FRANCHISE DISCLOSURE DOCUMENT

THM MANAGEMENT, LLC
a Florida limited liability company
1732 SE 47th Terrace
Cape Coral, Florida 33904
(239) 549-6960
www.thehomemag.com
franchise@thehomemag.com

This franchise is for the operation of a business that specializes in advertising for businesses selling products and services related to residential homeowners, such as electricians, plumbers, moving companies, home decorators, contractors and builders, and companies offering home improvement products and services.

The total investment necessary to begin operation of a Standard Market TheHomeMag franchise is $299,000. This includes $61,585 that must be paid to the franchisor. The total investment necessary to begin operation of a Hometown Market TheHomeMag franchise is $199,000. This includes $31,425 that must be paid to the franchisor. The total investment necessary to begin operation of a Double Market TheHomeMag franchise is $349,000. This includes $101,785 that must be paid to the franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Chris Goebel, Chief Operating Officer at 1732 SE 47th Terrace, Cape Coral, Florida 33904 and (239) 549-6960.

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, DC 20580. You can also visit the FTC's home page at *www.ftc.gov* for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: March 1, 2022

How to Use this Franchise Disclosure Document

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

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

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

2. **Mandatory Minimum Payments**. You must meet certain minimums during the operation of the franchised business. You must publish your first magazine within 16 weeks of opening for business with a minimum of 20 pages of advertising during the first six issues and you must reach a minimum of 32 pages for publications 8-12. If you fail to meet the minimum performance requirements, we may elect to implement default provisions or ultimately might terminate the franchise agreement.

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

4. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's ability to provide services and support you.

5. **Sales Performance Required**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

TABLE OF CONTENTS

ITEM 1 ..... **1**
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES 1
ITEM 2 ..... **3**
BUSINESS EXPERIENCE 3
ITEM 3 ..... **4**
LITIGATION 4
ITEM 4 ..... **4**
BANKRUPTCY 4
ITEM 5 ..... **4**
INITIAL FEES 4
ITEM 6 ..... **6**
OTHER FEES 6
ITEM 7 ..... **9**
ESTIMATED INITIAL INVESTMENT 9
ITEM 8 ..... **13**
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 13
ITEM 9 ..... **16**
FRANCHISEE'S OBLIGATIONS 16
ITEM 10 ..... **17**
FINANCING 17
ITEM 11 ..... **17**
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING 17
ITEM 12 ..... **22**
TERRITORY 22
ITEM 13 ..... **25**
TRADEMARKS 25
ITEM 14 ..... **27**
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION 27
ITEM 15 ..... **28**
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS 28
ITEM 16 ..... **28**
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL 28
ITEM 17 ..... **29**
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION 29

ITEM 18 ..... **31**
PUBLIC FIGURES 31
ITEM 19 ..... **31**
FINANCIAL PERFORMANCE REPRESENTATIONS 31
ITEM 20 ..... **35**
OUTLETS AND FRANCHISEE INFORMATION 35
ITEM 21 ..... **40**
FINANCIAL STATEMENTS 40
ITEM 22 ..... **41**
CONTRACTS 41
ITEM 23 ..... **41**
RECEIPTS 41

EXHIBITS:

Exhibit A - State Administrators/Agents for Service of Process
Exhibit B - State Specific Addendum
Exhibit C - Franchise Agreement with Exhibits
Exhibit D - List of Franchisees
Exhibit E - List of Franchisees Who Have Left the System
Exhibit F - Confidential Operations Manual(s)
Exhibit G - Financial Statements
Exhibit H - Franchisee Acknowledgment Statement
Exhibit I - Sample Copy of General Release

RECEIPT

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

The Franchisor

THM Management, LLC (formerly known as TheHomeMag Franchising, LLC) ("we", "our" or "us") is a Florida limited liability company that was formed on January 17, 2006. Its principal place of business is 1732 SE 47th Terrace, Cape Coral, Florida 33904 ("THM Corporate Office"). We do business under our corporate and under our trade name "TheHomeMag." We will refer to the person who buys this franchise as "you" or "your" throughout this Disclosure Document. If the franchise purchaser is a business entity, "you" or "your" also includes each partner, shareholder and/or other owner of that entity.

We began offering franchises in September 2006 for the operation of businesses operating under "TheHomeMag" name which specialize in the home improvement advertising magazine business. We have never offered franchises in any other line of business and we do not operate a business of the type being franchised. Our principals own a business of the type being franchised that began operation in 2002. It is headquartered at our address and is our affiliate as described below. Our agents for service of process are listed in Exhibit A.

Our Parents, Predecessors and Affiliates

We have no predecessors, but we have two affiliates.

Our first affiliate is TheHomeMag Holding Company, LLC ("Affiliate-THH"), a Florida limited liability company that was formed on July 17, 2007, and whose principal address is 1732 S.E. 47th Terrace, Cape Coral, Florida 33904. Our Affiliate-THH owns the "TheHomeMag" service marks and has licensed them to us (see Item 13). The service marks are registered on the Principal Register with the United States Patent and Trademark Office. Our Affiliate-THH does not offer franchises in this or any other line of business.

Our Affiliate-THH owns the Las Vegas, Nevada business that was reacquired from a franchisee in 2008. Our Affiliate-THH also owns the Atlanta, Georgia business that was reacquired from a franchisee in August 2010. The Seattle, Washington business that was reacquired from a franchisee in 2011 closed in 2012. The Phoenix, Arizona and Washington, DC businesses opened in 2011 and the Raleigh, North Carolina business opened in 2012. The Tucson, Arizona business was reacquired from a franchisee in 2013. The Richmond, Virginia business opened in 2014. Columbus, Ohio was re-acquired from a franchisee in March 2016 and Detroit, Michigan opened in September 2017 and closed in 2021. The Wilmington, North Carolina business opened in 2021. The Chicago, Illinois business was reacquired from a franchisee in 2021.

Our second affiliate is The Home Improver, LLC ("THII"), a Florida limited liability company that was formed on June 20, 2002 as a corporation and was converted to a limited liability company on August 29, 2008. Its principal address is 1732 S.E. 47th Terrace Cape Coral, Florida 33904. THII does not offer franchises in this or any other line of business. THII opened its first business in 2002 and operated 2 businesses in Florida and 1 business in Pennsylvania of the type being franchised. THII sold one of its Florida businesses to a franchisee in December 2007 and closed its Pennsylvania business in November 2008. THII owns the remaining Florida business (Southwest Florida).

Another company, Campbell Wiener Inc., dba TheHomeMag of Ventura ("Ventura"), a California corporation, owns three locations of the type being franchised, and one location is in Ventura, California, another is in San Fernando Valley, California, and the third is in West Los Angeles, California. Ventura is co-owned by our principal, Sean Campbell, and another investor. The principal business address for

Ventura is 4820 Adohr Lane, Ste. K, Camarillo, California 93012. Ventura has never offered franchises in this or any other line of business, and has not conducted business in any other line of business.

The System

Our system includes a method for the marketing and selling various services to businesses such as electricians, plumbers, moving companies, home decorators, contractors and builders, and companies offering products and services for the home. These marketing services include placement of their advertisements in local editions of our publication, and the placement of these services on our/your Authorized Website. Our print magazine is distributed once a month (11, 12, or 13x annually, market depending) primarily through the United States Postal System. In addition, the system includes specifications and procedures for operations; procedures for management; training and assistance; and merchandising, advertising and promotional programs, all of which may be changed, improved and further developed (the "System"). We offer a Design Qualification and ongoing Design & Sales Training courses and webinars so you may do your own graphics or your graphics may be done by our graphics design department for a limited time. You will obtain your own mail permit from the United States Postal Service ("USPS") that you will pay for and maintain. THM Management does not do the actual mailing of your publication.

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including the mark "TheHomeMag", which is registered and as is now designated and may in the future be designated by us in writing for use with the System (the "Proprietary Mark").

The Franchise Offered

We offer you a franchise agreement (the "Franchise Agreement") which gives you the right to establish and operate a TheHomeMag Franchise for an area that we mutually agree on, that specializes in using the System ("Franchised Business"). Publication of TheHomeMag is currently once a month. The Franchise Agreement gives you the right to use the Proprietary Mark and the System solely with the operation of the Franchised Business. We offer three markets, Standard Market and Hometown Market and Double Market. The Standard Market contains approximately 100,000 to 150,000 qualified households and the Hometown Market contains approximately 50,000 to 90,000 qualified households. The Double Market will contain a minimum of two hundred thousand (200,000) Qualified Households. Qualified households are households that are determined by a proprietary method developed by us that takes into consideration household income, home values as they relate to the community, postal codes, shopping patterns, age of occupants, carrier routes, and other factors.

Under your Franchise Agreement, attached to this Disclosure Document as Exhibit C, we permit you to sell advertising space in your magazine to professional residential home improvement advertisers, to publish and distribute your chosen magazine within an agreed-upon geographic area, and to sell advertisements on your Local Website. The advertisers are commonly home improvement and home décor related businesses. Additionally, advertising may be purchased by businesses selling products and services related to home improvement, and to new, but not resale, real estate properties, as offered by residential builders.

We authorize you to sell advertising space and prepare your "TheHomeMag" magazine using the proprietary software and systems we specify for collecting, preparing and transmitting the materials to us or our designated supplier. The system includes the electronic submission of the content of your TheHomeMag publication using software which integrates graphics and database information through the production process. Therefore, you must purchase the printing services of your magazine protectively from one of our designated approved suppliers. We may provide the graphic design service to you for a limited

time or you may complete the Design Certification course to do the graphics designing yourself. Additionally, you must contract your mailing list through our approved supplier every mailing Issue and are used for the distribution of your magazine per United States Postal Service (USPS) standards.

Market and Competition

You will offer your services to local businesses that function in the home improvement industry. You will compete with other businesses that offer similar home improvement and direct mail advertising services.

Industry-Specific Laws

There are no regulations specific to the operation of a "TheHomeMag" franchise. However, you must comply with all statutes, regulations, ordinances, codes, case law, judgments, injunctions, and other laws, (collectively the "Laws") that apply to the operation of businesses in general. Consult your attorney about these Laws and the effect they may have on your Franchised Business.

We will provide minimal training on the infrastructure of the USPS and its regulations. We will provide local USPS contacts who will work with you regarding local delivery concerns. We strongly recommend you join the local Postal Customer Council which is run by the USPS to keep mail users informed of changes within the market. The USPS Suncoast Division of Florida has developed Standard Operating Procedures which all USPS locations use to integrate our new franchisees into local USPS operations.

The United States enacted the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (the "USA Patriot Act"). We are required to comply with the USA Patriot Act. To help us comply with the USA Patriot Act, we ask you in the Franchise Agreement to confirm for us that neither you nor your directors, officers, shareholders, partners, members, employees, or agents are suspected terrorists or persons associated with suspected terrorists or are under investigation by the U.S. government for criminal activity. You may review the Patriot Act and related regulations at:

http://www.treasury.gov/offices/enforcement/ofac/sdn

You must also agree to and pass a background investigation. You have the right, upon written request made within a reasonable time after receipt of background investigation notice, to request disclosure of the nature and scope of any investigative consumer report. Please be advised that the nature and scope of the most common form of investigative consumer report obtained with regard to applicants for employment is an investigation into your education and/or employment history conducted by Corporate Screening Services, Inc., 16530 Commerce Court, Cleveland, OH 44130, Phone: 800-229-8606, Fax: (440) 243-4204 or another outside organization.

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer: Sean Campbell

He has served as our CEO since January 2006. He has held an executive position with TheHomeMag, Inc. since February 2003. He has served as Vice President of our Affiliate-THII from June 2002 to August 2008 and CEO since September 2008. He has served as CEO of our Affiliate-THH since July 2007.

Chief Operating Officer: Chris Goebel

He has served as our President/COO since February 2007.

ITEM 3
LITIGATION

GDHI Marketing, LLC d/b/a GODABO Home and Life ("GoDabo"), Plaintiff v. Antsel Marketing, LLC d/b/a TheHomeMag Front Range, THM Management, LLC d/ba/ TheHomeMag, Claire Lindsay, Annie Mullen, Barbara Robles, Ellen Smith, Defendants. United States District Court for the District of Colorado, Civil Action No. 18-cv-2672 LTB (case reassigned on October 23, 2018, now 18-cv-2672 MSK). On October 19, 2018 GoDabo filed this action for Defendants' violations of Sections 1 and 2 of the Sherman Act and Section 43(a) of the Lanham Act and anticompetitive actions, tortious and unlawful conduct. GoDabo claims Defendants repeatedly, knowingly, and intentionally made numerous false or misleading statements of facts concerning GoDabo, and directly and tortuously interfered with GoDabo's current and prospective contractual relationships. On January 24, 2019, Defendant THM Management, LLC filed a Motion to Dismiss. On January 25, 2019, Defendants Antsel, Lindsay, Mullen, Robles and Smith filed a Motion to Dismiss for Failure to State a Claim. On February 13, 2019, GoDabo filed a Motion for Preliminary Injunction and Declaratory Relief. On February 21, 2019, a Scheduling Conference was held. Discovery is due by October 31, 2019 and Dispositive Motions are due by December 2, 2019. On February 22, 2019, the judge denied GoDabo's Motion for Preliminary Injunction and Declaratory Relief. On March 1, 2019, GoDabo filed its response to the Defendants' Motions to Dismiss. On March 29, 2019, Defendants filed their replies to GoDabo's March 1, 2019 filing. **This case was dismissed on September 23, 2019 in favor of the Defendants.**

GDHI Marketing, LLC d/b/a GODABO Home and Life ("GoDabo"), Plaintiff v. Antsel Marketing, LLC d/b/a TheHomeMag Front Range, THM Management, LLC d/b/a TheHomeMag, Claire Lindsay, Russell Lindsay, Annie Mullen, Barbara Robles, Ellen Smith, Defendants. United States District Court for the District of Colorado, Civil Action No. 19-cv-34024. On October 18, 2019 GoDabo filed this action for Defendants' anticompetitive actions, tortious and unlawful conduct. GoDabo claims Defendants repeatedly, knowingly, and intentionally made numerous false or misleading statements of facts concerning GoDabo, and directly and tortuously interfered with GoDabo's current and prospective contractual relationships. The Defendants filed a Motion to Dismiss. **This case was dismissed on March 5, 2021 in favor of the Defendants.**

Other than these two cases, no litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Franchise Agreement

We offer 3 types of franchise sizes: Hometown, Standard, and Double Markets.

The Initial Franchise Fee for a Hometown Market is $30,000. The Hometown Market is a market that has a defined distribution of less than 100,000 magazines per Issue.

The Initial Franchise Fee for a Standard Market is $60,000. The Standard Market is a market that has a defined distribution of between 100,000 and 170,000 magazines per Issue.

The Initial Franchise Fee for a Double Market is $100,000. The Double Market is a market with a defined distribution of 200,000 or more magazines per Issue.

The initial franchise fee purchases one market only as your initial protected market ("Protected Market") and is fully earned and non-refundable. It is payable to us when you sign the Franchise Agreement. This amount is payable in a lump sum.

If you are a U.S. military veteran and qualify under the International Franchise Association's VetFran Discount Program, we will discount 15% off the initial franchise fee.

If you are an existing franchisee and are in current good standing with us, you may acquire additional available markets with our prior written consent and approval and we will minimally discount 50% off the then current initial franchise fee.

All Protected Markets you own will be listed on an exhibit to your Franchise Agreement. Your total number of Protected Markets will depend on your ability to capitalize your Franchised Business and your ability to maintain the publication schedule. We do not provide financing for the initial franchise fee or the fee to purchase an additional Protected Market. We cannot guarantee that a Protected Market you wish to purchase after your Franchised Business begins operations will be available. We will not reserve a Protected Market for future purchase.

Additional Payments

You must pay us a monthly Digital Media Fee of $585 (current for 2022) for our services to provide you with your Local Website, digital marketing services (such as search engine optimization and search engine marketing) and digital magazine conversion. This fee is non-refundable.

You must pay our authorized mail list provider a per Issue fee of $6/M for your residential magazine mailing list use. The fee is $840 for a Hometown Market, $1,000 for a Standard Market, or $1,200 for a Double Market as explained in Item 7 of this Franchise Disclosure Document. This fee is non-refundable.

You must pay a Corporate Page fee, as disclosed in Article 3g of the Franchise Agreement, of $5/M (per thousand) magazines mailed each Issue.

ITEM 6
OTHER FEES

Column 1 **Type of Fee (1)**	Column 2 **Amount**	Column 3 **Date Due**	Column 4 **Remarks**
Continuing Royalty Fee	6.5% of Net Revenues (other than Net Revenues from website/online revenue) 15% of Net Revenues from any website/online revenue (if applicable)	Payable electronically by the 10th day of each month.	Net Revenues shall be defined as revenues generated, billed but not collected, earned, derived and/or received from customers, whether for cash or credit, plus all other revenues derived from your business, excluding taxes collected from customers, and refunds or money payable to other franchisees for intra-franchise bookings. Revenue will include revenue generated from intra-franchise bookings, even if not yet collected.
Transfer	$10,000	Upon transfer	No fee is imposed for transfers to corporations formed by you for the convenience of ownership. Fees are paid by either you or the buyer and will apply to each Franchise Agreement that is transferred or assigned to an approved third party
Renewal	$10,000	Upon renewal	This fee is paid to us
Additional Training	If we need to schedule additional training sessions, we reserve the right to charge the franchisee a fee of $1,500 (or the then current tuition) for each person trained during the additional training session.	All classes must be completed before opening.	3rd party and beyond

Column 1 **Type of Fee (1)**	Column 2 **Amount**	Column 3 **Date Due**	Column 4 **Remarks**
Audit	(a) the amount of the deficiency; (b) if audit is due to non- reporting or understatement, then the cost of inspection is also your responsibility	15 days after billing	You pay twice the deficiency; if an audit reveals understatement of greater than 2% from the amount reported to us or if you fail to furnish information in a timely fashion, you pay twice the deficiency or $500, whichever is greater, plus the cost of the audit and can be terminated. If a deficiency occurs twice in any 12 month period, we have the right to terminate the Franchise Agreement without opportunity for you to cure the default.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable upon your failure to comply with the Franchise Agreement
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims arising from your Franchised Business' operations

Column 1 **Type of Fee (1)**	Column 2 **Amount**	Column 3 **Date Due**	Column 4 **Remarks**
Services Purchases – mailing list and graphic design	Standard Markets: mailing list rental ranges from $600 to $1,200 per Issue, graphic design services are $4,000 per Issue (if we design for a limited time) Hometown Markets: mailing list rental ranges from $300 to $600 per Issue, graphic design services are $4,000 per Issue (if we design for a limited time) Double Markets: mailing list rental ranges from $1,200 to $1,500 per Issue, graphic design services are $4,000 per Issue (if we design for a limited time)	As incurred mailing list rental is payable every issue graphic design services are payable monthly	You must purchase the distribution list rental from our approved provider. Further, you must purchase printing for your magazine from our approved printers. Prices for printing and mailing lists are subject to change with at least 30 days' notice. We may provide, upon request and for your first 4 issues only, graphic design services for you at the defined rate. The prices charged for these services are competitive in nature and are based in part on the number of magazines to be printed. The price for the mailing list rental is currently $6/M per Issue – and is payable once every Issue. The graphics design services fee is currently $4,000 per issue, per Issue for Standard Markets, Hometown Markets and Double Markets, upon request.
Annual Conference (if held)	We may charge you up to $1,000 per person, excluding cost of transportation and lodging	As incurred	At least one person per franchise is requested to attend our Annual Conference, which may last up to five days.
Liquidated Damages	See footnote 2	15 days after termination	
Late Fee	$50	As incurred	If you fail for any reason to provide any of the required reports within the required time, you shall pay a late reporting charge of $50 for each month (or week, if applicable) during which the same report remains undelivered.

Column 1 **Type of Fee (1)**	Column 2 **Amount**	Column 3 **Date Due**	Column 4 **Remarks**
Contact Relationship Management program	Currently $73/User license per month.	As billed	A URL/site that is required for use in your Franchised Business and which must be licensed from our designated vendor. See Item 11.
Digital Media Fee	$195 per month	Payable on the 10th day of each month.	This monthly fee is for our services to provide you with your Local Website, digital marketing services (such as search engine optimization and search engine marketing) and conversion of your digital magazine
Corporate Page Fee	$5 per thousand magazines mailed Issue.	Payable on the 10th day of each month.	This per Issue fee is for your right to use our designated page in your publications as described in Item 12

1. All fees are uniformly imposed by and payable to us except as noted. All fees payable to us are non-refundable. Fees payable to suppliers are refundable at their discretion.

