Code Ann Bus Reg §14-201 et seq , no general release shall be required as a condition of renewal, termination and/or transfer which is intended to exclude claims under the Maryland Franchise Registration and Disclosure Law

- Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise Any limitation of claims provisions contained in the Franchise Agreement shall not act to reduce the 3 year statute of limitations afforded you for bringing a claim under the Maryland Franchise Registration and Disclosure Law

- In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail

- The Franchise Agreement provides that disputes are resolved through arbitration A Maryland Franchise Regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law In light of the Federal Arbitration Act, there is some dispute as to whether this Maryland Franchise Regulation is legally enforceable

- The Franchise Agreement provides for termination upon bankruptcy This provision may not be enforceable under federal bankruptcy law (11 U S C Section 101, *et seq*)

ITEM 22 of the Disclosure Document is amended to add the following

- Exhibit D to the Disclosure Document is the form of General Release that we currently require a franchisee to sign if he or she transfers or renews the franchise

FOR THE STATE OF NEW YORK

1 All references made herein to a "Disclosure Document" shall be replaced with the term "Offering Prospectus" as used under New York law

2 The FDD Cover Page is amended as follows

- **REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, 120 BROADWAY, NEW YORK, NEW YORK 10271-0332 INFORMATION COMPARING FRANCHISORS IS AVAILABLE CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION**

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

3 ITEM 3 is amended by the addition of the following language

- Neither franchisor, a predecessor, nor any person identified in ITEM 2, or an affiliate offering franchises under the franchisor's principal trademark has an administrative, criminal or civil action pending against them 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 In addition, neither franchisor, a predecessor, nor any person identified in ITEM 2, or an affiliate offering franchises under the franchisor's principal trademark has any 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

- Neither franchisor, a predecessor, nor any person identified in ITEM 2, or an affiliate offering franchises under the franchisor's principal trademark 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 held liable in a civil action by final judgment or been the subject of a material compliant or other legal proceeding involving violation of any franchise law, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations

- Neither franchisor, a predecessor, nor any person identified in ITEM 2, or an affiliate offering franchises under the franchisor's principal trademark is subject to any injunctive or restrictive order or decree relating to the franchises, or any Federal, State or Canadian

franchise, securities, antitrust, trade regulation or trade practice law, as a result of a concluded or pending action or proceeding brought by a public agency

4 ITEM 4 is amended to state that

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

5 ITEM 5 of the Disclosure Document is amended to add the following

- The franchise fee will be used to defray franchisor's costs in obtaining and screening franchisees and in providing training and pre-opening consultation to franchisees, including but not limited to, the development of training materials and costs for consultants, trainers and facilities

6 ITEMS 6 and 11 of the Disclosure Document are amended to add the following

- The franchisee will not be required to indemnify franchisor for any liability imposed on franchisor as a result of franchisee's reliance upon or use of procedures or products which were required by franchisor, if such procedures or products were utilized by franchisee in the manner required by franchisor

7 ITEM 17 of the Disclosure Document is amended to add the following

- No general release shall be required as a condition of renewal, termination and/or transfer which is intended to exclude claims arising under the General Business Law of the State of New York, Article 3, Sections 687 4 and 687 5

- ITEM 17(d) is amended to provide that you may terminate the Franchise Agreement on any grounds available by law

- ITEM 17(j) is amended to state, that no assignment will be made except to an assignee who, in the good faith judgment of franchisor, is able to assume franchisor's obligations under the Franchise Agreement

- ITEM 17(w) is amended to state that New York law governs any cause of action which arises under the General Business Law of the State of New York, Article 33, Section 680-695

8 The franchisor represents that this Disclosure Document does not knowingly omit anything or contain any untrue statements of a material fact

EXHIBIT I TO DISCLOSURE DOCUMENT

LIST OF CURRENT AND FORMER THE GROUT MEDIC FRANCHISEES

Current Franchisees (as of December 31, 2018)