2. If we terminate the Franchise Agreement with cause, you may be required to pay us liquidated damages equal to the present value (using the then-current 20-Year Treasury Bond rate) of the Continuing Royalty Fees you would have paid us on the product of (a) your Franchised Business' average monthly Net Revenues during its most recent 12 months of operation before the termination or $1,000, whichever is greater, multiplied by (b) the number of months remaining in the Franchise Agreement had we or you not terminated it.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Standard Market

Column 1 **Type of expenditure**	Column 2 **Amount**	Column 3 **Method of payment**	Column 4 **When Due**	Column 5 **To whom payment is to be made**
Initial Franchise Fee per Protected Market (1)	$60,000	Lump sum	Upon signing the Franchise Agreement	Us
Computer Equipment (2)	$3,000	As Arranged	As Arranged	Vendors
Office Equipment & Supplies (2)	$2,000	As Arranged	As Arranged	Vendors
Furniture	$2,000	Lump Sum	As Incurred	Third Parties

Column 1 **Type of expenditure**	Column 2 **Amount**	Column 3 **Method of payment**	Column 4 **When Due**	Column 5 **To whom payment is to be made**
Real Property (3)	$2,000	Monthly	As Arranged	Lessor
Leasehold Improvements; Construction Costs (4)	$1,000	Progress Payments	As Arranged	Contractor
Vehicle – 3 months (5)	$1,500	As Arranged	As Arranged	Third Parties
Opening Inventory (6)	$1,000	As Arranged	As Arranged	Suppliers
Initial supply of magazines & collateral (7)	$1,000	As Arranged	As Incurred	Suppliers
Travel and Initial Training (8)	$5,000	As Arranged	As Arranged	Suppliers of transportation, food, lodging
Insurance (9)	$2,200	As Arranged	As Incurred	Insurers
Business Licenses and Permits	$500	As Arranged	As Incurred	Third parties
Security Deposits (10)	$2,000	As Arranged	As Incurred	Lessor, Utility Companies
Professional Fees (11)	$2,000	As Arranged	As Incurred	Professionals
Mailing list rental – 1 month	$1,000	As Arranged	As Incurred	Us
Contact Relationship Management program – 3 months	$1,095	As Arranged	As Arranged	Vendor
Digital Media Fee – 3 months	$585	Lump sum	As Incurred	Us
Additional Funds (12)	$211,120	As Arranged	As Incurred	Vendors, Employees
TOTAL (13)	$299,000			

Hometown Market

Column 1 **Type of expenditure**	Column 2 **Amount**	Column 3 **Method of payment**	Column 4 **When Due**	Column 5 **To whom payment is to be made**
Initial Franchise Fee (1)	$30,000	Lump Sum	Upon Signing the Franchise Agreement	Us
Computer Equipment (2)	$3,000	As Arranged	As Arranged	Vendors
Office Equipment & Supplies (2)	$2,000	As Arranged	As Arranged	Vendors
Furniture	$2,000	Lump Sum	As Incurred	Third Parties
Real Property (3)	$2,000	Monthly	As Arranged	Lessor
Leasehold Improvements; Construction Costs (4)	$1,000	Progress Payments	As Arranged	Contractor

Column 1 **Type of expenditure**	Column 2 **Amount**	Column 3 **Method of payment**	Column 4 **When Due**	Column 5 **To whom payment is to be made**
Vehicle – 3 months (5)	$1,500	As Arranged	As Arranged	Third Parties
Opening Inventory (6)	$1,000	As Arranged	As Arranged	Suppliers
Initial supply of magazine & collateral (7)	$1,000	As Arranged	As Incurred	Suppliers
Travel and Initial Training (8)	$3,000	As Arranged	As Arranged	Suppliers of transportation, food, lodging
Insurance (9)	$2,200	As Arranged	As Incurred	Insurers
Business Licenses and Permits	$500	As Arranged	As Incurred	Third parties
Security Deposits (10)	$2,000	As Arranged	As Incurred	Lessor, Utility Companies
Professional Fees (11)	$2,000	As Arranged	As Incurred	Professionals
Mailing list rental – 1 month	$840	As Arranged	As Incurred	Us
Contact Relationship Management program – 3 months	$1,095	As Arranged	As Arranged	Vendor
Digital Media Fee – 3 months	$585	Lump sum	As Incurred	Us
Additional Funds – 3 months (12)	$143,280	As Arranged	As Incurred	Vendors, Employees
TOTAL (13)	$199,000			

Double Market

Column 1 **Type of expenditure**	Column 2 **Amount**	Column 3 **Method of payment**	Column 4 **When Due**	Column 5 **To whom payment is to be made**
Initial Franchise Fee per Protected Market (1)	$100,000	Lump sum	Upon signing the Franchise Agreement	Us
Computer Equipment (2)	$3,000	As Arranged	As Arranged	Vendors
Office Equipment & Supplies (2)	$2,000	As Arranged	As Arranged	Vendors
Furniture	$2,000	Lump Sum	As Incurred	Third Parties
Real Property (3)	$2,000	Monthly	As Arranged	Lessor
Leasehold Improvements; Construction Costs (4)	$1,000	Progress Payments	As Arranged	Contractor
Vehicle – 3 months (5)	$1,500	As Arranged	As Arranged	Third Parties
Opening Inventory (6)	$1,000	As Arranged	As Arranged	Suppliers

Column 1 **Type of expenditure**	Column 2 **Amount**	Column 3 **Method of payment**	Column 4 **When Due**	Column 5 **To whom payment is to be made**
Initial supply of magazines and collateral (7)	$1,000	As Arranged	As Incurred	Suppliers
Travel and Initial Training (8)	$6,000	As Arranged	As Arranged	Suppliers of transportation, food, lodging
Insurance (9)	$2,200	As Arranged	As Incurred	Insurers
Business Licenses and Permits	$500	As Arranged	As Incurred	Third parties
Security Deposits (10)	$2,000	As Arranged	As Incurred	Lessor, Utility Companies
Professional Fees (11)	$2,000	As Arranged	As Incurred	Professionals
Mailing list rental – 1 month	$1,200	As Arranged	As Incurred	Us
Contact Relationship Management program – 3 months	$1,095	As Arranged	As Arranged	Vendor
Digital Media Fee – 3 months	$585	Lump sum	As Incurred	Us
Additional Funds (12)	$219,920	As Arranged	As Incurred	Vendors, Employees
TOTAL (13)	$349,000			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you are required to make may be refundable.

1 Franchise Fee. The Initial Franchise Fee is per Protected Market and is discussed in detail in Item 5. This fee is non-refundable.

2 Equipment. You must have a sufficient number of computers (minimum of 2) for your staff and business. You may need office furnishings, copy machine (rental), business cards and marketing materials, and dedicated telephone line(s).

3 You may elect to secure an office in a separate place from your residence. We recommend that you do, and that it be near major intersections or on a main traffic artery. We recommend a minimum of 500 square feet and a maximum of 1500 square feet for an office.

4 Construction costs, if any, will be minimal.

5 Vehicle. Though not required for the individual franchisee, you may need a vehicle to call on business owners. You may presently own a vehicle and will incur no incremental costs. You may also reduce your expenditures by leasing a suitable vehicle.

6 Inventory. This may consist of printed agreements, stationery items, business cards, sales material, and office supplies.

7 Launch Magazines and Sales Collateral are designed in conjunction with us and printed by our Approved supplier/vendor for your new magazine launch. There is a cost associated with these Media Kits and Launch Magazines.

8 Training. The figures in the chart are your expenses during initial training. You will have salary, travel and lodging expenses. For this training program, we provide instructors and instructional materials, but you will need to arrange for transportation, lodging and food for yourself and your team. The cost will depend on the distance you must travel and the type of accommodations you choose.

9 Insurance. The figures in the chart are for the first semi-annual premium or the entire annual premium. In rare cases, you will have to pay the entire annual premium in a lump sum; generally, you pay your premiums quarterly or semi-annually. You are required to obtain public/general liability, personal injury coverage, and automobile liability coverage which meets the minimum specifications we require.

10 Security Deposits. This will include expenditures for securing an office space and any utility or other deposits required in setting up your office.

11 Professional Fees. You will need to have an attorney and an accountant and possibly other professionals.

12 Additional Funds. You will need capital to support ongoing expenses, such as payroll, utilities, and local advertising to the extent that these costs are not covered by sales revenue during the startup phase, which we estimate to be three months. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we estimate to be three months. This is only an estimate and there is no guarantee that additional working capital will not be necessary during this start-up phase or after. We relied upon our 16 years of experience and our principals 20 years of experience in preparing these figures. Your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations.

13 Total Capital Required. We relied upon our years of experience in preparing these figures. We do not provide financing for any part of the initial investment.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

To ensure that high and uniform standards of quality and services are maintained, you must operate your business in strict conformity with our standards and specifications described on the Confidential Operations Site, including those relating to the preparation of your magazine and those relating to your Local Website. We formulate our specifications and standards according to magazine industry standards and standard business practices in general to maintain a high sense of values and conduct honest and fair practices with the public. Through the expenditure of considerable time, effort and money, we have developed a proprietary system for producing and printing our TheHomeMag publications. The system includes the electronic submission of the content of your TheHomeMag publication using software which integrates graphics and database information through the production process. Therefore, you must purchase the mailing list rental from our approved supplier and printing services of your magazine protectively from one of our designated suppliers. Currently, printing services are provided only by an approved supplier whose selection is based on availability, proximity, cost, quality and standards necessary to produce the

magazine. The prices charged for these services are competitive in nature and are based in part on the number of magazines to be printed. Prices for printing, mailing list rental and the optional graphics services are subject to change. You must purchase services relating to your Local Website, including digital marketing services (such as search engine optimization and search engine marketing), from us and our approved suppliers.

We are the only approved supplier of the graphics services and services relating to your Local Website. None of our affiliates are approved suppliers of required purchases or leases. There are no other approved suppliers in which any of our officers or affiliates owns an interest.

Other products and miscellaneous supplies must meet our specifications and may be purchased from any suppliers. We formulate and modify, at our sole discretion, specifications and standards we impose on franchisees and suppliers. These standards will regulate the types, models and brands of required fixtures, furnishings, equipment (which may include computer hardware and software), signs, materials and supplies to be used in operating your TheHomeMag Franchise. We do not ordinarily issue those specifications and standards to suppliers. We do not negotiate purchase arrangements for the benefit of our franchisees.

We do not provide material benefits (i.e., renewal or additional franchises) to franchisees based on use of designated or approved suppliers. We do not receive payment from any outside source suppliers based on transactions with you, but we reserve the right to do so in the future. There may be quantity discounts for goods and services made available to affiliate-owned TheHomeMag businesses based on the number of businesses our Affiliate-THH owns. There are no purchasing or distribution cooperatives in existence at this time, but we reserve the right to either start or join one or more at a later date.

Products and Services Purchased or Leased from Us or Our Affiliates

As noted above, you must purchase the mailing list rental and printing services for production of your magazine from one of our designated suppliers. Currently, we contract printing services from approved print sources. You have the option to do the graphics designing locally upon hiring your skilled graphic designer. You must also purchase services relating to your Local Website, including digital marketing services (such as search engine optimization and search engine marketing), from us.

You also will need to purchase miscellaneous business supplies, such as stationery and advertising agreements. We may offer to sell these supplies to you at our standard prices published periodically. You may purchase the supplies from any other supplier, provided the supplies conform to our requirements on the Confidential THMPlaybook Site. We will provide you with an electronic copy of these items.

We estimate the initial cost of all of these required and optional purchases and leases (i.e., graphics, printing and distribution costs for your magazine, and business supplies, if you choose to purchase these from us) to be approximately 50% to 55% of your total initial investment (see Item 7) and the on-going cost of these required and optional purchases and leases to be approximately 70% to 75% of your total on-going operating expenses, assuming that you actively manage and operate your business and do not incur the costs of a full-time general manager.

In the calendar year ended December 31, 2021, we derived $491,612 in revenues from franchisee purchases or or 8.3% of our total revenues of $5,927,871.

Although there are currently no other goods, services, supplies, fixtures, equipment, inventory, computer hardware and software or real estate relating to the establishment or operation of your Franchised Business that you must purchase or lease from us or a designated supplier, you are obligated to purchase or

lease equipment, including products and related supplies that meet our minimum standards and specifications or are from suppliers that we approve, and if we develop any proprietary products or equipment in the future, you will be required to purchase these from us or our designated supplier. We will notify you on our Confidential Operations Manual(s) or other communications of our standards and specifications and/or names of approved suppliers. There may be situations where you can obtain items from any supplier who can satisfy our requirements and, therefore, would be considered an approved supplier. There are currently no purchasing or distribution cooperatives, but we expect to have them in the future and we expect to be paid fees from such vendors or approved suppliers.

If you want to use any product, material or render any service that does not comply with the standards of the System or is to be purchased from a supplier that has not yet been approved, you must first submit a written request for approval of the proposed supplier and obtain our approval of the supplier before purchasing any items from this supplier. We will, within a reasonable time (within 60 days), notify you of our decision. We will establish procedures for submitting requests for approval of items and suppliers and may impose limits on the number of approved items and suppliers. Approval of a supplier may be conditioned on requirements relating to product quality, production and delivery capabilities, ability to meet our supply commitments, financial stability, integrity of standards of service, familiarity with our System and ability to negotiate favorable terms for our franchisees. We do not generally make available to you these criteria for supplier approval. We currently do not charge a fee for evaluating potential suppliers, but we may do so in the future.

You must offer only services and products that are approved by us and which strictly conform to our Confidential Operations Manual(s). All products and services approved by us must be offered for sale on a continuous basis at your Franchised Business at the time and in the manner required by us. No sale of any product or service except those products or services approved by us may be solicited, accepted or made at or from your Franchised Business. If requested by us on at least 30 days' notice as part of a general program or standardization effort by us, the marketing of a particular product or service must be discontinued. Then this product or service ceases to be an approved product or service.

You may not sell any product or render any service at or from any place except from within your Protected Market unless we have granted you permission to do so.

In addition to the purchases or leases described above, you must obtain and maintain, at your own expense, such insurance coverage that we require. We may regulate the types, amounts, terms and conditions of insurance coverage required for your Franchised Business and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims.

You currently are required to maintain the following minimum insurance coverage with an A.M. Best rating of A or better: (1) comprehensive general liability insurance and comprehensive product liability insurance against claims for bodily and personal injury, death, and property damage caused by or occurring in conjunction with the operation of your Franchised Business or your conduct of business under the Franchise Agreement under one or more policies of insurance containing minimum business liability coverage, including employment practices liability coverage of $1,000,000 per occurrence; (2) general casualty insurance including fire and extended coverage, vandalism, theft, burglary and malicious mischief insurance for the replacement value of your Franchised Business and its contents of between $250,000/$500,000 minimum limits; (3) Workers' Compensation or other employer's liability insurance as well as such other insurance as may be required by statute or rule in the state in which your Franchised

Business is located; (4) business interruption insurance for at least a three month period with coverage adequate to coincide with the value of your Franchised Business premises and its contents; and (5) a $2,000,000 Umbrella Policy, as we direct. You must maintain all required policies in force during the entire term of the Franchise Agreement and any renewal terms. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. Each insurance policy must name us (and, if we request, our directors, employees or shareholders) as additional insureds and must provide us with 30 days' advance written notice of any material modification, cancellation or expiration of the policy. The errors and omissions insurance with bodily injury coverage must be maintained in force after termination or expiration of your Franchise Agreement for as long as necessary to provide coverage for claims and liability arising from all and servicing performed by you before the termination or expiration, but for not less than three years after termination or expiration.

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		Article in Franchise Agreement	Item in Disclosure Document
(a)	Site selection and acquisition/lease	Article IX	Items 7 and 11
(b)	Pre-opening purchases/lease	Articles V and IX	Items 7 and 11
(c)	Site development and other pre-opening requirements	None	Items 7 and 11
(d)	Initial and ongoing training	Article V	Items 6, 7 and 11
(e)	Opening	Article IX	Item 11
(f)	Fees	Articles VIII, XI, XVI, and Sections 5.3, 5.13, 12.3, 12.4, 18.11 and 20.5	Items 5, 6, 7 and 8
(g)	Compliance with standards and policies/Operations Manual	Articles VI and IX	Items 8, 11, 14 and 16
(h)	Trademarks and proprietary information	Articles VII and XIV	Items 13 and 14
(i)	Restrictions on products/services offered	Articles III and IX	Items 8 and 16

Obligation		Article in Franchise Agreement	Item in Disclosure Document
(j)	Warranty and customer service requirements	Article IX	Article 16
(k)	Territorial development and sales quotas	Article III	Item 12
(l)	On-going product/service purchases	Article V	Items 6 and 8
(m)	Maintenance, appearance and remodeling requirements	Article IX	None
(n)	Insurance	Article X	Items 7 and 8
(o)	Advertising	Article XI	Items 6, 7 and 11
(p)	Indemnification	Article XIII	Item 6
(q)	Owner's participation/ management/staffing	Article IX	Items 11 and 15
(r)	Records/reports	Articles IX and XII	Item 6
(s)	Inspection/audits	Articles IX and XII	Item 6
(t)	Transfer	Article XVI	Items 6 and 17
(u)	Renewal	Article IV	Items 6 and 17
(v)	Post-termination obligations	Article XVIII	Item 17
(w)	Non-competition covenants	Article XV	Item 17
(x)	Dispute resolution	Article XX	Item 17
(y)	Liquidated Damages	Article XVIII	Item 6
(z)	Guaranty	Exhibit D	None

ITEM 10
FINANCING

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

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

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

Before you open your Franchised Business, we will:

1. On signing of the Franchise Agreement, designate your Protected Market(s), including county names and allowed distribution quantities (Franchise Agreement - Section 2.1)

2. Provide access to the Confidential Operations Manual(s) and our proprietary Sales Playbook, and provide access to all online training materials and company Social Media (Franchise Agreement - Section 5.1).

3. Provide initial classroom training program at our offices followed by in-market Sales Training, the cost of which is included in your initial franchise fee, excluding transportation, lodging, meals and salary (Franchise Agreement - Section 5.4). This training is described in detail later in this Item.

4. Provide, in addition to or in conjunction with the initial training program, additional assistance as we deem advisable (Franchise Agreement - Section 5.4.3).

5. Provide you with access to our directory of franchisees either in print or via Intranet (Franchise Agreement - Section 5.13).

6. You must use our designated online CRM platform to run your business (Franchise Agreement - Section 5.6).

7. Issue, modify and supplement standards for the System that may regulate any one or more of the following regarding your Franchised Business: (a) hours of operation, (b) marketing and sale of services, (c) checklists, (d) general rules and regulations for employees, and all other matters that in our sole judgment require standardization and uniformity in all Franchised Businesses. (Franchise Agreement - Section 9)

8. Provide you with the suggested pricing structure for your services and provide you with the *suggested* prices that you may charge for your services. (Franchise Agreement – Section 5.8)

9. Provide you with training for your Local Website.

During the operation of your Franchised Business, we will:

1. Provide guidance and assistance in the operation of your Franchised Business. Such guidance may be provided in the form of daily Intranet communications and periodic telephone communications. (Franchise Agreement - Section 5)

2. Review the submitted materials to ensure they meet production standards of graphics quality specified on the Confidential Operations Manual(s) and coordinate the graphics preparation and printing for each edition of your TheHomeMag publication and answer any operational questions that you may have during the process. (Franchise Agreement, Section 5)

3. Ensure that the first edition of your TheHomeMag publication will be printed according to our standard specifications for quality and will be free from defects in material and workmanship subject to recognized tolerances of the printing industry. We will exercise reasonable care in handling materials sent to us, but we will not be liable for lost or damaged photographs, transparencies, art work, copy, or similar materials (Franchise

Agreement, Section 5). You are always responsible for editing, verification of accuracy and inclusiveness. We are never responsible for errors and omissions.

4. Develop and maintain your Local Website. (Franchise Agreement, Section 5)

The above services will be provided to each franchisee for either the Hometown, Standard, and/or Double Market, whichever market you purchase.

Advertising

We do not require you to participate in a local or regional advertising cooperative. We do not have an advertising council at the present time.

We have no Brand Marketing Fund. The Brand Marketing Fund was established in 2007, and suspended on December 31, 2008. Any monies remaining in the Brand Marketing Fund as of December 31, 2008 were or will be used for additional marketing to promote TheHomeMag businesses until these funds are completely used. We reserve the right to reinstate the Brand Marketing Fund at any time.

Upon your request, we may provide you with advertising materials that we produce in-house for which we send the materials to you electronically for you to print locally. You ultimately have the decision to use or not use these materials. If you choose to produce your own advertising materials, totally at your cost, these must be pre-approved by us (for use of intellectual property only) before being released to any media, including publication inside your TheHomeMag publication.

If you use your own advertising, you must use our marks in accordance with our specifications as described on the Franchise Confidential Operations Site. If you participate in any advertising programs we may offer, you must follow the guidelines established for the particular advertising program. We do not provide any other specifications to you or your suppliers. We are not required to spend any amount on advertising in your territory.

We reserve the right to place notices on the margins of any page/s in your magazine at will and for no cost, for the purpose of recruiting prospects for other franchise locations. Additionally, we reserve the right to place display ads designed to grow the number or locations or enhance the public image of TheHomeMag in any magazine, paying you the lowest rate card price for the space used, less a 20% commission. We intend to actively pursue franchisees for neighboring territories provided the appropriate state registrations are filed. If the Brand Marketing Fund is reinstated, we may spend up to 25% from the Brand Marketing Fund to solicit new franchisees. The Fund may place advertising in any media, including print, radio and television. The coverage is typically regional and national in nature. Advertising may be developed in-house and/or by regional and national advertising agencies.

Site Selection and Opening

We estimate that between 30 and 60 days will elapse from the date you sign the Franchise Agreement to when you open your Franchised Business (defined as Classroom Training). Some factors which may affect this timing are your ability to acquire an office through lease or purchase negotiations, your ability to secure any necessary financing, and your ability to obtain any necessary permits and certifications. The Franchise Agreement requires that your Franchised Business must be opened for business not later than 60 days after we approve the location for your Franchised Business, and which cannot be changed or moved without our consent. The factors which we consider in approving your location include the number of residential homes meeting our criteria for qualified households and projected growth, size and cost of property, competition and other similar factors in your Protected Market. Qualified

households are households that are determined by a proprietary method developed by us that takes into consideration household income, home values as they relate to the community, postal codes, shopping patterns, age of occupants, carrier routes, and other factors.

We will have 15 business days to approve or disapprove your proposed office. If you fail to find a location to our satisfaction within 60 days of the effective date of the Franchise Agreement, we may elect to terminate the Franchise Agreement and keep the entire initial franchise fee. You may not open your Franchised Business for business until: (1) we determine that your Franchised Business has been equipped and stocked with materials and supplies in accordance with plans and specifications we have approved; (2) the initial training program we provided has been completed to our satisfaction by you; (3) the initial franchise fee and all other amounts due to us have been paid; (4) you have furnished us with all certificates of insurance required by the Franchise Agreement; (5) you have obtained all required governmental permits, licenses and authorizations necessary for the operation of your Franchised Business; (6) you are in full compliance with all the terms of the Franchise Agreement; and (8) all items in our opening checklist have been complied with to our satisfaction.

You must publish your first magazine within 16 weeks of beginning operations. (Franchisee Agreement, Section 9.2)

You may operate your Franchised Business from commercial office space separate from your home. You will bear the responsibility for selecting a location and negotiating a lease for your Franchised Business. We reserve the right to review information provided by you, and provide input on the location. We also retain the final right to approve the location, which must be within your non-exclusive territory. We generally do not own the premises and lease it to you.

Training Programs

Before you open your Franchised Business, we will provide a mandatory classroom training program available to you and your team. A minimum of two days of training will be conducted in Cape Coral, Florida and will take place when we have franchisees ready to be trained. The training program will be offered to you and your team within 60 days after signing the Franchise Agreement. You must attend and successfully complete, to our satisfaction, the initial training program. If you fail to complete the training program to our satisfaction, we may elect to terminate the Franchise Agreement and keep the initial franchise fee. The cost of the training program is included in your initial franchise fee. However, you will be responsible for all costs of travel, food, lodging and other incidental expenses incurred by you and your team in attending the training program. (Franchise Agreement - Section 5.4) If an additional classroom or in-market Sales training session has to be scheduled, then we reserve the right to charge for this training session. We hold the initial training program on an as-needed basis (when we have franchisees ready to be trained).

We will also provide additional elective training programs, refresher courses or "on-the-job" training at a mutually convenient time and which may be administered on-line. We will permit sales training via video, when available. You must pay us our then-current per diem fee for each of our representatives conducting such training for each day such training continues. The per person cost of the class or training will be determined by us based on the cost of the instructor's fee, travel, lodging, food and materials associated with the training topic. You must also pay all expenses of travel, lodging, meals, meeting rooms and materials incurred by our representatives. (Franchise Agreement - Section 5.4)

We expect to develop proprietary employee training programs in the future. At that time, you will be required to purchase these from us at the then current rates and must use these products or systems in training all current and future employees.

The instructional material we use in the initial training program includes our Confidential Operations Manual(s), checklists, and any other materials that we believe will be beneficial to our franchisees during the training process. There currently are no fixed (*i.e.,* monthly or bi-monthly) training schedules. We project the following training schedule:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Operations / Business	12	0	THM Corporate Office
TheHomeMag Ad	2	12	Your office or Online
Ongoing Design Training	0	30	Online
Office Manager	1	2	THM Corporate + Your office
In Market Sales Training	0	32 – 40	Your office
Contact Relationship Management	1	2	THM Corporate + Your office
Total	16	76 - 84	varied

Our training program is overseen by Chris Goebel, our Chief Operating Officer. The minimum experience of the instructors in the field that is relevant to the subject taught and our operations is 10+ years.

Computer Systems and Software

You must have a computer system. We do not specify the kind or type of computer system that you must obtain and operate, and we do not take on any responsibility for maintaining or upgrading any computer equipment that you operate. You may purchase the computer system from the vendor of your choice. The cost of the computers is approximately $2,500 to $3,000. We cannot provide an estimate of the cost you will incur to maintain or upgrade computers that you select.

You must use our current Contact Relationship Management ("CRM") program, Magazine Manager. Magazine Manager is a third party approved CRM supplier for the magazine industry. The current fee for the CRM is $260 per month for a five (5) user license agreement.

You must have a high-speed internet service provider with internet access and email. We will use these methods to communicate with our franchisees. The estimated cost of maintenance, updating, upgrading or support contracts for the computer system can range from $250 to $600 per year.

We will have independent access to the information and magazine data collected and/or generated via our CRM 24 hours a day, 7 days a week.

Website

We maintain a website, www.thehomemag.com ("Authorized Website") for the purpose of providing information about listings, our advertisers and your advertisers, and our business. We will also prepare and deliver your website (that we own) to you at no cost, for you to manage (the "Local Website").

We and our designated suppliers have the right to use, print, adapt, modify, distribute, publish, display, copy, cache, store on our or their servers and transmit all Content (as defined below) to your Local Website. You must not, and are strictly forbidden to, develop your own website for your Franchised Business.

To preserve the integrity of TheHomeMag franchise system and trademarks, we will have the right to review all Content you propose to include on your Local Website and to approve or disapprove such Content in our sole discretion. We must approve any modifications you propose to Content we previously have approved, as well as any modifications you propose to the standard format of your Local Website. We may request you remove any Content from the Local Website as we deem desirable, in our sole discretion, to maintain and enhance the goodwill associated with the Marks. We may also, upon written notice, reformat your Local Website. You must agree to the terms and conditions of the Site License Agreement which is attached to the Franchise Agreement as Exhibit H.

We may sell space on the Local Website to third party national advertisers. We may push or link your Content to a variety of other websites. We have the right to modify or discontinue the Local Website and their design and layout with 30 days written notice.

There is currently no setup fee for your Local Website. You must pay us a Digital Media Fee of $195 each month, once activated, for our services to provide you with your Local Website, digital marketing services (such as search engine optimization and search engine marketing) and conversion of your digital magazine. In addition, each month you are also required to pay us a Continuing Royalty Fee of 15% of net revenues from your Local Website – if so derived.

Confidential Operations Manual(s)

Our Confidential Operations Manual(s) is comprised of an Operational Reference Guide for each respective silo of operations. Attached to this Disclosure Document as Exhibit F is a description of each Guide and the number of pages in each Guide. The Confidential Operations Manual(s) currently contains 151 pages.

ITEM 12
TERRITORY

Franchise Agreement

You will receive a Protected Market that will be specifically described in the Franchise Agreement. Typically, the territory is part of a Metropolitan Statistical Area ("MSA"). We will determine within the MSA a zone ("Protected Market") which is defined as an area that contains a minimum of 100,000 and a maximum of 170,000 qualified households ("Qualified Households") per Protected Market (for Standard Markets) and is also defined as an area that less than 100,000 Qualified Households per Protected Market (for Hometown Markets) and is also defined as an area that contains a minimum 200,000 Qualified Households per Protected Market (for Double Markets) which in our discretion we determine to be suitable for mailing TheHomeMag and meet the then current standards of targeted customers. This Protected Market may change periodically as the market and demographics ("Market") change. If the Standard Market should change, creating additional Protected Markets, we, in our sole discretion, will use all reasonable efforts to protect all Franchisees or potential Franchisees that may be affected by this change. Hometown Markets are smaller and we do not anticipate these Markets will change. Qualified Households are households that are determined by a proprietary method developed by us that takes into consideration household income, home values as they relate to the community, postal codes, shopping patterns, age of occupants, carrier routes, and other factors.

You must use your best efforts to promote and increase the sales and services of your TheHomeMag business to affect the widest and best possible distribution and sale of products and services and to solicit potential customers for this business.

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

During the term of the Franchise Agreement, we (and any affiliates that we periodically might have) have the right:

(1) to establish and operate, and grant rights to other franchise owners to establish and operate, Franchised Businesses or similar businesses at any locations and on any terms and conditions we deem appropriate, outside of your non-exclusive territory;

(2) to offer and sell the same or different publications identical or similar to, or dissimilar from, those your Franchised Business sells, whether identified by the Proprietary Mark or other trademarks or service marks through any distribution channels we think best (including the Internet), wherever located or operating;

(3) to offer and sell the same or different publications through any distribution channels we think best (including, but not limited to, the Internet), wherever located or operating;

(4) to purchase or otherwise acquire the assets or controlling ownership of one or more businesses identical or similar to your Franchised Business (and/or franchise, license, and/or similar agreements for such businesses), some or all of which might be located anywhere;

(5) to be acquired (regardless of the form of transaction) by a business identical or similar to TheHomeMag Franchised Businesses; and

(6) to engage in any other business activities not expressly prohibited by the Franchise Agreement, anywhere.

If you wish to relocate your office, you must inform us in writing within 30 days of doing so.

You may provide services to customers and prospective customers from your non-exclusive territory only. Other than through your Local Website, you may not engage in any promotional activities or sell any of your advertising services, whether directly or indirectly, through or on the Internet or any other similar proprietary software service providers or any other devices sent or directed to customers or prospective customers; or by telecopy or other telephonic or electronic communications, directed to or received from customers or prospective customers. You may not, without obtaining our prior consent, offer or sell any of the services to any customers outside your territory, advertise or provide information with respect to any advertisers located outside your territory or distribute your TheHomeMag or solicit, advertise or provide any other marketing or information products or services comprising TheHomeMag Services specified in the Franchise Agreement outside your territory.

The Local Website will be developed to provide "user friendly" access to regional clients and others searching for information about your specific area.

We and our designees may sell products and services under the Proprietary Marks within and outside your territory through any method of distribution other than a dedicated TheHomeMag Business, including sales through such channels of distribution as the Internet, catalog sales, telemarketing or other

direct marketing sales (together, "alternative distribution channels"). You may not use alternative distribution channels to make sales except through your Local Website as described in ITEM 11. You will not receive any compensation for our sales through alternative distribution channels except as described in the following paragraph.

If we engage in electronic commerce online or sell through any other alternative distribution channel, and we receive orders for any products or services offered by a TheHomeMag Business calling for delivery or performance in your territory, then we will offer the order to you at the price we establish. If you choose not to fulfill the order or are unable to do so, then we, one of our designees or a third party we designate (including another franchisee) may fulfill the order, and you will not be entitled to any compensation in connection with this.

While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located near your Franchised Business, as determined and approved by us, and will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers located anywhere, you may not make any sales or perform services to customers located outside your territory unless permission is obtained from us first. Any business derived from prior relationships in this market will remain with you once that newly established territory is occupied by a TheHomeMag magazine.

Our franchisees will be allowed to market their services outside of their territory provided they obtain permission from us first and the service is generally available in their territory. Once a territory is granted to another franchisee, the original franchisee is prohibited from further marketing in that territory.

We have not established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark, but we reserve the right to so in the future.

Except for any other franchise program that we may develop in the future, neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned facility which provide similar products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

If during the term of the Franchise Agreement, you are unable to promptly and properly serve any of your customers, due to distance of the customer or excessive work, you must refer that customer to us.

We will require you to meet certain minimums during the operation of the Franchised Business. You must publish your first magazine within 16 weeks of opening for business and each magazine must have a minimum of 20 pages of advertising during the first six issues, you must reach a minimum of 32 pages for publications 8-12. We may set acceptable magazine sizes for you each year for issues beyond the 12 months, based on the availability within your particular market. It is expected that you would mail a minimum of 100,000 and a maximum of 170,000 magazines to Qualified Households within your Market (for Standard Markets) and less than 100,000 magazines to Qualified Households within your Market (for Hometown Markets). In a Double Market you would mail a minimum of 200,000 magazines to Qualified Households. We reserve the right to 1 page in each of your issues at no cost. We may use the designated page for whatever purpose that we need at the time and will not use it to compete with your Franchised Business.

If you fail to meet the minimum performance requirements, we may elect to implement default provisions or ultimately might terminate the franchise agreement.

ITEM 13
TRADEMARKS

We grant to you the right to use certain trademarks, service marks and other commercial symbols in connection with the operation of your franchise. The primary service mark is "TheHomeMag" and design (the "Proprietary Mark"). The Proprietary Mark and secondary marks are owned by our Affiliate-THH, TheHomeMag Holding Company, LLC, are registered on the Principal Register with the United States Patent and Trademark Office ("USPTO"), and are licensed to us by virtue of a perpetual, royalty-free, non-cancellable license agreement that was entered into on December 31, 2008. This license agreement contains no limitations on our use of the Proprietary Mark and secondary marks.

Trademark	International Class	Filing Date - Registration Date	Serial Number - Registration Number
TheHomeMag (design plus words)	041	January 22, 2019	77/471,841 - 3,553,674
TheHomeMag (design plus words)	035	January 22, 2019	77/471,728 - 3,553,663
TheHomeMag (design plus words)	016	January 22, 2019	77/471,689 - 3,556,706
TheHomeMag	041	January 31, 2019	77/471,664 - 3,560,247
TheHomeMag	035	January 31, 2019	77/471,640 - 3,553,654
TheHomeMag	016	January 31, 2019	77/471,600 - 3,553,651
IN BUSINESS TO GROW BUSINESS	035	January 31, 2019	77/479,943 - 3,557,034
ANYTHING & EVERYTHING FOR YOUR HOME	035	August 14, 2009 - March 16, 2010 March	77/804,652 – 3,761,252
ANYTHING AND EVERYTHING FOR YOUR HOME	041	August 14, 2009 - March 30, 2010	77/804,715 – 3,767,127
ANYTHING AND EVERYTHING FOR YOUR HOME	016	August 14, 2009 - March 30, 2010	77/804,632 – 3,767,120
HomeIMPROVED	016	January 22, 2016 – July 26, 2016	86/883,574 – 5,008,138
HomeIMPROVED	041	January 22, 2016 – July 26, 2016	86/883,611 – 5,008,139
HomeIMPROVED	035	January 22, 2016 – July 26, 2016	86/883,851 – 5,008,141
DISCOVER YOUR NEXT HOME IMPROVEMENT PROJECT	016, 041	March 28, 2018 – December 4, 2018	87/853,326 – 5,621,063

The below trademarks were registered on the Supplemental Register with the USPTO.

Trademark	International Class	Filing Date - Registration Date	Serial Number - Registration Number
America's #1 Home Improvement Magazine	041	December 17, 2015 – July 26, 2016	86/852,182 – 5,000,414

America's #1 Home Improvement Magazine	016	December 17, 2015 – July 26, 2016	86/852,148 – 5,000,413

Our Affiliate -THH has filed all required affidavits and renewals and intends to renew its remaining registrations for the Marks when they become due.

There are no currently effective determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of this state or any court, nor is there any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Proprietary Mark which may be relevant to their use in this state or in any other state.

There are no agreements currently in effect which limit our right to use or to license others to use the Proprietary Mark, except for the trademark license agreement with our Affiliate-THH, as described above.

We know of no superior prior rights or infringing uses of any Mark that could materially affect your use of the Marks in this or any other state.

You must promptly notify us of any suspected unauthorized use of the Proprietary Mark, any challenge to the validity of the Proprietary Mark, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Mark. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Mark, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Mark. We may defend you against any third-party claim, suit or demand arising out of your use of the Proprietary Mark. If we, in our sole discretion, determine that you have used the Proprietary Mark in accordance with the Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be borne by us. If we determine that you have not used the Proprietary Mark in accordance with the Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be yours. If there is any litigation relating to your use of the Proprietary Mark, you must sign any and all documents and do such acts as may, in our opinion, be necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that this litigation is the result of your use of the Proprietary Mark in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in doing these acts.

There are no infringing uses actually known to us that could materially affect your use of the Proprietary Mark in this state or elsewhere.

You must conspicuously post a sign and include on all written materials, including advertisements, stationery, business cards, website, etc. the following: "Each office is independently owned and operated."

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating under it, at our sole discretion. If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Proprietary Marks and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable period of time after receiving notice. We will reimburse you for your reasonable direct expenses of changing the business' signage. However, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Proprietary Marks or for any expenditures you make to promote a modified or substitute trademark or service mark.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

There are no patents that are material to the franchise. You do not receive the right to use an item covered by a copyright, but you can use the proprietary and confidential information that is in our Confidential Operations Manual(s). The Confidential Operations Manual(s) is described in Item 11 and below. Although we have not filed an application for a copyright registration for the Confidential Operations Manual(s), we claim a copyright and the information in it is proprietary and confidential. You must also promptly tell us when you learn about unauthorized use of this proprietary and confidential information. We are not obligated to take any action, but will respond to this information as we think appropriate.

Whitney Roman, Plaintiff v. The HomeMag of KC, d/b/a Affinity Media Services, LLC ("AMS") and THM Management, LLC, Defendants. United States District Court for the Western District of Missouri, Case 5:19-cv-06095-DGK. On July 31, 2019, Whitney Roman filed this action against Defendants for their use of a photograph owned Ms. Roman. The photograph in question ("Photograph") was used by AMS on the cover of their TheHomeMag publications published in January 2019 for distribution in the Kansas City, Kansas and Kansas City, Missouri areas. The exclusive rights to the Photograph were registered by Ms. Roman with the US Copyright Office, Reg. No. VA 2-159-226, effective May 17, 2019. Ms. Roman claims Defendants infringed her copyright through the unlawful modification, display, reproduction, distribution and/or creation of derivative work based on the Photograph via the publications. **THM Management, LLC was released from this case and this matter is now closed.**

Confidential Operations Manual(s)

You must operate your Franchised Business according to the strict standards, methods, policies and procedures specified in the Confidential Operations Manual(s). You will have access to our Confidential Operations Manual(s) after you complete our initial training program to our satisfaction.

You must treat the Confidential Operations Manual(s), any other of our manuals which may be used in the operation of your Franchised Business, and the information in them as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise give them to any unauthorized person. The Confidential Operations Manual(s) will remain our sole property.

We may revise the contents of the Confidential Operations Manual(s), and you must comply with each new or changed standard.

Confidential Information

You must not, during the term of the Franchise Agreement or after the term of the Franchise Agreement, communicate, divulge or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to you or which you may learn because of your operation under the terms of the Franchise Agreement. Confidential information includes, but is not limited to: (a) price lists and marketing plans and strategies; (b) proprietary computer software functions, capabilities, code, manuals, revision plans, etc, and any proprietary equipment or products that we may develop.; (c) customer lists, customer identities, customer contacts and customer preferences (including identities and plans for approaching potential customers); and (d) leasing plans, rates and information. You

may divulge this confidential information only to those of your employees who have access to and who operate your Franchised Business. Any and all information, knowledge, know-how, techniques and other data which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement.

At our request, you must require your manager and any personnel having access to any of our confidential information to sign agreements that say that they will maintain the confidentiality of information they receive in connection with their employment by you at your Franchised Business. The agreements must be in a form satisfactory to us, including specific identification of us as a third-party beneficiary of the covenants with the independent right to enforce them and that they prohibit any direct or indirect ownership in a competing business.