Alabama
HUNTSVILLE/DECATUR Polomik, Steven, 565 Braden Lane Tuscumbia, AL 35674, 866-994-7688

California
SACRAMENTO EAST Bunce, Ron 7099 Cinnamon Teal Way, El Dorado Hills, CA 95762, 916-402-1485
SACRAMENTO WEST Bunce, Ron 7099 Cinnamon Teal Way, El Dorado Hills, CA 95762, 916-402-1485
SANTA CLARA WEST Bunce, Ron 7099 Cinnamon Teal Way, El Dorado Hills, CA 95762, 916-402-1485
SAN DIEGO METRO Smith Donna 4620 32nd Street San Diego CA 92116, 866-994-7688

Colorado
DENVER NORTH Schierwagen, Bruce, 3556 Polk Circle East Wellington, CO 80549, 970-556-9304
DENVER SOUTH Barrios, Harold, 5805 S Danube Circle Aurora, CO 80015, 303-994-7688
DENVER WEST Barrios, Harold, 5805 S Danube Circle Aurora, CO 80015, 303-994-7688
EL PASO COUNTY Steffey, Steve, 19390 Doewood Dr , Monument, CO 80132, 719-488-4400
NORTHERN COLORADO Schierwagen, Bruce, 3556 Polk Circle East Wellington, CO 80549, 970-556-9304

Florida
DAYTONA BEACH Glennon, Bill & Boniecki, Diane, 1000 Walker Street # 76 Holly Hill Florida 32117, 402-978-3460
JACKSONVILLE SOUTH Polomik, Steve, 112 Bartram Oaks Walk, Saint Johns, FL 32259, 866-994-7688
JACKSONVILLE NORTH Polomik, Steve, 112 Bartram Oaks Walk, Saint Johns, FL 32259, 866-994-7688
ORLANDO NORTH Nolte, Cory, 1144 Travertine Terrace, Sanford, FL 32771, 866-994-7688
ORLANDO SOUTH Nolte, Cory, 1144 Travertine Terrace, Sanford, FL 32771, 866-994-7688

Illinois
NAPERVILLE Bandyk, Ron, 422 N Kensington, LaGrange Park IL 60526, 630-425-2424
FOX RIVER Stevenson, Alvin, 6N707 Brookhaven Lane, St Charlies, IL 60175, 866-994-7688

Maine
SOUTHERN MAINE & COASTAL NEW HAMPSHIRE Burch, Brandon 25 Sequoia Drive Freeport ME, 04032, 866-994-7688

Maryland
SOUTHERN MONTGOMERY CO Cyr, Dennis, 4709 Longhorn Drive Beltsville, MD 20705, 301-285-0600
NORTHERN MONTGOMERY CO Cyr, Dennis, 4709 Longhorn Drive Beltsville, MD 20705, 301-285-0600

Michigan
ANN ARBOR Jurek, Kandi, 8933 Ringneck Drive Ypsilanti, MI 48197, 866-994-7688

Nebraska
OMAHA Glenn, Mike 4822 South 160th St , Omaha, NE 68135, 402-978-3460

New Jersey
BERGEN COUNTY Zifchak, William, 525 Riverdale Ave #2D Yonkers NY 10705, 201-613-5255
MIDDLESEX COUNTY Khanna, Prince, 105 Blue Jay Ct , Manalapan, NJ 07726, 908-231-0110
MONMOUTH COUNTY Khanna, Prince, 105 Blue Jay Ct , Manalapan, NJ 07726, 908-231-0110
OCEAN COUNTY Lawlor, Ted, 91 Oak Leaf Dr Little Egg Harbor, NJ 08087, 609-601-4700

New York
NASSAU COUNTY SOUTH Zafar, Amir 1556 N Jerusalem Rd , Merrick, NY 11566, 516-733-4600
SUFFOLK COUNTY West Khan, Nauman, 1556 N Jerusalem Avenue, Merrick, NY 11566, 516-733-4400