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

During the term of the Franchise Agreement, and at our discretion, you must attend and complete our initial training program and you (or, if you are a corporation or partnership, a principal or general partner of the corporation or partnership) must devote your full time and best efforts to the management and operation of the Franchised Business. The Franchised Business must have constant supervision by you or by a designated and approved manager who has satisfactorily completed our training program. You must also maintain a competent, conscientious, trained staff, including a fully trained manager (which will be you for the first two years). If you are an individual, we recommend that you be the fully trained manager described above. We impose no limitations as to who you may hire as the manager, except that you must comply with all applicable laws and that you must not harm the goodwill associated with the System and the Proprietary Mark (this requirement may affect who you hire as your manager). We strongly recommend that you be the operating manager for at least the first 18 months and preferably through at least the first 24 months.

If you wish to hire a manager, we do not require that your manager have an equity interest in your business. The manager will be required to attend and complete our training program, as described in Item 11. The manager and other key employees may also be required to enter into an agreement not to compete with businesses under the System while employed by you and for two years thereafter and an agreement not to reveal confidential information obtained while employed by you. See Item 17 for a description of these obligations.

You must operate the Franchised Business in strict conformity with all applicable Federal, state and local laws, ordinances and regulations. Such laws, ordinances and regulations vary from jurisdiction to jurisdiction and may be implemented or interpreted in a different manner. It is your sole responsibility to learn of the existence and requirements of all laws, ordinances and regulations applicable to the Franchised Business and to adhere to them and to the then-current implementation or interpretation of them.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use the Franchised Business solely for the operation of the Franchised Business. You must keep your Franchised Business open and in normal operation for the minimum hours and days as we specify, 8:30 A.M. to 5 P.M. Monday through Friday as a minimum. You must not use or permit the use of the Franchised Business for any other purpose or activity at any time without first obtaining our written consent. You must operate the Franchised Business in strict conformity with the methods, standards and specifications we may require in our Confidential Operations Manual(s) or in writing.

You must offer only products and services specified by TheHomeMag, which includes our approved products; you should not change our standards and specifications without our prior written consent; and you must stop selling and offering for sale any services which we may, in our discretion, disapprove in writing at any time. We have the right to change the types of authorized services and there are no limits on our right to make changes.

In addition, you must only use the software that we require you to use, the supplies and suppliers that we have approved for use at your Franchised Business.

The System may be supplemented, improved or modified periodically by us. You must comply with all of our reasonable requirements in that regard, including offering and selling new or different products or services as specified by us.

You are restricted by the Franchise Agreement, the Confidential Operations Manual(s) and any other practice or custom with respect to the goods or services which you may offer, which must be approved by us.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

Provision	Article in Franchise Agreement	Summary
a. Length of the franchise term	Article IV	Ten years
b. Renewal or extension of the term	Article IV	One or more renewal terms of five years each, subject to performance of contractual requirements
c. Requirements for you to renew or extend	Article IV	Provide notice, compliance with Franchise Agreement, execute new Franchise Agreement, sign release, pay the renewal fee. You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your territory will remain the same, and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees

Provision		Article in Franchise Agreement	Summary
d.	Termination by you	None	You may seek to terminate your Franchise Agreement on any ground permitted by law
e.	Termination by us without cause	None	We cannot terminate your Franchise Agreement without cause
f.	Termination by us with cause	Article XVII	Breach of Franchise Agreement and other grounds; see Article XVII for details
g.	"Cause" defined – curable defaults	Article XVII	Breach of Franchise Agreement and other grounds, such as failure to pay fees when due, misuse of Proprietary Marks, sale of an unapproved service; report 3 cancellations in any 12-month period; see Article XVII
h.	"Cause" defined – non-curable defaults	Article XVII	Breach of Franchise Agreement, such as filing for bankruptcy or assignment for the benefit of creditors
i.	Your obligations on termination/non-renewal	Article XVIII	Obligations include discontinue using confidential information and materials, maintain errors and omissions insurance and payment of amounts due including liquidated damages; see Article XVIII
j.	Assignment of contract by us	Article XVI	No restriction on right to transfer
k.	"Transfer" by you - defined	Article XVI	Transfer all or substantially all of the assets of your business
l.	Our approval of transfer by you	Article XVI	We have the right to approve transfers
m.	Conditions for our approval of transfer	Article XVI	Includes payment of money owed, non-default, signed release, transferee qualifications, signed new agreement and payment of the transfer fee
n.	Our right of first refusal to acquire your business	Article XVI	We can match any offer
o.	Our option to purchase your business	Article XVIII	Upon expiration or termination, we can buy your Franchised Business
p.	Death or disability of you	Article XVI	Franchise must be assigned to approved third party within 90 days

Provision	Article in Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise	Article XV	Includes prohibition on owning or operating business which sells similar services. This provision is subject to state law.
r. Non-competition covenants after the franchise is terminated or expires	Article XV	Includes prohibition on owning or operating business which sells similar services for two years and located within 100 miles of any unit in the System and prohibits use of the client lists obtained during the Franchise Agreement. This provision is subject to state law.
s. Modification of the agreement	Article XXI	Must be in writing by both parties
t. Integration/merger clause	Article XXI	Only the terms of the Franchise Agreement are binding (subject to state law). Any promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article XX	Arbitration - Cape Coral, Florida or where we maintain our headquarters (subject to state law)
v. Choice of forum	Article XX	Cape Coral, Florida, or where we maintain our headquarters, subject to state law (see Exhibit B – State Specific Addendum for exceptions)
w. Choice of law	Article XXI	Florida, subject to state law (see Exhibit B – State Specific Addendum for exceptions)

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following represents a factual historical depiction of the gross sales achieved by our Affiliate-THH-owned (10 locations), THII-owned (1 location), Affiliate-owned (10 locations) and franchised TheHomeMag Businesses (41 locations), which were in operation for the calendar year of 2021, but we did not include expenses for interest, depreciation, amortization, and income taxes. Of the **62 locations** used in this financial performance representation, 100% of them attained the stated results.

Each of these TheHomeMag Businesses offers the same products and services that your TheHomeMag Business will offer.

Written substantiation of the data used in preparing these gross sales amounts is available upon your reasonable request.

Gross Sales of *Company-Operated (first chart)*, *Affiliate-Owned (second chart)* and *Franchised (third chart)* TheHomeMag Businesses

TheHomeMag Company-Operated Businesses			
TheHomeMag Magazine Location	Months in Business EOY 2021	Total Per-Issue Distribution	Gross Revenue Calendar Year 2021
Southwest FL (*)	232 Months	120K	$3,434,566
Las Vegas NV (*)	176 Months	150K	$3,488,832
Tucson AZ (*)	171 Months	120K	$2,358,288
Atlanta GA (*)	169 Months	200K	$3,040,369
Phoenix AZ (*)	128 Months	250K	$3,772,531
Washington DC (*)	124 Months	200K	$2,556,653
Raleigh NC (*)	117 Months	150K	$3,060,576
Richmond VA (*)	95 Months	100K	$1,003,483
Columbus OH (*)	76 Months	120K	$1,348,089
Chicago IL (*)	*141 Months****	200K	$1,918,153
Wilmington NC (*)	5 Months	60K	$209,904

TheHomeMag Affiliate-Operated Businesses			
TheHomeMag Magazine Location	Months in Business as of EOY 2021	Total Per Issue Distribution	Gross Revenue - Calendar Year 2021
Sarasota FL (**)	223 Months	120K	Unreported
Port Charlotte FL (**)	223 Months	50K	Unreported
Ventura CA (**)	221 Months	100K	Unreported
SanFernandoValley CA (**)	221 Months	100K	Unreported
Orange County CA (**)	163 Months	210K	Unreported
San Diego CA (**)	128 Months	100K	Unreported
Riverside CA (**)	78 Months	100K	Unreported
West LA CA (**)	58 Months	100K	Unreported
South Bay LA CA (**)	57 Months	100K	Unreported

Coachella Valley CA (**)	51 Months	80K	Unreported

TheHomeMag Franchised Businesses			
TheHomeMag Magazine Location	Months in Business as of EOY 2021	Total Per Issue Distribution	Gross Revenue - Calendar Year 2021
Tampa FL (+)	197 Months	280K	$4,463,198
Palm Beach FL (+)	185 Months	250K	$3,655,965
Jacksonville FL (+)	183 Months	120K	$1,739,032
Orlando FL (+)	178 Months	200K	$2,597,601
Broward FL (+)	177 Months	200K	$3,605,396
Kansas City KS (+)	174 Months	120K	$1,214,030
Miami FL (+)	174 Months	170K	$1,762,832
Denver CO (+)	165 Months	260K	$7,026,255
Dallas TX (+)	165 Months	200K	$2,766,630
East Bay CA (+)	163 Months	150K	$2,081,909
Nashville TN (+)	162 Months	130K	$2,773,892
Houston TX (+)	148 Months	250K	$2,555,016
Fort Worth TX (+)	142 Months	120K	$1,519,455
Charlotte NC (+)	141 Months	130K	$1,545,314
San Antonio TX (+)	139 Months	130K	$2,014,927
Oklahoma City OK (+)	128 Months	100K	$889,919
Austin TX (+)	117 Months	130K	$1,383,909
Silicon Valley CA (+)	112 Months	120K	$1,406,355
Colorado Springs CO (+)	94 Months	60K	$1,295,467
Salt Lake City UT (+)	90 Months	200K	$2,437,508
Indianapolis IN (+)	81 Months	130K	$2,305,647
Central Jersey NJ (+)	81 Months	160K	$1,223,175
St Louis MO (+)	79 Months	120K	$1,013,790
Lakeland FL (+)	77 Months	75K	$766,939
Boston MA (+)	76 Months	134K	$663,738
Portland OR (+)	60 Months	130K	$1,878,595
Philadelphia PA (+)	60 Months	150K	$1,378,037
Sacramento CA (+)	60 Months	134K	$1,802,859
Minneapolis/St Paul MN (+)	58 Months	200K	$2,593,529
New Orleans LA (+)	56 Months	110K	$1,133,486
Long Island (+)	52 Months	200K	$1,227,011
Northern Colorado CO (+)	45 Months	60K	$1,052,931
Cleveland OH (+)	44 Months	165K	$1,187,876
Daytona FL (+)	44 Months	60K	$429,567
Treasure Coast (+)	34 Months	60K	$667,335
Pittsburgh PA (+)	34 Months	120K	$1,067,591

TheHomeMag Franchised Businesses			
TheHomeMag Magazine Location	Months in Business as of EOY 2021	Total Per Issue Distribution	Gross Revenue - Calendar Year 2021
Cincinnati OH (+)	32 Months	120K	$1,525,822
Omaha NE (+)	19 Months	65K	$456,622
North Bay CA (+)	10 Months	120K	$740,890
Salem OR (+)	8 Months	60K	$300,821
Greenville SC (+)	8 Months	60K	$253,752

Key

(*) Company Owner/Operated (**) Affiliate Owned (+) Franchise
**** acquired by the Franchisor and converted to a Company-owned location (*franchise operating months included*)

With respect to the above table, TheHomeMag businesses continued to operate "*as normal"* during COVID-19 stay-at-home/restriction (state specific) orders within accordance with state and local regulations. The business is subject to seasonality and variable purchasing trends that naturally occur in the business cycle.

Gross Sales shall be defined as revenues generated, billed but not collected, earned, derived and/or received from customers, whether for cash or credit, plus all other revenues derived from your business, excluding taxes collected from customers, and refunds or money payable to other franchisees for intra-franchise bookings.

The financial performance representations do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Franchised Business. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information.

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

Other than the preceding financial performance representation, THM Management, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Chris Goebel, Chief Operating Officer at 1732 SE 47th Terrace, Cape Coral, Florida 33904 and (239) 549-6960, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary - For Years **2019-2021**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	37	39	+2
	2020	39	39	0
	2021	39	42	+3
Company and Affiliate Owned (*)	2019	20	20	0
	2020	20	20	0
	2021	20	21	+1
Total Outlets	2019	57	59	+2
	2020	59	59	0
	2021	59	63	+4

(*) Note: Ten (11) of these units are Corporate-operated and Ten (10) are Affiliate-owned and operated.

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years **2019-2021**

State	Year	Number of Transfers
Utah	2019	0
	2020	0
	2021	1
Total	2019	0
	2020	0
	2021	1

Table No. 3

Status of Franchised Outlets
For Years **2019-2021**

State	Year	Outlets at Start of Year	Outlets Opened	Terms	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
California	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	1	0	0	0	0	4
Colorado	2019	2	1	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Florida	2019	8	1	0	0	0	0	9
	2020	9	0	0	0	0	0	9
	2021	9	0	0	0	0	0	9
Illinois	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	1	0	0
Indiana	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Kansas	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Louisiana	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Massachusetts	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Minnesota	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terms	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Missouri	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Nebraska	2019	1	0	1	0	0	0	1
	2020	1	0	1	0	0	0	0
	2021	0	1	0	0	0	0	1
New Jersey	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New York	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
North Carolina	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Ohio	2019	1	1	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Oklahoma	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Oregon	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
Pennsylvania	2019	1	1	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
South Carolina	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Tennessee	2019	1	1	0	0	0	1	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terms	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Texas	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
Utah	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Virginia	2019	1	0	0	0	0	0	1
	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
Total	2019	37	2	0	0	0	0	39
	2020	39	1	1	0	0	0	39
	2021	39	4	0	0	1	0	42

Table No. 4
Status of Company-Owned and Affiliate-Owned Outlets
For Years 2019-2021

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Arizona	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
California	2019	8	0	0	0	0	8
	2020	8	0	0	0	0	8
	2021	8	0	0	0	0	8
Florida	2019	3	0	0	0	0	3
	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
Georgia	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Illinois	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	1	0	0	1
Maryland	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Michigan	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	1	0	0
Nevada	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
North Carolina	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	1	0	0	0	2
Ohio	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2019	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Virginia	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Total	2019	20	0	0	0	0	20
	2020	20	0	0	0	0	20
	2021	20	1	1	1	0	21

Table No. 5

Projected Openings as of
December 31, 2021

State	Franchise Agreements Signed but Outlet Not Opened (p)	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Iowa	0	1	0
Total	0	1	0

A list of the names of all franchisees and the addresses and telephone numbers of their businesses is provided in Exhibit D to this Disclosure Document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document is listed on Exhibit E to this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the TheHomeMag System.

There are no trademark-specific organizations formed by our franchisees that are associated with the TheHomeMag System.

ITEM 21
FINANCIAL STATEMENTS

Exhibit G contains our audited financial statements for the fiscal years ended December 31, 2021, December 31, 2020, and December 31, 2019. Our fiscal year end is December 31.

ITEM 22
CONTRACTS

The Franchise Agreement is attached to this Disclosure Document as Exhibit C.
The Sample Copy of the General Release is attached to this Disclosure Document as Exhibit I.

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

EXHIBIT A TO THE DISCLOSURE DOCUMENT
AGENCIES/AGENTS FOR SERVICE OF PROCESS

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

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau, Franchise Section 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8211 Phone (212) 416-6042 Fax	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B TO THE DISCLOSURE DOCUMENT
STATE SPECIFIC ADDENDUM

EXHIBIT B TO THE DISCLOSURE DOCUMENT

ADDENDUM TO THEHOMEMAG
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA

CALIFORNIA APPENDIX

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains provisions that are inconsistent with the law, the law will control.

2. 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.).

3. The Franchise Agreement contains covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.

4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.

5. Neither the franchisor, any person or franchise broker 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. 79a et seq., suspending or expelling such persons from membership in such association or exchange.

6. The franchise agreement requires binding arbitration. The arbitration will occur in Florida with the costs being borne by the franchisee and franchisor. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

7. The Franchise Agreement requires application of the laws of Florida. This provision may not be enforceable under California law.

8. You must sign a general release if you renew or transfer your franchise. California Corporation 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).

9. 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.

10. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

11. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements are per se violations of the Cartwright Act.

12. OUR WEBSITE, www.thehomemag.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

13. Item 19 of the Disclosure Document is amended to comply with provisions of the California Code of Regulations Section 310.114.1 which states "The earnings claims figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your (franchised business). Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information."

14. 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 franchisor, waiver of jury trial, waiver of punitive damages and a limitation of damages.

15. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker, or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and fats as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___.

ATTEST

_____
Witness

THM MANAGEMENT, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

_____
Witness

EXHIBIT B TO THE DISCLOSURE DOCUMENT
ADDENDUM TO THM MANAGEMENT, LLC DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the franchise agreements.

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

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

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

The Illinois Attorney General's Office requires us to defer payment of the initial franchise fee and other payments owed by Franchisees to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement and the Franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to the Franchisor's financial condition.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___.

ATTEST

THM MANAGEMENT, LLC

_____
Witness

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
Witness

_____

EXHIBIT B TO THE DISCLOSURE DOCUMENT

ADDENDUM TO THEHOMEMAG
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF INDIANA

1. To be added to Item 3 of the Disclosure Document, is the following statement:

   There are presently no arbitration proceedings to which the Franchisor is a party.

2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory.

3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).

4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Sections 20.7 and 20.8 of the Franchise Agreement.

5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___.

ATTEST

_____
Witness

THM MANAGEMENT, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
Witness

_____

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MARYLAND

The Office of Attorney General for the State of Maryland requires that certain provisions contained in franchise documents be amended to be consistent with Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated under the Act (collectively the "Maryland Franchise Law"). To the extent that this Disclosure Document or Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. No requirement that you agree to any release, assignment, novation, estoppel or waiver of liability as a condition to your purchasing a Benny's franchise shall act as a release, estoppel or waiver of any liability under the Maryland Franchise Law.

2. Item 17 is amended to state:

(a) Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.

(b) Any general release required by the terms and conditions of the Franchise Agreement as a condition of renewal, assignment or transfer shall not apply to any liability under the Maryland Franchise Law.

(c) Our right to terminate you upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq*.).

(d) Nothing herein shall waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

THE REGISTRATION OF THIS FRANCHISE DISCLOSURE DOCUMENT WITH MARYLAND SECURITIES DIVISION OF THE OFFICE OF ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE SECURITIES COMMISSIONER.

AMENDMENT TO THEHOMEMAG FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated thereunder, the parties to the attached Benny's Franchise Agreement (the "Franchise Agreement") agree as follows:

1. The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a franchisee's assent to a release of liability under that Law as a condition for the sale, renewal, assignment or transfer of the franchise. To the extent of any inconsistencies with the Maryland Franchise Registration and Disclosure Law contained in Article 5 or Section 16.3 of the Franchise Agreement, such inconsistent provisions are hereby deleted.

2. To the extent of any inconsistencies, Section 17.1 of the Franchise Agreement is hereby amended to further state:

> "Our right to terminate you upon your bankruptcy, however, may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq*.)."

3. To the extent of any inconsistencies, Section 20.3 of the Franchise Agreement is hereby amended to further state:

> "Nothing herein shall waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland."

4. To the extent of any inconsistencies, Section 20.8 of the Franchise Agreement is hereby amended to further state:

> "Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise."

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

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., are met independently without reference to this Amendment.

EXHIBIT B TO THE DISCLOSURE DOCUMENT

ADDENDUM TO THEHOMEMAG
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MICHIGAN

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

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

(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 thirty (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 five (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 six (6) months' advance notice of franchisor's intent not to renew the franchise.

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

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

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

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

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

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

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

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

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division
Attn: Katharyn Barron
Michigan Department of Attorney General
525 W. Ottawa Street, 1st Floor
Lansing, Michigan 48933
(517) 335-7567

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___.

ATTEST

_____
Witness

THM MANAGEMENT, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

_____
Witness

EXHIBIT B TO THE DISCLOSURE DOCUMENT

ADDENDUM TO THM MANAGEMENT, LLC
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA

This addendum to the Disclosure Document is agreed to this ___ day of _____, 20__, and effectively amends and revises said Disclosure Document and Franchise Agreement as follows:

1. Item 13 of the Disclosure Document and Article VII of the Franchise Agreement are amended by the addition of the following language:

> "In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchise from any loss, costs or expenses arising out of any claim, suit or demand regarding such use."

2. Item 17 of the Disclosure Document and Article XVIII of the Franchise Agreement are amended by the addition of the following language:

> "Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Stat. Sec. 80c.14, Subd.3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Disclosure Document."

3. Item 17 of the Disclosure Document and Article XX of the Franchise Agreement are amended by the addition of the following language:

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

4. Item 17 of the Disclosure Document and Articles IV and XVI of the Franchise Agreement are amended by the addition of the following language:

> "Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release."

5. Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits requiring you to consent to liquidated damages.

6. Section 20.10 of the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits waiver of a jury trial.

7. Section 20.13 of the Franchise Agreement regarding Limitations of Claims is hereby amended to comply with Minn. Stat. §80C.17, Subd. 5.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___.

ATTEST

_____
Witness

_____
Witness

THM MANAGEMENT, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

EXHIBIT B TO THE DISCLOSURE DOCUMENT

ADDENDUM TO THEHOMEMAG
DISCLOSURE DOCUMENT
REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

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

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

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

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

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

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

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

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

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

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to

start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___.

ATTEST

_____
Witness

THM MANAGEMENT, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
Witness

_____

EXHIBIT B TO THE DISCLOSURE DOCUMENT

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled. (N.C.G.S. §66-95)

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___.

ATTEST

_____
Witness

THM MANAGEMENT, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

_____
Witness

EXHIBIT B TO THE DISCLOSURE DOCUMENT

DISCLOSURES REQUIRED BY SOUTH CAROLINA LAW

If the seller fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___.

ATTEST

_____
Witness

THM MANAGEMENT, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

_____
Witness

EXHIBIT B TO THE DISCLOSURE DOCUMENT

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the restrictions contained in section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for TheHomeMag for use in the Commonwealth of Virginia shall be amended as follows:

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a Franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other payments owed by Franchisees to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement.

EXHIBIT B TO THE DISCLOSURE DOCUMENT

ADDENDUM TO THM MANAGEMENT, LLC
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

In regard to Exhibit H of the Franchise Disclosure Document, the following language is added

"This Acknowledgement Statement does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100.

In regard to Exhibit I of the Franchise Disclosure Document, the following language is added:

"This General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rule adopted thereunder.

In the State of Washington, we will defer the payment of the initial franchise fee, and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating.

The undersigned does hereby acknowledge receipt of this addendum.

Date this _____ day of _____ 20 _____.

_____	_____
FRANCHISOR	FRANCHISEE

EXHIBIT C TO THE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

THM MANAGEMENT, LLC

_____

FRANCHISEE

_____

DATE OF AGREEMENT

TABLE OF CONTENTS

ARTICLE I **2**
DEFINITIONS 2
ARTICLE II **3**
GRANT OF FRANCHISE AND LICENSE 3
ARTICLE III **4**
FRANCHISEE RESTRICTIONS AND FRANCHISOR'S RESERVED RIGHTS 4
ARTICLE IV **5**
TERM AND RENEWAL 5
ARTICLE V **6**
DUTIES OF FRANCHISOR 6
ARTICLE VI **11**
CONFIDENTIAL OPERATIONS MANUAL 11
ARTICLE VII **12**
PROPRIETARY MARKS, TRADE NAMES AND COPYRIGHTED MATERIALS 12
ARTICLE VIII **14**
PAYMENTS TO FRANCHISOR 14
ARTICLE IX **16**
OBLIGATIONS OF FRANCHISEE 16
ARTICLE X **22**
INSURANCE 22
ARTICLE XI **23**
ADVERTISING 23
ARTICLE XII **23**
REPORTING AND FINANCIAL MANAGEMENT REQUIREMENTS 23
ARTICLE XIII **25**
INDEPENDENT CONTRACTOR AND INDEMNIFICATION 25
ARTICLE XIV **27**
CONFIDENTIALITY 27
ARTICLE XV **29**
COVENANTS NOT TO COMPETE 29
ARTICLE XVI **31**
ASSIGNMENT AND RIGHT OF FIRST REFUSAL 31

ARTICLE XVII **34**
DEFAULT AND TERMINATION 34
ARTICLE XVIII **37**
FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES UPON TERMINATION OR EXPIRATION 37
ARTICLE XIX **41**
MODIFICATION OF SYSTEM 41
ARTICLE XX **41**
DISPUTE RESOLUTION 41
ARTICLE XXI **45**
GENERAL PROVISIONS 45
ARTICLE XXII **48**
SUBMISSION OF AGREEMENT 48

EXHIBITS:

"A" LOCATION OF FRANCHISE
"B" FRANCHISEE ACKNOWLEDGMENT STATEMENT
"C" NON-COMPETITION AND NON-DISCLOSURE AGREEMENT
"D" GUARANTY
"E" STATE SPECIFIC ADDENDUM
"F" SITE LICENSE AGREEMENT

THM MANAGEMENT, LLC

FRANCHISE AGREEMENT

THIS AGREEMENT is made and entered into this day of _____ between THM Management, LLC, a Florida limited liability company with its principal office located at 1732 SE 47th Terrace, Cape Coral, Florida 33904 (the "Franchisor"), and _____ whose principal address is _____, an individual/ partnership/corporation formed or incorporated in the State of _____, and _____ _____'s principal(s) _____, an individual residing at _____ _____ and_____, an individual residing at _____ _____ ("Principal(s)"). _____ and Principal(s) shall be collectively referred to in this Agreement as the "Franchisee" and who will act under this Agreement under the approved service mark "TheHomeMag".

W I T N E S S E T H:

WHEREAS, the Franchisor has developed a system of uniform standards, methods, merchandising, and advertising for the operation of franchises that specializes the production of a magazine that is direct mailed at no charge to consumers in the Franchisee's territory that best match the target market for the services offered in the magazine. TheHomeMag has developed a proprietary selection system to create the most efficient mailing lists possible for a given area to give the advertisers the best "bang for their buck" when advertising in TheHomeMag ("TheHomeMag" Business, "Franchised Business", or "System") using the trade name, trademark and service mark of "TheHomeMag" (collectively, the "Proprietary Marks");

WHEREAS, the Franchisee desires to enter into the business of owning and operating a Franchised Business in accordance with the System and wishes to be awarded a franchise by the Franchisor for that purpose, as well as to receive the training and other assistance provided by the Franchisor in connection therewith;

WHEREAS, the Franchisee understands and acknowledges the importance of, and benefits to be derived from, the System, as well as the Franchisor's high standards of quality and service and the necessity of operating the Franchised Business hereunder in conformity with the Franchisor's standards and specifications;

WHEREAS, the Franchisee desires to obtain a franchise to use the System and the Proprietary Marks at the location described in Exhibit A hereto, pursuant to the provisions hereof, and Franchisee has had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Franchise Agreement by counsel of his/her own choosing and represents and warrants that he/she has the business experience and financial ability to operate a Franchised Business;

WHEREAS, the Franchisee acknowledges that Franchisee has read this Agreement and Franchisor's Disclosure Document and that Franchisee understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain uniform high standards of quality at all locations and to protect the goodwill of the Proprietary Marks;

WHEREAS, the Franchisor expressly disclaims the making of any warranty or guarantee, expressed or implied, oral or written, regarding the potential revenues, profits or success of the business venture contemplated by this Agreement;

WHEREAS, the Franchisee acknowledges that this Agreement places detailed and substantial obligations on Franchisee, including strict adherence to Franchisor's reasonable present and future requirements regarding facilities, equipment, suppliers, operating procedures, management protocols and procedures, merchandising strategies, sales promotion programs, marketing, publication and related matters. Franchisee acknowledges that future improvements, changes and developments in the System may require additional expense to be undertaken by Franchisee.

BEFORE SIGNING THIS AGREEMENT, FRANCHISEE SHOULD READ IT CAREFULLY WITH ASSISTANCE OF LEGAL COUNSEL.

NOW, THEREFORE, for and in consideration of the mutual undertakings, covenants, premises and commitments contained hereinabove and below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **IT IS AGREED**, as follows:

ARTICLE I
DEFINITIONS

1.1 In addition to any other terms defined in this Agreement, the following definitions shall govern this Agreement:

1.1.1 "Agreement" means this document, including all exhibits hereto and documents referenced and incorporated herein, and any documents or agreements modifying the System.

1.1.2 "Copyrights" means all work rendered in a tangible medium of expression as defined under U.S. Copyright Law, 17 U.S.C. Sec. 101, *et seq.*, that relates to the Franchised Business, whether published or unpublished, whether confidential or not, whether created by Franchisor or one (1) or more of its franchisees, assigned hereunder to and owned by Franchisor and licensed for use by Franchisee as part of the Franchised Business under this Agreement, including without limitation, the Confidential Operations Manual.

1.1.3 "Franchised Business" means the System as licensed to the Franchisee hereunder to use from Franchisee's TheHomeMag Business or Approved Location.

1.1.4 "Know How" means Franchisor's: (a) trade secrets and know-how, whether existing now or created during the term of this Agreement by Franchisor and/or one (1) or more of its franchisees (and assigned back to Franchisor), as conveyed to Franchisee, that relates to, *inter alia*, Franchisor's services and/or processes, marketing practices, and business methods, affairs, tools and techniques, as well as including its customer or prospective customer lists and trade relationships including, but not limited to, pricing information, which tends to give Franchisor and its network of franchisees a competitive edge over others who provide the same or similar products or services; (b) inventions that may be protected by the filing of U.S. patent applications under Title 35 of the United States Code and/or foreign statutory counterparts; and (c) all unpublished or otherwise confidential work that has been rendered and "work made for hire" protected under Title 17 of the United States Code and other applicable foreign copyright statutes. Know How need not take the form of any particular tangible medium of expression, but may also be found or contained in the form of notes, records, magnetic media, papers, photographs, catalogs, books, cassettes, videotapes, computer files, or stored or fixed on computer hard or soft disks or diskettes.

1.1.5 "Proprietary Marks" means all the trademarks, service marks, logos, emblems, and indicia of origin licensed to and used or contemplated to be used by Franchisor and/or one (1) or more of

its franchisees, including, but not limited to, the trade dress, the mark "TheHomeMag", and other such trade names, service marks and trademarks as may be designated now or hereafter by the Franchisor.

1.1.6 "Proprietary Properties" means the Copyrights, Know How, Proprietary Marks, Software and Proprietary Products.

1.1.7 "Software" means the Customer Relationship Management computer software program that is required for use in the Franchised Business and which must be licensed from Franchisor's designated vendor.

1.1.8 "Products and Services" means the marketing and selling of advertising for TheHomeMag magazine and the production of the magazine for general distribution, and the marketing and selling of advertising for Franchisee's Local Website (as defined in Section 5.2).

1.1.9 "Regional Accounts" are advertisers advertising in TheHomeMag publications of two franchisees.

1.1.10 "Local Accounts" are any advertiser advertising in TheHomeMag of one franchisee.

1.1.11 "Qualified Households" are households that are generated by a proprietary method developed by Franchisor that takes into consideration household income, home values as they relate to the community, postal codes, shopping patterns, age of occupants, courier routes, and other factors.

ARTICLE II
GRANT OF FRANCHISE AND LICENSE

2.1 Subject to the provisions of this Agreement and all documents or other agreements ancillary thereto (the "Agreement"):

2.1.1 Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, the franchise and license to operate a Franchised Business in accordance with Franchisor's specifications and subject to Franchisor's approval from within the non-exclusive territory set forth in Exhibit A annexed hereto ("Non-Exclusive Territory"). The Non-Exclusive Territory is part of a Metropolitan Statistical Area ("MSA"). Franchisor will determine within the MSA a zone ("Protected Zone") which is defined as an area that contains a minimum of one hundred thousand (100,000) and a maximum of one hundred fifty thousand (150,000) Qualified Households for the Standard Market which, in its discretion, Franchisor will determine to be suitable for mailing TheHomeMag and meet the then current standards of targeted customers. The Protected Zone for the Hometown Market will contain a minimum of fifty thousand (50,000) and a maximum of ninety thousand (90,000) Qualified Households. The Protected Zone for the Double Market will contain a minimum of two hundred thousand (200,000) Qualified Households. This Protected Zone may change periodically as the demographics change. If the Protected Zone for the Standard Market should change, creating additional Protected Zones, Franchisor will use all reasonable efforts to protect all Franchisees or potential Franchisees that may be affected by this change. Franchisor does not currently expect the Protected Zone for the Hometown Market will change.

2.1.2 Franchisor has sole discretion in determining the composition and area of a Protected Zone within all non-exclusive territories.

2.1.3 Franchisee agrees to use the Proprietary Properties solely for the Franchised Business and for no other purpose solely within the Non-Exclusive Territory.

ARTICLE III
FRANCHISEE RESTRICTIONS AND FRANCHISOR'S RESERVED RIGHTS

3.1 **Franchisee's Restrictions**. Franchisee's activities are limited to offering and selling those services permitted under the System from within the Protected Market. Franchisee has been granted no right of ownership in and/or to any part or all of the Proprietary Properties.

3.2 **Rights Reserved to Franchisor**. Franchisor reserves the right: (i) of ownership in, and control over the Proprietary Properties; (ii) to grant additional franchises, whether similar or dissimilar to the franchise granted hereby, anywhere it deems reasonably appropriate; (iii) to engage fully and freely and without limitation in each and every aspect of the business of selling related services, products and equipment; (iv) to offer to the public-at-large, separately, jointly or with others, all related services and/or products of every type and kind; and (iv) to employ and exploit the Proprietary Marks, Copyrights, Know How, Software and Proprietary Products, in connection therewith.

Franchisor reserves the right:

(a) to establish and operate, and grant rights to other franchise owners to establish and operate, Franchised Businesses or similar businesses at locations outside the Protected Market, and on any terms and conditions Franchisor deems appropriate;

(b) to offer any Services or Products and related products identical or similar to, or dissimilar from, those Franchisee's TheHomeMag Business sells, whether identified by the Proprietary Marks or other trademarks or service marks through any distribution channels Franchisor thinks best (including the Internet);

(c) to offer any Services or Products and related products through any distribution channels Franchisor thinks best (including, but not limited to, the Internet), outside of the Protected Market;

(d) to purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to the Franchised Business (and/or franchise, license, and/or similar agreements for such businesses), some or all of which might be located anywhere;

(e) to be acquired (regardless of the form of transaction) by a business identical or similar to "TheHomeMag", even if the other business operates, franchises and/or licenses competitive businesses anywhere;

(f) to engage in any other business activities not expressly prohibited by this Agreement, anywhere; and

(g) to one (1) page in each publication of Franchisee at no cost. Franchisor may use the designated page for whatever purpose that the Franchisor sees fit. At present and for the foreseeable future, Franchisee shall instead pay Franchisor a rate of $5.00 per thousand issues each publication in lieu of Franchisor receiving this page for its use. For example, a magazine with a monthly distribution of 120,000 will remit a payment of $600 ($5 times 120) for this page to Franchisor each month. Franchisee then retains the right for this page to sell and use locally.

ARTICLE IV
TERM AND RENEWAL

4.1 **Term**. The term of this Agreement shall be ten (10) years commencing on the date hereof, unless sooner terminated in accordance with the provisions of this Agreement (the "Initial Term").

4.2 **Renewal Term**. If Franchisee shall have complied with the conditions for renewal set forth in Section 4.3 below, Franchisee shall have the right, but not the obligation, to enter into renewal Franchise Agreement for one (1) or more additional five (5) year terms (the "Renewal Term").

4.3 **Requirements for Renewal**. Franchisee's right to enter into the Renewal Term is contingent upon Franchisee's fulfillment of the following conditions:

4.3.1 Upon Franchisee's exercise of such right and at the commencement of any Renewal Term, Franchisee shall have fully performed all of his/her obligations under the Agreement.

4.3.2 Franchisee, at the commencement of a Renewal Term, shall satisfy: (i) Franchisor's then-current standards applicable to the System; (ii) the requirements of the then-current Franchise Agreement and all other agreements ancillary thereto; (iii) Franchisor's training requirements, including Franchisee's demonstrable ability to perform all services which are part of the System at the time of renewal; (iv) the standards set forth in Franchisor's then-current Confidential Operations Manual (the "Manual"); and (v) Franchisor's requests for disclosure of or access to information requested by Franchisor to evaluate Franchisee's ability to perform.

4.3.3 Franchisee shall not be in default of any provision of this Agreement or any other agreement with Franchisor, its affiliates, subsidiaries, and designees, if any.

4.3.4 Franchisee shall have satisfied all monetary obligations to Franchisor, its affiliates, subsidiaries, and designees, if any, and shall have met such obligations in a timely and responsible manner throughout the Initial Term.

4.3.5 Franchisee shall have executed a general release, in form and substance satisfactory to Franchisor and/or its counsel, of any and all present as well as future claims against Franchisor and its affiliates, subsidiaries, and designees, if any, and their respective officers, directors, shareholders, agents, contractors, and employees, in their corporate and individual capacities, arising out of or related to the Agreement.

4.3.6 Franchisee shall be in compliance with Franchisor's then-current qualification and training requirements as set forth in the Manual or elsewhere.

4.3.7 Franchisee remits a renewal fee of Ten Thousand Dollars ($10,000) to reimburse Franchisor for its administrative and other associated expenses related to the renewal.

4.4 **Renewal Franchise Agreement**. If Franchisee wishes to exercise his/her right to enter into a renewal Franchise Agreement, it shall do so by executing Franchisor's then-current form of Franchise Agreement, which agreement shall supersede this Agreement.

4.4.1 The terms of any renewal Franchise Agreement may differ from the terms of this Agreement. Such differences may include, without limitation, a change in the royalty percentage imposed upon Franchisee for any such Renewal Term.

4.4.2 Franchisee shall exercise his/her right to renew for a Renewal Term in the following manner:

(a) Not less than one hundred eighty (180) days, but no more than two hundred forty (240) days prior to the expiration of the Initial Term, Franchisee shall, by written notice, inform Franchisor of his/her intention to exercise his/her renewal right.

(b) Within thirty (30) days after receipt of Franchisee's request, if Franchisee has complied with all conditions precedent to renewal set forth above, Franchisor shall deliver to Franchisee a copy of its then-current Disclosure Document (including its then-current Franchise Agreement), and promptly upon the receipt of same Franchisee shall, in writing, acknowledge the receipt thereof.

(c) No sooner than fourteen (14) days but no more than twenty (20) days after Franchisee receives Franchisor's then-current Disclosure Document (including Franchisor's then-current Franchise Agreement), Franchisee shall, by written notice, notify Franchisor as to whether or not he/she elects to execute Franchisor's then-current form of Franchise Agreement.

(d) Promptly upon receipt of Franchisee's notice of his/her election to execute Franchisor's then-current Franchise Agreement, Franchisor shall deliver to Franchisee three (3) copies of said Franchise Agreement. Promptly upon receipt thereof Franchisee shall execute three (3) copies of said Franchise Agreement and return the same to Franchisor.

(e) If Franchisee shall fail to perform any of the acts or fail to deliver any of the notices required pursuant to the provisions of subsections (a), (b), (c) or (d) of this Section 4.4.2 in a timely fashion, such failure shall be deemed an election by Franchisee not to renew, and such failure shall cause Franchisee's renewal right to expire without further notice or action by Franchisor.

(f) If Franchisee exercises his/her renewal right in the manner described above, and if on the date the Initial Term expires Franchisee has complied with all of the conditions set forth in Section 4.3 hereof, Franchisor shall execute the renewal Franchise Agreement previously executed by Franchisee and shall, promptly after expiration of the Initial Term, deliver one (1) fully executed copy of the renewal Franchise Agreement to Franchisee.

4.5 **Notice Requirement**. If applicable law requires that Franchisor give notice of expiration to Franchisee prior to the expiration of the Initial Term, this Agreement shall be deemed to remain in effect on a month-to-month basis until Franchisor has given to Franchisee that notice of expiration so required and the applicable period required to pass before the notice becomes effective shall have expired.

ARTICLE V
DUTIES OF FRANCHISOR

5.1 **Confidential Operations Manual and Intranet**.

5.1.1 Franchisor shall, in conjunction with Franchisor's training program and in conformity with the terms and conditions of this Agreement, provide to Franchisee one (1) copy of Franchisor's Confidential Operations Manual (the "Manual"). Use of any part or all of the Manual shall be only as permitted under this Agreement and during the term thereof.

5.1.2 At Franchisor's option, Franchisor may post the Confidential Operations Manual and other communications on a restricted Intranet or other website to which Franchisee will have access. If Franchisee does so, Franchisee must periodically monitor the site for any updates to the Confidential

Operations Manual or other standards, specifications and procedures. Any passwords or other digital identifications necessary to access the Confidential Operations Manual on such a site will be deemed to be part of the Confidential Information. Further, Franchisee agrees that he/she will establish the channels of communication with Franchisor and his/her customers as required by Franchisor from time to time, including email, Internet and other electronic forms of communication, and that he/she will acquire and maintain any computer or other components necessary for the transmission of such communications.