SUFFOLK COUNTY NORTH Khan, Nauman, 1556 N Jerusalem Avenue, Merrick, NY 11566, 516-733-4400
SUFFOLK COUNTY EAST Khan, Nauman, 1556 N Jerusalem Avenue, Merrick, NY 11566, 516-733-4400
WESTCHESTER CO Ghias, Andy, 260 Church Street Apt 5A1 White Plains, NY 10603, 914-694-7000

North Carolina
CHARLOTTE SOUTHWEST Wiard, James & Lindsey, Hazen, Ryan, 8201 Arrow Ridge Blvd, Suite 140, Charlotte, NC 28273, 866-994-7688
CHARLOTTE SOUTHEAST Wiard, James & Lindsey, Hazen, Ryan, 8201 Arrow Ridge Blvd, Suite 140, Charlotte, NC 28273, 866-994-7688
CHARLOTTE NORTH Wiard, James & Lindsey, Hazen, Ryan, 8201 Arrow Ridge Blvd, Suite 140, Charlotte, NC 28273, 866-994-7688
DURHAM Lane, Bruce, 1800 Wheel Wright Pl Apt 118, Cary, NC 27519, 919-357-3145
RALEIGH Lane, Bruce, 1800 Wheel Wright Pl Apt 118, Cary, NC 27519, 919-357-3145

Ohio
CINCINNATI Gimmison, Mark, 725 Carlsbrook Dr , Beavercreek, OH 45434, 513-244-3340
COLUMBUS WEST Taylor, Suzanne, 366 Northview Drive, Powell, OH 43065, 614-962-1149
DAYTON Gimmison, Mark, 725 Carlsbrook Dr , Beavercreek, OH 45434, 513-244-3340

Pennsylvania
NORTH PITTSBURGH Macabobby, Ed 3514 E Western Reserve Rd , Poland, OH 44514, 800-295-8876

Texas
COLLIN COUNTY Gonzalez, Cesar 8804 Valley River Dr , Keller TX 76244, 866-994-7688
DENTON COUNTY Gonzalez, Cesar 8804 Valley River Dr , Keller TX 76244, 866-994-7688
NORTHEAST TARRANT COUNTY Gonzalez, Cesar 8804 Valley River Dr , Keller TX 76244, 866-994-7688
SAN ANTONIO Cruz, Ruben, 3831 Mistflower Drive San Antonio, TX 78109, 866-994-7688

Virginia
ALEXANDRIA Muirhead, David, 9622 Branchview Ct , Manassas VA 20110, 703-349-1468
ARLINGTON Muirhead, David, 9622 Branchview Ct , Manassas VA 20110, 703-349-1468
NORTHERN VIRGINIA EAST Muirhead, David, 9622 Branchview Ct , Manassas VA 20110, 703-349-1468
NORTHERN VIRGINIA WEST Muirhead, David, 9622 Branchview Ct , Manassas, VA 20110, 703-349-1468
FREDERICKSBURG Muirhead, David, 9622 Branchview Ct , Manassas, VA 20110, 703-349-1468
RICHMOND Muirhead, David, 9622 Branchview Ct , Manassas, VA 20110, 703-349-1468

Former Franchisees

The following is a list of names, addresses and telephone numbers of franchisees who have left the Grout Medic franchise system during the most recently completed fiscal year ending **December 31, 2018**, or who have not communicated with Company within 10 weeks of the disclosure document issuance date

Transfers

Michigan

Ann Arbor Marx, Paul & Kathy, 3410 Andora Drive Superior Township, MI (734) 998-1790 - sold to Kandi Jurek 8933 Ringneck Drive, Ypsilanti, MI 48197, (734) 883-3868

New Jersey

Middlesex County Peters, Allan, 162 Red Hill Road, Middletown, NJ 08087 (732) 265-0200 – sold to Khanna, Prince, 105 Blue Jay Ct , Manalapan, NJ 07726 (908) 231-0110