5.2 **Local Website**. Franchisor will establish a website to advertise, market and promote TheHomeMag Businesses, the services they offer and sell, and/or the TheHomeMag Business franchise opportunity. Franchisor will prepare, design, and deliver the approved website ("Local Website") within the website for Franchisee's TheHomeMag Business. Franchisor may implement and periodically modify standards for such Local Website. Franchisee will not use any website for his/her TheHomeMag Business, other than the Local Website designated for Franchisee's TheHomeMag Business which is located within Franchisor's website. Franchisee must agree to the terms and conditions of the Site License Agreement which is attached hereto as Exhibit F. Franchisee may not separately register any domain name or any portion of a domain name containing the Proprietary Marks or participate or market on any website (other than the Local Website) or other form of electronic media (including social technology, social media and social networking platforms) using the Proprietary Marks unless Franchisee first obtains written approval from Franchisor. Franchisee's general conduct on the Internet or other forms of electronic media, including Franchisee's use of the Proprietary Marks or any advertising, is subject to the terms and conditions of this Agreement and any other rules, requirements or policies that Franchisor may identify from time to time. Franchisor reserves the right to discontinue the Local Website at any time in its sole discretion.

5.3 **Additional Materials**. In addition to any other training offered to Franchisee, Franchisor may from time to time furnish to Franchisee other documents and things comprising Copyrights or Know How, including instructions, data, materials, forms or other information developed by Franchisor in connection with the operation of the System. Franchisor shall have the right to incorporate such matters in its Manual and Franchisee shall be required to conduct the operations of the Franchised Business in accordance therewith.

5.4 **Initial Training**. With respect to new franchisees (and not renewal franchisees), within thirty (30) days after the execution of this Agreement, Franchisor will offer and Franchisee will thereafter be required to complete a training program (the "Training Program") of at least two (2) days at Franchisor's headquarters in Cape Coral, Florida, or at such location(s) as Franchisor shall designate and two (2) to three (3) days of onsite training. Such training program will include training regarding operational, management and marketing training pertaining to the System. The Training Program will be offered to Franchisee and Franchisee's initial personnel and salespeople. If the Franchisee is a corporation or a partnership, its duty to complete the Training Program shall be discharged by the completion of such Training Program by any shareholder owning at least fifty (50%) percent of the issued and outstanding shares of said corporation, or the chief executive officer thereof, or, in the case of a partnership, by any holder of at least fifty (50%) percent of the partnership's equity or by any minority partners so appointed in writing by a minimum of fifty (50%) percent of the shareholders.

Additional training will be available to the Franchisee at the Franchisor's option and at a fee established by the Franchisor at the time of such training.

5.4.1 Franchisor will pay no compensation for any services performed by Franchisee in the course of training. Franchisee shall pay all reasonable expenses incurred in connection with and during such training, including, but not limited to, transportation, meals, lodging and other expenses.

5.4.2 Franchisor reserves the right to determine the subject matter and content of its Training Program.

5.4.3 Franchisor shall provide such additional advisory assistance and training as Franchisor deems advisable in the operation of the System, on such terms and conditions as Franchisor determines and sets forth in its Manual or otherwise. Franchisor may, in its sole and exclusive discretion, cause its representatives to telephone or visit Franchisee from time to time for the purpose of rendering advice and consultation with respect to the operation of the Franchised Business, assessing Franchisee's overall performance and determining whether Franchisee is conducting the Franchised Business in compliance with the standards of the System. Franchisee shall comply with all such requests and visitations, and provide all information requested.

5.4.4 Franchisor reserves the right to elect or decline to train any number of individuals representing any number of franchises individually, or at the same time.

5.4.5 In the event of a valid and complete assignment of the Franchised Business by Franchisee to a third party (as provided for hereafter), Franchisor shall train such third party designated by it in the same manner and under the same circumstances as those described above, except that the new franchisee must pay to Franchisor its then-current training fee for each individual required or designated to be trained (in addition to any fees or other requirements attendant to the assignment).

5.4.6. In the event Franchisee hires personnel to sell Products and Services, Franchisor will offer training of such personnel at the current prevailing rates, with Franchisee being responsible for all travel and lodging requirements. Alternately, Franchisee may elect to train these people itself, at the Franchisee's location, or permit sales training via video, if available, using the standards approved by Franchisor as stated in the Operations Manual.

5.4.7. Franchisor reserves the right to develop proprietary training programs, forms, systems and materials and provide them to Franchisee at Franchisee's expense. In the event that these are developed, Franchisee is obligated to purchase and use such programs for personnel training.

5.4.8 If Franchisee requests additional training, Franchisee shall reimburse Franchisor for its costs in providing such training. Franchisor will determine the cost on a per person basis based upon the instructor's fee and the travel, lodging, food and materials costs associated with the training topic.

5.5 **Compliance with Manual**. In order to maintain uniformity of concept and quality, all proprietary materials and forms used by Franchisee shall be purchased from Franchisor or its affiliates in accordance with the terms and procedures set forth in the Manual. The use or sale of unapproved products or services shall constitute a material and incurable breach of this Agreement.

5.5.1 Franchisor shall, at all times during the term of this Agreement, provide information pertaining to sources of supply of any products or materials which may be used in the System.

5.6 **Software**. Franchisor or a third party will license to Franchisee the Software, as may be made available from time to time and made part of the System. In connection therewith, Franchisee shall execute such other license agreements which may be applicable to additional or revised software used in the System. Any and all warranties for such software shall be provided by the third-party vendor and not by the Franchisor.

5.7 **Computer Hardware**. Franchisor shall not specify the particular computer hardware and peripheral equipment specifications which Franchisee must purchase or lease. A standard business PC with Internet connectivity may be purchased from any vendor.

5.8 **Pricing**. Franchisor shall advise Franchisee, from time to time, concerning the maximum prices which Franchisee should charge the customers he/she services for the services provided under the System. Any such advice, if given at all, will be binding on Franchisee, since the purpose of providing such advice is to enhance inter-brand competition and would provide certain economic benefits to Franchisee's customers. Nothing contained herein shall be deemed a representation by Franchisor that if Franchisee follows such advice, he/she will, in fact, generate or optimize profits. Franchisee is obligated to inform Franchisor of all prices charged for services and products sold by Franchisee and to inform Franchisor of any modifications of Franchisee's prices.

5.9 **Force Majeure**. Delays in the performance by Franchisor or its designee of any obligations hereunder which are not the fault of or within the reasonable control of Franchisor including, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, acts of terrorism, or civil disorders, shall not give rise to a default by Franchisor hereunder. Rather, Franchisee shall be required to extend the time of performance of any such obligations for the period of such delay or for such other reasonable period of time as may be appropriate in the circumstances.

5.10 **Intranet**. Franchisor may produce and distribute communications to its franchisees via its Intranet system and all franchisees must have internet service to access this Intranet system.

5.11 **Refresher Training**. To develop and maintain cooperation and friendship with other franchisees, to enhance the ability to operate the TheHomeMag Business properly, to learn the most recent developments in business methods for the TheHomeMag Business and to take instructions from Franchisor on new or revised procedures or requirements, Franchisee may be required to attend an annual refresher training course/annual convention lasting up to four (4) days conducted by Franchisor for franchisees, to be held at a location and time to be determined by Franchisor.

5.11.1 Franchisor will pay the costs of the personnel and their expenses in conducting such refresher training program, and Franchisee shall be responsible for his/her own travel expenses, meals and lodging, including those of his/her Manager(s) and/or other representatives, if any. However, Franchisor shall be under no obligation to conduct such program until, in Franchisor's sole and absolute discretion, it is advisable to do so.

5.11.2 Franchisor shall organize an annual business meeting or convention, for up to four (4) days. Franchisee and/or his/her Manager(s), if any, shall be required to attend this meeting and shall be responsible for his/her own travel expenses, meals and lodging. Franchisor may elect to group refresher training and the annual convention into one program or may elect to hold these as separate events.

5.11.3 Franchisee's Manager(s), if any, must attend and complete, at Franchisee's expense, all the meetings and training sessions described herein, in addition to Franchisee and to the same extent as Franchisee.

5.12 **Franchisee Website**. To assist in the efficient operation of TheHomeMag Business, Franchisor shall provide and Franchisee shall assist Franchisor in the continuous development and maintenance of the following website for use solely within the System:

5.12.1 Franchisee Website. To assist Franchisee in maintaining contact with other franchisees, Franchisor shall publish, from time to time, a website of the names, addresses and telephone numbers of every franchisee in the System.

5.13 **Printing the Magazine**. Franchisor will establish printing and delivery, through Franchisor's authorized print vendor and the United States Postal Service, of Franchisee's TheHomeMag magazine ("Magazine") and delivering the same to the addresses provided by Franchisor's authorized list provider. Franchisee is responsible for the operations, management, and cost of the process.

5.13.1. Franchisor will provide, upon request and for up to the first four (4) issues only, graphic design services for Franchisee, and Franchisee will pay for these services at a rate of Four Thousand Dollars (4,000) per issue or the then current rate. The pricing is subject to change, market dependent, with at least thirty (30) days notice. The franchisee will hire (prior to the fifth (5th) issue of the magazine) and arrange for TheHomeMag Design Certification Training ("Design Training"). Currently, there is no fee for this Design Training and it includes the Design Criteria Manual. The Franchisee may elect to forego Franchisor-provided graphic design services altogether by immediately hiring and arranging for Design Training prior to the initial publication. Franchisee will conform to all Design Standards of TheHomeMag.

Franchisee must adhere to Franchisor's Print Standards and only utilize authorized and qualified printers to print and deliver TheHomeMag magazine every month, which printer much be approved in advance by Franchisor.

Franchisee is prohibited from reselling its Design Services to other TheHomeMag locations, corporate or franchised, or to any similar magazine publisher.

Franchisee continues to be required to supply one (1) page in each publication of Franchisee at no cost to Franchisor as stated in Section 3.2(g) of this Franchise Agreement.

Franchisor retains the right to approve all marketing and public relations materials ("Collateral Materials").

5.13.2. Franchisee will administer all mailing and distribution lists used by Franchisee, selecting these based on a proprietary process, which at Franchisor's sole discretion, is appropriate for Franchisee's business. Franchisee will pay Franchisor's authorized list provider for these mailing lists at Six Dollars ($6.00) per thousand households, with the availability to use each list for a single issue. The pricing for this list and Franchisor's involvement of such is subject to change with at least thirty (30) days notice.

5.14 **Electronic Mail Address**. Franchisor shall create a custom electronic mail ("email") address for Franchisee consistent with the electronic mail addresses it creates for all TheHomeMag franchisees. Franchisor will maintain, store, and update Franchisee's electronic mail information as needed in conjunction with the Franchised Business. Franchisor reserves the right to monitor Franchisee's electronic mail under such address for the purpose of evaluating its use with the Franchised Business. Franchisee agrees to use the email address solely in connection with the Franchised Business and to ensure Franchisor has unlimited access to the electronic mail address and communication and information distributed and disclosed among users of the electronic mail address.

5.15 **Delegation of Performance**. Franchisee agrees that Franchisor has the right to delegate the performance of any portion or all of its obligations under this Agreement to one or more third-party

designees, whether these designees are Franchisor's agents or independent contractors with whom it contracts to perform these obligations.

ARTICLE VI
CONFIDENTIAL OPERATIONS MANUAL

6.1 **Conduct of Franchised Business**. In order to protect the reputation and goodwill of the Franchisor, the System, and Proprietary Properties, and to maintain requisite operating standards under the Proprietary Marks, Franchisee shall conduct his or her Franchised Business in strict accordance with the provisions, standards, and procedures set forth in this Agreement and in the Manual.

6.2 **Confidential Information**. Franchisee shall at all times treat the Manual, any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained therein as confidential Know How, and shall use all efforts to maintain such information as secret and confidential in accordance with the terms and conditions governing Know How and Copyrights, including, without limitation, the following: Franchisee shall not, at any time, without the Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person. The persons who are authorized shall include Franchisee's management personnel who have executed the Employee Non-competition and Non-disclosure Agreement, annexed hereto as Exhibit C.

6.3 **Sole Property of Franchisor**. The Manual shall at all times remain the sole property of the Franchisor, and shall be returned to the Franchisor immediately upon expiration or termination of this Agreement.

6.4 **Revisions**. The Franchisor may, from time to time, revise the contents of the Manual when it reasonably considers such revisions to be necessary to improve or maintain the standards of the System and Franchisee expressly agrees to comply with each new or changed standard, provided, however, that such revisions are made for all franchisees and are reasonable in nature. Any revisions to the contents of the Manual shall be deemed effective seven (7) days after the date of mailing or providing same electronically of such revisions to Franchisee, unless otherwise specified by the Franchisor.

Franchisee acknowledges the contents of the Manual and any revisions or modifications made thereto shall constitute additional provisions of and modifications to this Agreement as if fully set forth herein.

6.5 **Franchisee to Keep Current**. Franchisee shall at all times ensure that his/her copy of the Manual is kept current and up to date, and in the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by the Franchisor at its home office shall be controlling. All changes and revisions shall be dated and numbered by the Franchisor. The Franchisee shall receive one (1) copy of the Manual for operations purposes.

6.6 **Modification of Standards**. Franchisor and Franchisee acknowledge there may be circumstances that require the Franchisee to modify the implementation of the standards and guidelines set forth in the Manual. The Franchisor and Franchisee recognize the Manual is an operational guideline for conducting the Franchisee's business operations and, although the Franchisee shall use his/her best efforts to faithfully follow the standards and guidelines set forth in the Manual, the Franchisor shall be permitted to modify the operational standards and guidelines so that Franchisee's business is best served.

6.7 **Improvements**. To the extent that any improvements, inventions or discoveries are made by Franchisee, or Franchisee's employees or agents, during the course of this Agreement and relating to the Proprietary Properties or System ("improvements"), such improvements shall be deemed assigned to and owned by Franchisor for the purpose of improving the entirety of the franchised network and the provision of services in accordance with the System. All documents and other information concerning any such improvements shall be disclosed to Franchisor promptly after creation or invention. Franchisor shall, in its sole discretion, decide whether such improvements are worthy of inclusion in the System and the best and most practical method of implementation and protection. Franchisee shall execute all documents reasonably necessary to perfect Franchisor's ownership in and to any such improvements and shall cooperate with Franchisor in the creation, implementation, use and protection thereof.

ARTICLE VII
PROPRIETARY MARKS, TRADE NAMES AND COPYRIGHTED MATERIALS

7.1 **License**. The license granted in Section 2.1 hereof does not grant Franchisee any right, title or interest, at law or in equity, in or to any of the Proprietary Properties, including the Proprietary Marks, Copyrights, and Know How, except as provided by said license. Further, such license applies only to those portions of the Proprietary Properties which have been, or may be, designated in writing by Franchisor for use by Franchisee in conjunction with the operation of the Franchised Business. Franchisee shall not represent to others, or conduct himself/herself in any manner that might indicate to others, that he/she possesses any other legal or equitable rights in or to the Proprietary Properties by virtue of the license granted hereunder. Execution of this Agreement by Franchisee shall further set forth Franchisee's consent that the Proprietary Marks, Copyrights and Know How are valid and enforceable (without defense or recourse). Franchisee represents and warrants that he/she will not attack the validity or enforceability of any of the Proprietary Properties, or assist another in any such attack, during the course of this Agreement or thereafter. The terms of this paragraph shall survive termination or expiration of this Agreement for any reason, in addition to any of the other remedies or survival provisions otherwise contained herein.

7.2 **Quality Standards.** Franchisee agrees that the nature and quality of: all services rendered by Franchisee in connection with Franchisor's Proprietary Marks; all goods sold by Franchisee under Franchisor's Proprietary Marks; and all related advertising, promotional and other related use of Franchisee's Proprietary Marks by Franchisee shall conform to standards set by and be under the control of Franchisor. Franchisor has the right to refuse any advertising that does not meet standards. All advertising becomes the property of TheHomeMag and may not be used by advertiser without permission. Franchisee must get signed release from advertisers.

7.3 **Quality Maintenance.** Franchisee agrees to cooperate with Franchisor in facilitating Franchisor's control of the nature and quality of Franchisor's Proprietary Marks, to permit reasonable inspection of Franchisee's operation, and to supply Franchisor with specimen of all uses of Franchisee's Proprietary Marks upon request. Franchisee shall comply with all applicable laws and regulations and obtain all appropriate government approvals pertaining to the sale, distribution and advertising of services and goods which may be covered by this agreement.

7.4 **No Act in Derogation**. Franchisee shall not do or permit any act in derogation of any of the rights of Franchisor to its Proprietary Properties.

7.5 **No Dispute**. Franchisee shall not contest or dispute Franchisor's title to any part or all of the Proprietary Properties.

7.6 **Use of Proprietary Properties**. Franchisee shall use the Proprietary Properties solely in accordance with this Agreement and the Manual.

7.6.1 Franchisee agrees to use Franchisor's Proprietary Marks only in the form and manner and with appropriate legends as prescribed from time to time by Franchisor, and not to use any other service marks or trademark in combination with any of Franchisor's Proprietary Marks without prior written approval of Franchisor.

7.7 **Identification of Franchisee**. Franchisee shall not use the Proprietary Properties, or any words, phrases, symbols, trade dress, colors, logos or materials which Franchisor deems confusingly similar thereto, in his/her trade name (or for any other purpose) without Franchisor's prior written approval. In that connection, Franchisee shall identify himself/herself to the public as doing business as TheHomeMag as designated in the opening paragraph of this Agreement.

7.7.1 During the term of this Agreement and any renewal or extension hereof, Franchisee shall identify himself/herself as the owner of the Franchised Business in conjunction with any use of the Proprietary Marks, including, but not limited to, on invoices, order forms, receipts, business stationery, contracts with all third parties or entities, as well as the display of such notices in such content and form and at such conspicuous locations as Franchisor may designate in writing

7.8 **Discontinuance of Use**. In addition to all post-termination provisions contained in this Agreement, Franchisee agrees that after the expiration or termination of this Agreement, Franchisee shall discontinue the use of the cellular telephone number(s) of the Franchised Business. All cellular telephone numbers used to conduct business on behalf of Franchisee must be purchased by the Franchisee location of TheHomeMag, and shall remain the property of the Franchise as long as they are in use. Franchisee shall not advertise in any telephone directory under the name TheHomeMag or any other name, phrase or logo used by the System, discontinue use of any or all of the Proprietary Properties, and not use any words, phrases, logos, designs, colors, trade dress or the like that in any manner may cause customer confusion, or resemble, be confusingly similar to, or be a colorable imitation of the Proprietary Properties.

7.9 **Franchisor to Defend**. If Franchisee receives notice of or learns of any actual or potential claim, suit or demand that has been or may be asserted against him/her or Franchisor involving any alleged infringement, unfair competition, or similar matter relating to the use of the Proprietary Properties, Franchisee shall promptly notify Franchisor of any such actual or potential claim, suit or demand. Thereupon, Franchisor shall promptly take such action as it may deem necessary in its sole discretion to address any such claim. Franchisor shall have the sole right to defend compromise or settle any such claim, using attorneys of its own choosing, and Franchisee agrees to cooperate fully with Franchisor in connection with the defense of any such claim. Franchisor shall protect, defend and indemnify Franchisee in connection with such claim unless the claim, suit or demand arises out of or relates to Franchisee's use of the Proprietary Properties in violation of this Agreement, the Manual or otherwise.

7.10 **Notification of Infringement**. If Franchisee learns of any unauthorized use of the Proprietary Properties, Franchisee shall promptly notify Franchisor of the facts relating to such alleged infringing use. Franchisor shall, in its discretion, determine whether or not to take any action with respect to such information. Franchisee shall have no right to take any action with respect to any unauthorized use of the Proprietary Properties without the prior written consent of Franchisor.

7.10.1 Franchisee agrees to notify Franchisor of any unauthorized use of Franchisor's Proprietary Marks by others promptly as it comes to Franchisee's attention. Franchisor shall have the sole right and discretion to bring infringement or unfair competition proceedings involving Franchisor's Proprietary Marks.

7.11 **Limited License**. Franchisee understands and agrees that the limited license to use the Proprietary Properties granted hereby applies only to such properties as are designated by Franchisor, together with those which may hereafter be designated by Franchisor in writing. Franchisee expressly understands and agrees that he/she is bound not to represent in any manner that he/she has acquired any ownership or equitable rights in any of the Proprietary Properties by virtue of the limited license granted hereunder, or by virtue of Franchisee's use or creation of any of the Proprietary Properties, or upon any other basis.

7.11.1 If it becomes advisable at any time, in the discretion of Franchisor, to modify or discontinue use of any aspect of the Proprietary Properties and/or to adopt or use one or more additional or substitute items, then Franchisee shall be obligated to comply with any such instruction by Franchisor. The sole obligation of Franchisor in such event shall be to reimburse Franchisee for his/her documented, verified and reasonable expenses of compliance, such as changing signs, stationery, etc. Franchisee waives any other claim arising from or relating to any change, modification or substitution to the Proprietary Properties. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any such addition, modification, substitution or discontinuation, except as provided herein. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

ARTICLE VIII
PAYMENTS TO FRANCHISOR

8.1 **Initial Franchise Fee**. Upon execution of this Agreement and to initiate the franchise rights conveyed hereunder, Franchisee shall pay to Franchisor an Initial Franchise Fee of _____ Dollars ($_____) to acquire a Protected Franchise Market. The Initial Franchise Fee is not refundable in whole or in part and is deemed fully earned upon execution of this Agreement.

If Franchisee is a U.S. military veteran and qualifies under the International Franchise Association's VetFran Discount Program, Franchisor will discount fifteen percent (15%) off the Initial Franchise Fee.

8.2 **Continuing Royalty Fee**. In addition to the Initial Franchise Fee, Franchisee shall pay Franchisor a monthly continuing royalty fee ("Continuing Royalty Fee") equal to the sum of (a) six and one-half percent (6.5%) of the net revenues generated, billed but not collected, earned, derived and/or received by the Franchised Business for the prior month, other than the net revenues from Franchisee's Local Website, plus (b) fifteen percent (15%) of the net revenues generated, billed but not collected, earned, derived and/or received by the Franchised Business for the prior month from Franchisee's Local Website. The Continuing Royalty Fee is payable by the tenth (10th) day of each month for the previous month.

8.2.1 As used in this Agreement, the term "net revenues" shall mean and include the actual gross revenues billed to customers of Franchisee in connection with the Products and Services sold and performed for such customers, whether for cash or credit or barter, plus any other revenues derived from the operation of TheHomeMag Business by Franchisee, but excluding federal, state or municipal sales, use, service or excise taxes collected from customers and paid to the appropriate taxing authorities, and customer refunds and any funds which Franchisee must transfer to another franchisee for intra-Branch sales, if applicable. Any funds to be collected from another franchisee for space sold in Franchisee's business becomes net revenue, whether yet collected or due.

8.3 **Commencement of the Business**. Franchisee's obligations to pay the Continuing Royalty Fee accrues on the day that Franchisee commences operation of the Franchised Business. "Commencement

of the Business" is defined as the first day on which the Franchised Business receives revenues, offers services, or conducts any of the activities contemplated by this Agreement.

8.4 **Right of Set Off**. Franchisee agrees to pay promptly, when due, all taxes and assessments that may be assessed or otherwise due against Franchisee's income, premises, equipment and/or supplies used in connection with Franchisee's business, to discharge all liens and encumbrances of every kind and character created or placed upon or against any of said property and to pay all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of said business. In the event Franchisee should default in making any such payment, Franchisor shall be authorized, but not required, to pay the same on Franchisee's behalf, and Franchisee covenants promptly to reimburse Franchisor for any such payment. Franchisor shall also maintain the right of set off to permit deductions of any such amounts from payments that may be due Franchisee hereunder. Any such amounts advanced by Franchisor shall be due and payable immediately on Franchisee's receipt of written demand from Franchisor.

8.5 **Default**. Any default by Franchisee in the timely payment of any indebtedness of Franchisee owing to Franchisor, or to any affiliate of Franchisor, or the default by Franchisee in the payment of any indebtedness of Franchisee with respect to which Franchisor or any of the affiliates of Franchisor is a guarantor, co-signer, endorser or obligor, shall constitute a breach of this Franchise Agreement, rendering the same subject to termination in accordance with the provisions of Article XVII hereof.

8.6 **Application of Funds**. Franchisee waives any and all existing and future claims and set offs against any amounts due Franchisor hereunder, which amounts shall be paid when due regardless of any other claims which Franchisee may have against Franchisor. However, Franchisor shall be entitled to apply or cause to be applied against amounts due to it any amounts which may from time to time be held by Franchisor on Franchisee's behalf or be owed to Franchisee by Franchisor. Notwithstanding any designation by Franchisee, Franchisor shall use sound business judgment and be reasonable in applying any payments received from Franchisee, whether designated as payable to Franchisor, the National Advertising Fund or otherwise, to any past due or other indebtedness of Franchisee for fees, advertising contributions, purchases, interest or otherwise. Franchisor may set off from any amounts that may be owed to Franchisee with any amount that Franchisee owes to Franchisor or with respect to any payment. In particular, Franchisor may retain any amounts it has received for Franchisee's account (whether rebates or other funds and whether paid by or due from suppliers or otherwise) as a credit and payment against any amounts that Franchisee owes or will owe to Franchisor or with respect to any advertising contribution. Franchisor may do so without notice at any time. However, Franchisee does not have the right to offset or withhold payments owed to Franchisor for amounts purportedly due Franchisee from Franchisor. Franchisor may condition Franchisee's participation in any program (including, but not limited to, any program involving payments from third party suppliers or otherwise) as Franchisor determines in its reasonable discretion, including, but not limited to, Franchisee being a TheHomeMag franchisee in good standing and not in default under this or any other agreement with Franchisor. Franchisee agrees that he/she will not withhold any amounts otherwise due Franchisor as a result of any dispute of any nature, but will pay such amounts to Franchisor and only thereafter seek reimbursement.

8.7 **Interest on Late Payments**. All royalty and service fees, advertising contributions, lease payments, amounts due for purchases by Franchisee from the Franchisor, and other amounts which Franchisee owes to the Franchisor shall bear interest after due date at the highest applicable legal rate for open account business credit in the state of Franchisee's domicile, not to exceed one and one-half percent (1.5%) per month.

8.8 **Application of Payments**. Notwithstanding any designation by Franchisee, the Franchisor shall have sole discretion to apply any payments by Franchisee to any of his past due indebtedness for royalty and service fees, advertising contributions, purchases from the Franchisor or its affiliates, interest

or any other indebtedness. Franchisee acknowledges that this Section 8.9 shall not constitute the Franchisor's agreement to accept such payments after same are due or a commitment by the Franchisor to extend credit to, or otherwise finance Franchisee's TheHomeMag Business. Further, Franchisee acknowledges that his failure to pay all amounts when due shall constitute grounds for termination of this Agreement.

8.9 **Method of Payment**. Franchisor requires Franchisee to remit monthly Continuing Royalty Fees and other amounts due to the Franchisor hereunder (including, without limitation, any outstanding portion of the Initial Franchise Fee) via electronic funds transfer or other means to a bank or financial institution designated by the Franchisor and Franchisee hereby grants the Franchisor authorization for direct (automatic) debiting of Franchisee's bank or financial institution general operating account. Franchisee agrees to supply any and all information necessary to provide for automatic electronic funds transfer and payment of such amounts due to the Franchisor and to comply with procedures specified by the Franchisor on its Confidential Operations Site and in writing from time to time, and/or perform such acts and deliver and execute such documents, agreements and authorizations as may be necessary to assist in or accomplish payment by such method.

8.10 **Digital Media Fee**. Franchisee shall pay to Franchisor a Digital Media Fee of One Hundred Ninety-Five Dollars ($195) per month for the entire term of this Agreement for Franchisor to provide the Local Website, digital marketing services (such as search engine optimization and search engine marketing) and conversion of your digital magazine. The Digital Media Fee is payable by the tenth (10th) day of each month for the previous month.

ARTICLE IX
OBLIGATIONS OF FRANCHISEE

9.1 **Obligations of Franchisee**. Each component of the System is vital to Franchisor, to the network of other franchisees of the System and to the operation of the Franchised Business, as well as to the members of the purchasing public who have come to rely upon Franchisor and its network for reliability and promptness. Compliance with each such component is of the essence to this Agreement. Hence, Franchisee undertakes to conduct the Franchised Business at all times in full compliance with the System and each of its components.

9.1.1 Franchisee shall operate the Franchised Business in an efficient and professional manner in accordance with the highest ethical and moral standards. Franchisee shall, as well, comply with all recommendations and standards of quality and service prescribed from time to time by Franchisor in the Manual or otherwise.

9.1.2 **Franchisee shall be permitted to operate from his/her home.** It being the intent of the Franchisor to have Franchisee conduct his/her business from an office environment, however operating from a home office is acceptable. In the event a mutually agreeable site for the Franchised Business has not been located within sixty (60) days after execution of this Agreement by Franchisor, Franchisor shall have the right to terminate this Agreement and keep the Initial Franchise Fee.

9.2 **Development of Business**. After execution of this Agreement and payment of the Initial Franchise Fee, Franchisee must equip the Franchised Business, complete his/her training (as required by Section 5.4 of this Agreement), and commence operation of the Franchised Business no later than thirty (30) days after the completion of training. Franchisee must publish his/her first magazine within sixteen (16) weeks of commencement of operations. Each magazine must have a minimum of twenty (20) pages of advertising during the six (6) months and must attain a minimum size of thirty-two (32) pages by publication

twelve (12). Thereafter Franchisor will set minimum page sizes for franchise on an annual basis, which at Franchisor's sole discretion, are reasonable and attainable for Franchisee's market.

9.2.1 Franchisee shall be excused from the timely performance of his/her obligations under this Section if the cause of delay is beyond the reasonable control of Franchisee. Such cause would include, by way of illustration, strikes, fires and acts of God or other causes which Franchisee could not, by the exercise of due diligence, have reasonably avoided.

9.3 **Compliance with Laws and Good Business Practices**. Franchisee shall secure and maintain in force in its name all required licenses, permits and certificates relating to the operation of his/her TheHomeMag Business. Franchisee shall operate his/her Franchise in full compliance with all applicable laws, ordinances and regulations, including without limitation all government regulations relating to environmental protection, occupational hazards and health, worker's compensation insurance, unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales taxes. Franchisee shall, in all dealings with his/her customers, suppliers, the Franchisor and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees to refrain from any business or advertising practice which may be injurious to the business of the Franchisor and the goodwill associated with the Marks and other TheHomeMag Businesses.

9.4 **Franchisee to Supervise**. Franchisee is required personally and directly to operate and exercise daily supervision over the operation of the Franchised Business, unless otherwise permitted in writing by Franchisor.

9.4.1 If Franchisee is a corporation, any shareholder owning at least fifty percent (50%) of the issued and outstanding shares of said corporation, or the chief executive thereof, shall fulfill the requirement set forth in Section 9.4 above. If Franchisee is a partnership, any partner owning at least fifty percent (50%) of the equity of the partnership shall fulfill this requirement.

9.5 **Acknowledgments**. Franchisee acknowledges that he/she is one of a number of franchisees, each of whose success depends in substantial part on the integrity, reputation and marketing efforts of each other franchisee. Franchisee further acknowledges that the value of the Proprietary Marks and of membership in TheHomeMag System to Franchisee, to Franchisor and to each other franchisee depends on the maintenance of uniform standards of quality, integrity and appearance. Franchisee further acknowledges that any action which impairs the reputation and goodwill of the Proprietary Marks, impairs or adversely affects the objectives of the Franchisor or brings the Franchisor into disrepute, or departs from the uniform practices specified by Franchisor, will be likely to injure all members of the System.

9.6 **Franchisor's Directives**. Franchisee agrees that he/she will at all times adopt and follow all the Franchisor's directives concerning the appearance of Franchisee's Premises, the quality and appearance of goods and services offered, the appearance of Franchisee and his/her staff, other business practices and other matters likely to affect the public perception of TheHomeMag System as a unified and reliable network of companies. Franchisee will offer all of, and only, the goods and services which Franchisor authorizes.

9.7 **Variances**. Complete and detailed uniformity under many varying conditions may not be possible or practicable, and Franchisor therefore reserves the right and privilege, at the sole and absolute discretion of Franchisor and as Franchisor may deem in the best interest of all concerned in any specific instance, to vary standards to accommodate special needs of Franchisee, or those of any other franchisee, based upon the peculiarities of a particular site or location, density of population, business potential, population of trade area, existing business practices, requirements of local law or local custom, or any other condition which Franchisor deems to be of importance to the successful operation of such franchisee's

business. Further, Franchisor may from time to time allow certain franchisees to depart from normal System standards and routines in certain respects in order to experiment with or test new products or services, equipment, designs, procedures and the like. In no event shall such variance, or such testing, be deemed a waiver of any of Franchisor's rights, or an excuse from performance of any of Franchisee's duties hereunder. Franchisor may at any time require Franchisee to commence full compliance with all of Franchisor's standards and procedures. Franchisor shall not under any circumstances be required to grant any variance to Franchisee. Nothing contained in this Article is intended to confer on Franchisee any right to compel Franchisor to grant a variance to Franchisee or to grant, withdraw or modify any variance given to any other franchisee. Such matters shall at all times remain within the sole and absolute discretion of Franchisor.

9.8 **Customer Referrals**. Franchisee acknowledges that it is in his/her best interest to refer prospective customers to Franchisor, because of distance or excessive work, or for other reasons, when Franchisee cannot promptly, properly and profitably serve such customers himself/herself.

9.9 **Former Franchisees**. Franchisee acknowledges that former franchisees (those whose franchise agreements have expired or have been terminated) are in a position to compete unfairly with the Franchisee and/or other members of the System, and to cause great injury to the reputation of the System and/or the Proprietary Marks. Franchisee therefore agrees as follows:

9.9.1 Franchisee will not sell, loan, give or otherwise transfer or deliver to any former franchisee, or allow any former franchisee to copy or otherwise obtain, any confidential business information about the System; any advertising or promotional materials produced by the National Fund or by Franchisor or which bear any of the Proprietary Marks; any other materials or publications of Franchisor, including, without limitation, the Manual; any directory or roster of franchisees or Approved Suppliers, any other customer lists or mailing lists pertaining in any way to the System; or any other information about TheHomeMag business or the System which is not available to the public.

9.9.2 Franchisee will not refer prospective customers to any former franchisee.

9.9.3 Franchisee will not notify or advise any former franchisee of, or in any other way assist any former franchisee in learning about, the date, time and place of any meetings of franchisees.

9.9.4 If Franchisee observes any former franchisee using any of the Proprietary Marks in any way, or utilizing business premises from which the Proprietary Marks and/or distinctive color scheme have not been completely obliterated, Franchisee shall immediately report such observation to Franchisor, along with all details available to Franchisee.

9.9.5 Franchisee shall in general have no dealings with a former franchisee which Franchisee, under this Agreement, could not have with a person who has never been a TheHomeMag franchisee.

9.9.6 The provisions of Section 9.9 of this Agreement shall apply to Franchisee as soon as Franchisee is on notice of the expiration or termination of another franchise agreement. Franchisee shall be deemed to be on such notice when:

(i) Franchisee receives a new Franchisee Website in which such franchise does not appear; or

(ii) Franchisee receives written notice from Franchisor that one (1) or more particular franchise agreements have expired or have been terminated.

9.10 **Authorized Products and Services**. The reputation and goodwill of the Franchisor is based upon, and can be maintained and enhanced only by the use of high quality Products and Services and other related products and services. Franchisee agrees, therefore, that he/she will only offer such Products and Services and other products and services that the Franchisor shall authorize for TheHomeMag Business, including but not limited to any newly developed proprietary products or equipment by the Franchisor. Franchisee further agrees that he/she will not sell his/her TheHomeMag customer list(s) or customer contracts, or otherwise use his/her TheHomeMag customer list(s) in whole or in part, for any purpose other than in connection with the operation of his/her TheHomeMag Business. Franchisee agrees that he/she will not, without the prior written approval by the Franchisor, offer or sell any type of service or offer, sell or use any product that is not authorized by Franchisor for TheHomeMag Business. Franchisee further agrees that any equipment used in TheHomeMag Businesses shall not be used for any purpose other than the operation of his/her TheHomeMag Business in compliance with this Agreement.

9.11 **Approved Products and Supplies**. Franchisee agrees that all products and supplies used in his/her TheHomeMag Business shall comply with the Franchisor's specifications and quality standards. The Franchisor shall provide Franchisee with a list of approved products and supplies and shall from time to time issue revisions thereto. If Franchisee wishes to use any type or brand of product or supply item or wishes to purchase products or supplies from a supplier that is not currently approved by the Franchisor, Franchisee shall notify the Franchisor of his/her desire to do so and submit to the Franchisor specifications, photographs, samples and/or other information requested by the Franchisor. The Franchisor shall, within a reasonable time, determine whether such products, supplies or such supplier meets its specifications and standards and notify Franchisee whether he/she is authorized to use such product or supply item or purchase from such supplier.

9.12 **Employees**. Franchisee is required to comply with the policies and procedures for the selection of employees and independent contractors as set forth in the Manual.

9.13 **Employee Training**. Franchisee shall offer such continuing training programs to his/her personnel as are specified in the Manual.

9.14 **Advertising**. Franchisee shall comply with all of the obligations regarding advertising as are set forth in Article XI of this Agreement. In addition, Franchisee shall be required to collect all advertising dollars from his/her advertisers prior to the publication of TheHomeMag magazine and prior to including advertiser information on the Local Website.

9.15 **Hours of Operation**. The Franchisee shall operate his/her Franchised Business during those hours prescribed in the Manual.

9.16 **Inspection**. Franchisor or any of its authorized agents or representatives may, upon reasonable notice, inspect the Franchised Business during normal business hours to determine whether it is in compliance with this Agreement and with the System.

9.16.1 Further, Franchisee understands and consents to Franchisor's ability to access all files, data, accounts, reports and the like resulting from Franchisee's transmission of any required reports to Franchisor via computer.

9.17 **Reports**. Franchisee shall submit to Franchisor such reports regarding the Franchised Business as Franchisor prescribes in the Manuals.

9.18 **Good Faith**. Franchisee shall act in good faith and use his/her best efforts to comply with his/her obligations under this Agreement, and shall cooperate with Franchisor in accomplishing the purposes of this Agreement. Further, Franchisee shall not directly or indirectly engage in any activities which would be detrimental to or interfere with the operation or reputation of the Franchised Business, the Franchisor, the System, or the operations of any other franchisee.

9.19 **Ethics**. Franchisee agrees to conduct his/her business in a manner that complies with the terms and intent of this Agreement; with national, state and local laws, regulations and ordinances; and with the Franchisor's Code of Ethics (if and when adopted and published by Franchisor). Franchisee hereby authorizes any federal, local or state body regulating or supervising the Franchised Business to release to Franchisor information related to complaints and to any disciplinary actions taken based upon Franchisee's practices. Franchisee agrees to notify Franchisor within five (5) business days of any such complaints or disciplinary actions. Franchisee also agrees to maintain all permits, certificates and licenses (necessary for his/her franchise operation) in good standing and in accordance with applicable laws and regulations.

9.20 **Guaranty**. Upon execution of this Agreement, the majority owners of Franchisee (if a corporate entity), the General or Managing Partner (if a limited partnership) or the individual partners (if a standard partnership) shall each execute the Guaranty in the form annexed hereto as Exhibit F of all obligations hereunder, including those of payment of money.

9.21 **Warranties**. Franchisee must offer warranty terms on all sales made by the Franchisee in conformity with this Section, and as may be more specifically provided in the Operations Manual. Franchisee may establish reasonable limitations intended to prevent serious abuse of this warranty policy, provided those limitations comply with such restrictions as Franchisor may include in the Operations Manual, or elsewhere.

9.22 **Processing and Delivery of Magazine to Printer**. Franchisee acknowledges and understands the importance to the Franchised Business and businesses operations of other TheHomeMag franchisees, of providing to the public the finished Magazine bearing the Marks which are of a consistently high quality, and that Franchisor reserves the right to reject production of any advertisements that Franchisor determines are in poor taste or otherwise not reasonably acceptable.

9.23 **Equipment**. Franchisee shall at all times maintain the computer hardware, sufficient for the efficient conduct of the Franchised Business as specified by Franchisor, and which can successfully run the Software. In connection therewith, Franchisee shall use only those brands, types and/or models of equipment and supplies that Franchisor has approved or designated and, to the extent Franchisor so designates, the equipment and supplies shall only be purchased from approved suppliers, which may include or be limited only to Franchisor. If Franchisee desires to purchase equipment or supplies of a brand, type and/or model that has not been approved by Franchisor, Franchisee shall so notify Franchisor and submit samples of such equipment or supplies to Franchisor so that Franchisor may determine whether such items comply with the applicable standards and specifications established by Franchisor from time to time, or whether Franchisor can support such equipment. Franchisor shall have no obligation to approve purchases of any equipment or supplies unless such brand, types and/or model conforms to Franchisor's standards and specifications, and Franchisee shall not make purchases of any such brand, types and/or model until Franchisor's approval has been obtained. For equipment and supplies purchased by Franchisee from Franchisor, Franchisor agrees to sell them at the same price as it sells them to other franchisees similarly situated. Franchisor has the right to demand payment in full for such equipment and supplies at the time Franchisee places an order and before the equipment and supplies are loaded for shipment. Franchisor reserves the right to earn a reasonable profit from the sale to Franchisee of such equipment and supplies. Franchisee's exclusive remedy and Franchisor's exclusive liability for any and all claims as to any equipment and supplies delivered under this Agreement or for a delayed delivery or non-delivery of any

such equipment and supplies, will be limited to the purchase price of the equipment and supplies with respect to which the claim is made or, at Franchisor's option, it may replace the equipment and supplies. Neither party will be liable for special, incidental, indirect or consequential damages, whether or not caused by or resulting from that party's negligence. Franchisor warrants that any equipment and supplies purchased by Franchisee meets Franchisor's specifications for such equipment and supplies. Franchisor neither makes nor intends, nor does it authorize any agent or representative to make, any other express or implied warranties with respect to equipment and supplies delivered under this Agreement. FRANCHISOR EXPRESSLY EXCLUDES AND DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO EQUIPMENT AND SUPPLIES DELIVERED BY IT UNDER THIS AGREEMENT. In connection with one or more items of equipment, Franchisor has licensed to Franchisee certain proprietary computer software and Franchisee shall execute the annexed license agreement for such software and to fully and completely comply with all applicable licensing terms.