Monmouth County Peters, Allan, 162 Red Hill Road, Middletown, NJ 08087 (732) 265-0200 – sold to Khanna, Prince, 105 Blue Jay Ct , Manalapan, NJ 07726 (908) 231-0110

Non-Renewal

Not applicable

Termination

Florida

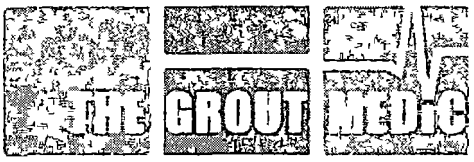
West Palm Beach Weinhofer, Harry & Borges, Betty, 246 Natchez Court Royal, Palm Beach, Florida 33411 (866) 994-7688

Oklahoma

Oklahoma City Muirhead, Brian, 43317 Belle Brooke Circle, Shawnee, OK 47804 (866) 994-7688

EXHIBIT J TO DISCLOSURE DOCUMENT

OPERATIONS MANUAL TABLE OF CONTENTS



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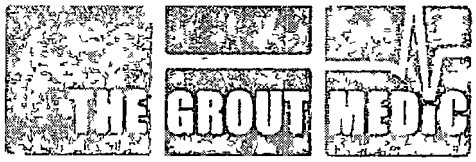

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RECEIPT OF DISCLOSURE DOCUMENT FOR FRANCHISES OFFERED BY THE GROUT MEDIC, LLC

THIS DISCLOSURE DOCUMENT SUMMARIZES CERTAIN PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE READ THIS DISCLOSURE DOCUMENTAND ALL AGREEMENTS CAREFULLY

IF THE GROUT MEDIC, LLC OFFERS YOU A FRANCHISE, IT MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU 14 CALENDAR DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, THE FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE

IF YOU ARE A RESIDENT OF NEW YORK, YOU MUST BE PROVIDED WITH THIS DISCLOSURE DOCUMENT THE EARLIEST OF THE FIRST MEETING TO DISCUSS OUR FRANCHISE, 10 BUSINESS DAYS BEFORE SIGNING A BINDING AGREEMENT OR BEFORE ANY PAYMENT TO US IF YOU ARE A RESIDENT OF MICHIGAN, YOU MUST BE PROVIDED WITH THIS DISCLOSURE DOCUMENT 10 BUSINESS DAYS BEFORE SIGNING A BINDING AGREEMENT OR BEFORE ANY PAYMENT TO US

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

ISSUANCE DATE FEBRUARY 25, 2019

SEE EXHIBIT B FOR OUR RESIDENT AGENTS AUTHORIZED TO RECEIVE SERVICE OF PROCESS FOR THE GROUT MEDIC

I HAVE RECEIVED A DISCLOSURE DOCUMENT DATED FEBRUARY 25, 2019 THAT INCLUDED THE FOLLOWING EXHIBITS

Exhibit A – List of State Administrators
Exhibit B – List of Agents for Service of Process
Exhibit C – Franchise Agreement (State-Specific Addenda are included as its Exhibit 6)
Exhibit D – General Release
Exhibit E – Assignment Agreement
Exhibit F – Confidentiality and Non-Competition Agreement
Exhibit G – Financial Statements
Exhibit H – State-Specific Addenda
Exhibit I – List of Current and Former The Grout Medic Franchisees
Exhibit J – Table of Contents to Operations Manual

JC TIMMONS IS A FRANCHISE SELLER HIS BUSINESS ADDRESS IS 2121 LOHMANS CROSSING SUITE 504-228 AUSTIN, TX 78734 AND HIS TELEPHONE NUMBER IS 800-700-1411

Date of Receipt _____

Prospective Franchisee

_____, individually

and as an officer or partner of

a [_____ corporation]

[_____ partnership]

KEEP THIS COPY FOR YOUR RECORDS

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