9.24 **Patriot Act Compliance**. Franchisee hereby represents, warrants, and certifies to Franchisor that neither Franchisee nor any of its directors, officers, shareholders, partners, members, employees, or agents, nor any of its affiliates or their directors, officers, shareholders, partners, members, employees, or agents, nor any other direct or indirect interest holders of any of the preceding: (i) are or have been listed on any Government Lists (as defined below); (ii) are or have been determined by competent authority to be subject to the prohibitions contained in Presidential Executive Order No. 13224 (Sept. 23, 2001), or any other similar prohibitions contained in the rules and regulations of OFAC (as defined below) or in any enabling legislation or other Presidential Executive Orders in respect thereof; (iii) have been indicted for or convicted of any felony involving a crime or crimes of moral turpitude or for any offenses under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "USA Patriot Act"); (iv) are or have been under investigation by any Governmental Authority (as defined below) for alleged criminal activity; or (v) have or have had a reputation in the community for criminal or unethical behavior. As used in this Section 9.24, the following definitions apply:

(a) "Government Lists" means any of the following lists: (i) the "Specially Designated Nationals and Blocked Persons List" maintained by OFAC; (ii) any other list of terrorists, terrorist organizations, or narcotics traffickers maintained pursuant to any of the Rules and Regulations of OFAC; or (iii) any similar list maintained by the United States Department of State, the United States Department of Commerce, or any other Governmental Authority, or pursuant to any Executive Order of the President of the United States of America.

(b) "OFAC" means the Office of Foreign Assets Control, United States Department of the Treasury, or any other office, agency, or department that succeeds to the duties of OFAC.

(c) "Governmental Authority" means all federal, state, national, territorial, county, local, foreign, or other governmental or regulatory agencies, authorities (including self-regulatory authorities), instrumentalities, commissions, boards, and bodies.

9.25 **Electronic Mail Address**. Franchisee acknowledges and agrees that it will utilize the electronic mail address that Franchisor will create and provide for Franchisee for the operation of its Franchised Business. Franchisee further acknowledges and agrees that such electronic mail address will be the main address Franchisor utilizes for electronic mail correspondence with Franchisee, and that Franchisor reserves the right, if certain circumstances require, to access and review these electronic mail addresses and communications and information distributed and disclosed among users of such electronic mail address.

ARTICLE X
INSURANCE

10.1 Prior to opening the Franchised Business for business, Franchisee must obtain the following insurance coverage under policies of insurance issued by carriers having an A.M. Best rating of "A" or better: (1) comprehensive general liability insurance and comprehensive product liability insurance against claims for bodily and personal injury, death, and property damage caused by or occurring in conjunction with the operation of the Franchised Business or Franchisee's conduct of business pursuant to this Agreement under one (1) or more policies of insurance containing minimum business liability coverage, including employment practices liability coverage of One Million Dollars ($1,000,000) per occurrence; (2) general casualty insurance including fire and extended coverage, vandalism, theft, burglary and malicious mischief insurance for the replacement value of the Franchised Business and its contents of between Two Hundred Fifty Thousand Dollars ($250,000)/Five Hundred Thousand Dollars ($500,000) minimum limits; (3) Workers' Compensation or other employer's liability insurance as well as such other insurance as may be required by statute or rule in the state in which the Franchised Business is located; (4) business interruption insurance for at least a three (3) month period with coverage adequate to coincide with the value of the Franchised Business Premises and its contents; and (5) an Umbrella policy with limits of Two Million Dollars ($2,000,000). Franchisee must provide Franchisor with a copy of its active policies and maintain all required policies in force during the entire term of this Agreement and any renewals thereof. Franchisor may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. Each insurance policy must name Franchisor (and, if Franchisor so requests, the directors, employees or shareholders of Franchisor) as additional insureds and must provide Franchisor with thirty (30) days' advance written notice of any material modification, cancellation, or expiration of the policy. The errors and omissions insurance with bodily injury coverage must be maintained in force after termination or expiration of this Agreement for as long as necessary to provide coverage for claims and liability arising from all services performed by Franchisee prior to the termination or expiration, but for not less than three (3) years after termination or expiration.

Before the expiration of the term of each insurance policy, Franchisee must furnish Franchisor with a Certificate of Insurance for each policy to be maintained for the upcoming term, along with evidence of the payment of the premium for each. If Franchisee does not maintain the required insurance coverage, or does not furnish Franchisor with satisfactory evidence of the required insurance coverage and the payment of the premiums for same, Franchisor may obtain, at its option and in addition to its other rights and remedies under this Agreement, any required insurance coverage on Franchisee's behalf. If Franchisor does that, Franchisee agrees to fully cooperate with Franchisor in its effort to obtain the insurance policies, promptly execute all forms or instruments required to obtain or maintain the insurance, allow any inspections of the Franchised Business which are required to obtain or maintain the insurance and pay to Franchisor, on demand, any costs and premiums Franchisor incurs.

10.2 Franchisee's obligation to maintain insurance coverage, as described in this Agreement, will not be reduced in any manner by reason of any separate insurance Franchisor maintains on its own behalf, nor will Franchisor's maintenance of that insurance relieve Franchisee of any obligations under this Article X.

10.3 If Franchisee fails or refuses to purchase or maintain the prescribed insurance coverage, or to comply with any other requirement set forth in this Article X, Franchisor shall have the right, without waiver of any other remedies, to secure such insurance on Franchisee's behalf, at Franchisee's expense, through agents and insurance companies of Franchisor's choosing, and to take all other action necessary to

protect its interests hereunder, or in the alternative, Franchisor shall have the right to terminate this Franchise Agreement.

ARTICLE XI
ADVERTISING

11.1 **Approval by Franchisor**. Franchisee shall use for his/her advertising and promotional activities only those materials, concepts and programs which have been furnished or provided in advance by Franchisor by specification in the Manual or otherwise.

11.2 **Local Advertising**. Subject to the prior written approval of the Franchisor, the Franchisee may, at the Franchisee's expense, conduct additional advertising in the Franchisee's local area, and the Franchisor may, from time to time, offer the Franchisee approved local marketing plans and materials including, without limitation, newspaper slicks, radio commercial tapes, television commercial prints or tapes, sales aids and other promotional and marketing materials, on the same terms and conditions as the Franchisor is then offering to its other TheHomeMag Franchisees. Prior to their use by the Franchisee, samples of all local marketing materials not prepared or previously approved by the Franchisor are to be submitted to the Franchisor for written approval, which approval shall not be unreasonably withheld.

11.3 **Opening Advertising**. In lieu of Grand Opening Advertising, Franchisee is requested and urged to participate in the development and design of launch materials prepared by Franchisor and printed at no cost by Franchisor's Print Partner. Additionally, Franchisee shall be afforded multiple free copies of active market magazines to use during its initial sales cycle.

11.4 **Franchisee Association**. Franchisor allows for a franchisee association, and Franchisee is encouraged but not required to actively participate in all franchisee association activities. Franchisee shall follow the guidelines as stated in any franchisee association by-laws drafted by Franchisor, and pay all dues and assessments levied by the franchisee association. The purpose of the franchisee association shall include, but not be limited to, exchanging ideas between franchisees, exchanging ideas between franchisees and Franchisor, growing the business model, providing suggestions for improving the overall quality of the System, and discussing other issues of concern to franchisees.

The franchisee association may adopt its own by-laws, rules and procedures, but such by-laws, rules and/or procedures shall not restrict Franchisee's rights or obligations under this Agreement. Except as otherwise provided herein, and subject to the approval of Franchisor, any lawful action of such franchisee association at a meeting attended by two-thirds (2/3) of the members, including reasonable assessments for local promotional and advertising purposes, shall be binding upon Franchisee if approved by two-thirds (2/3) of the member franchisees present, with each member office having one (1) vote, provided that no franchisee (or controlled group of franchisees) shall have more than twenty-five percent (25%) of the vote in a franchisee association regardless of the number of offices owned.

ARTICLE XII
REPORTING AND FINANCIAL MANAGEMENT REQUIREMENTS

12.1 **Record Keeping**. Franchisee shall keep true and accurate records, including those which may be specified by Franchisor from time to time, from which all sums payable under this Agreement and the dates of accrual thereof may be readily determined. Franchisee shall keep such records on his/her business premises at all times, unless Franchisor permits them to be kept at another location. In any event, Franchisee shall at all times inform Franchisor of any change in the location of Franchisee's said records. Franchisee shall be required to make all data and records available to Franchisor, twenty-four (24) hours per day, seven (7) days per week, via a high-speed internet connection.

12.2 **Reporting Systems**. Franchisee agrees to utilize such reporting and financial control systems as Franchisor may direct.

12.2.1 Franchisee shall maintain on forms approved or provided by Franchisor a bi-weekly sales report and monthly balance sheet and profit & loss statements accurately reflecting the operations and condition of said business.

12.2.2 Franchisee shall employ such methods of filing, record-keeping, bookkeeping, accounting and reporting as Franchisor shall from time to time reasonably require.

12.2.3 Franchisee shall adopt and shall strictly adhere to such methods for control and protection of cash receipts (and of records pertaining thereto) as Franchisor may from time to time direct.

12.3 **Reports**. To enable Franchisor to verify the Continuing Royalty Fees, payments and contributions due hereunder and to monitor the progress of Franchisee and Franchisee's compliance with this Agreement, in addition to reports otherwise required under this Agreement, Franchisee shall provide to Franchisor written reports in such form as Franchisor may prescribe in the Operations Manual. The monthly reports must be submitted electronically by the tenth (10th) of the month following the reporting month. In addition, Franchisor shall, at all times, have on-line access to Franchisee's reports.

12.3.1 In the event that Franchisee fails for any reason to provide any of the reports hereinabove required within the prescribed time, Franchisee shall pay a late reporting charge of Fifty Dollars ($50.00) for each month (or week, if applicable) during which the same report remains undelivered. It is agreed that Franchisor's damages in the event of Franchisee's failure to deliver such reports would be unreasonably difficult to ascertain with certainty, and that the foregoing charges are a reasonable estimate of such damages and not a penalty or forfeiture. Neither the requirement nor the receipt of such late charges shall be deemed to waive or restrict the right of Franchisor to declare a default in, and terminate, this Agreement for Franchisee's failure to make timely reports.

12.3.2 Reports shall be deemed timely made if personally delivered to the offices of Franchisor, electronically transmitted to and received by Franchisor, or postmarked by the U.S. Postal Service (with proper first-class postage prepaid) on or before the required date.

12.3.3 On an annual basis, and on or before April 15th of each year, Franchisee shall provide to Franchisor annual financial statements. The financial statements shall be prepared in a format provided by Franchisor, and should be prepared on a calendar-year basis.

12.3.4 Franchisee shall be required to generate monthly income statements for his/her Franchised Business, in a format specified by Franchisor (including a standard chart of accounts). At the Franchisor's option, such statements shall be submitted or made available by the Franchisee.

12.4 **Audit**. Franchisor and its authorized representatives shall have the right at all times during the business day to enter Franchisee's Franchised Business or any other location where books and records relative to the Franchised Business are kept, and to inspect, copy and audit such books and records, including, without limitation, Franchisee's state and federal income tax returns and state sales and use tax and personal property tax returns, and Franchisee hereby waives any privileges with regard to any tax returns. Franchisee shall cooperate completely and in good faith with such audit, and shall provide and explain all records requested by such auditor or necessary to provide information sought by such auditor.

12.4.1 In the event that any such inspection or audit reveals a variance of two percent (2%) or more from amounts reported by Franchisee to Franchisor, Franchisee shall pay two (2) times the amount of the deficiency or Five Hundred Dollars ($500), whichever is greater, and shall reimburse Franchisor for the cost of such audit. In addition to any other rights it may have, including the right of termination of this Agreement, Franchisor may conduct such further periodic audits and/or inspections of Franchisee's books and records as it reasonably deems necessary for up to one (1) year thereafter at Franchisee's sole expense, including, without limitation, reasonable professional fees, travel, and lodging expenses directly related thereto.

12.4.2 If such audit or inspection discloses that Franchisee has underpaid any sums due Franchisor under this Agreement, Franchisee shall pay the same immediately. If such audit or inspection reveals any overpayment by Franchisee, the amount thereof shall be credited against Continuing Royalty Fees and advertising contributions next falling due.

12.4.3 In the event that there is a deficiency two (2) times in any twelve (12) month period, this second deficiency shall be considered a material default of this Agreement and Franchisor shall have the right to terminate this Agreement without providing Franchisee the opportunity to cure the default.

ARTICLE XIII
INDEPENDENT CONTRACTOR AND INDEMNIFICATION

13.1 **Independent Parties**. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that Franchisee is, and shall at all times be and remain an independent contractor, and that nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

13.2 **Independent Contractor**. During the term of this Agreement and any renewal hereof, Franchisee shall hold himself/herself out to the public as an independent contractor operating the business pursuant to a franchise granted by the Franchisor. Franchisee shall take such affirmative action as may be necessary to indicate same, including, without limitation, exhibiting a notice of that fact in a conspicuous place on the business cards and letterhead, the content of which the Franchisor reserves the right to specify.

13.3 **Indemnification by Franchisee**. Franchisee agrees at all times to defend, at his/her own cost, and to indemnify and hold harmless to the fullest extent permitted by law, Franchisor, its corporate parent, the corporate subsidiaries, affiliates, successors, assigns, and designees of either entity and the respective directors, officers, employees, agents, shareholders, designees, and representatives of each (Franchisor and all others hereinafter referred to collectively as "Indemnities") from all losses and expenses (as hereinafter defined) incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises out of or is based upon any of the following: Franchisee's infringement or any other violation of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; Franchisee's violation or breach of any contract, federal, state, or local law, regulation, ruling, standard, or directive or of any industry standard; libel, slander or any other form of defamation by Franchisee; Franchisee's violation or breach of any warranty, representation, agreement, or obligation in this Agreement; any acts, errors, or omissions of Franchisee or any of his/her agents, servants, employees, contractors, partners, proprietors, affiliates, or in any manner in connection with the Franchised Business; the inaccuracy, lack of authenticity, or non-disclosure of any information by Franchisee; any service provided by Franchisee at, from, or related to the operation at the Approved Location; any services provided by any affiliated or non-affiliated participating entity. For the purpose of this Section, the term "losses and expenses" shall be deemed to include all losses, compensatory, exemplary or punitive damages, fines,

charges, costs, expenses, lost profits, attorneys' fees, experts' fees, court costs, settlement amounts, judgments, compensation for damages to Franchisor's reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting, or replacing same, and any and all expenses of recall, refunds, compensation, public notices, and other such amounts incurred in connection with the matters described. Franchisee agrees to give Franchisor notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. The foregoing indemnification shall not apply to losses or expenses arising from Franchisor's gross negligence or willful acts.

13.3.1 At the expense and risk of Franchisee, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation, provided that Franchisor will seek the advice and counsel of Franchisee and shall keep Franchisee informed with regard to any such proposed or contemplated settlement(s). Such an undertaking by Franchisor shall in no manner or form diminish Franchisee's obligation to indemnify Franchisor and to hold it harmless.

13.3.2 All losses and expenses incurred under this Section 13.3 shall be chargeable to and paid by Franchisee pursuant to his/her obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity or defense.

13.3.3 Indemnities do not assume any liability whatsoever for acts, errors, or omissions of those with whom Franchisee may contract, regardless of the purpose. Franchisee shall hold harmless and indemnify Indemnities for all losses and expenses which may arise out of any acts, errors, or omissions of these third parties.

13.3.4 Under no circumstances shall Indemnities be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Franchisee. Franchisee agrees that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable by Indemnities from Franchisee.

13.4 **Indemnification by Franchisor**. Franchisor agrees at all times to defend, at its own cost, and to indemnify and hold harmless to the fullest extent permitted by law, Franchisee, its corporate parent, the corporate subsidiaries, affiliates, successors, assigns, and designees of either entity, and the respective directors, officers, employees, agents, shareholders, designees, and representatives of each from all losses and expenses (as hereinafter defined) incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises out of or is based upon any of the following: Franchisor's infringement or any other violation of any patent, trademark, or copyright or other proprietary right owned or controlled by third parties; Franchisor's violation or breach of any contract, federal, state, or local law, regulation, ruling, standard, or directive or of any industry standard; libel, slander, or any other form of defamation by Franchisor; Franchisor's violation or breach of any warranty, representation, agreement, or obligation in this Agreement; any acts, errors, or omissions of Franchisor or any of its agents, servants, employees, contractors, partners, proprietors, affiliates, or representatives at the Approved Location. For the purpose of this Section, the term "losses and expenses" shall be deemed to include all losses, compensatory, exemplary, or punitive damages, fines, charges, costs, expenses, lost profits, attorneys' fees, experts' fees, court costs, settlement amounts, judgments, compensation for damages to Franchisee's reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting, or replacing same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described. Franchisor agrees to give Franchisee notice of any such action, suit, proceeding, claim, demand,

inquiry, or investigation. The foregoing indemnification shall not apply to losses or expenses arising from Franchisee's gross negligence.

ARTICLE XIV
CONFIDENTIALITY

14.1 **Confidentiality**. The Franchisor and its affiliates possess certain confidential information (the "Confidential Information") relating to the operation of TheHomeMag Businesses, which includes:

(a) methods, techniques, formats, specifications, systems, procedures, sales and marketing techniques, knowledge, and experience in developing and operating TheHomeMag Businesses;

(b) knowledge of specifications for and suppliers of certain Services, materials, supplies, equipment, furnishings, and fixtures;

(c) knowledge of operating results and financial performance of TheHomeMag Businesses; and

(d) technological and design specifications for equipment.

Confidential Information will exclude information received by the Franchisee from a third party (provided such third party has not by the disclosure breached any obligations to the Franchisor), information available in the public domain, and the information the Franchisee can demonstrate it already knew before it became a TheHomeMag Business Franchisee.

The Franchisor may disclose certain Confidential Information to the Franchisee in the initial training program and subsequent training, the Confidential Operations Manual and guidance furnished to the Franchisee during the term of this Agreement. The Franchisor will conspicuously mark all information deemed to be confidential.

The Franchisee acknowledges and agrees that it will not acquire any interest in Confidential Information, other than the right to utilize Confidential Information in operating the Business during the term of this Agreement, and that using or duplicating any Confidential Information in any other business would constitute an unfair method of competition. The Franchisee acknowledges and agrees that Confidential Information is proprietary, includes trade secrets of the Franchisor and its affiliates, and is disclosed to the Franchisee solely on the condition that the Franchisee agrees, and the Franchisee does hereby agree, that it:

(a) will not use Confidential Information in any other business or capacity;

(b) will maintain the absolute confidentiality of Confidential Information during and after the term of this Agreement;

(c) will not make unauthorized copies of any portion of Confidential Information disclosed in written or other tangible form; and

(d) will adopt and implement all reasonable procedures that the Franchisor prescribes from time to time to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restrictions on its disclosure to its employees and the use of, as appropriate, nondisclosure and non-competition agreements with employees who have access to Confidential Information. If the Franchisee is legally compelled to disclose Confidential Information in a judicial or administrative

proceeding, the Franchisee agrees to notify the Franchisor prior to disclosure and to use all reasonable efforts to obtain, and to afford the Franchisor and its affiliates the opportunity to obtain, an appropriate protective order or other assurance satisfactory to the Franchisor and its affiliates of confidential treatment for the information required to be disclosed.

Franchisee further acknowledges and agrees that Confidential Information is: beyond the skills, knowledge, and experience it now has and will be valuable to it in developing the Business.

All materials, discoveries, inventions, ideas, and/or improvements (whether or not patentable or copyrightable) relating to the Franchised Business whether created by or on behalf of the Franchisee or its owners (if the Franchisee is a corporation, limited liability company, or partnership), will be promptly disclosed to the Franchisor, deemed to be the Franchisor's sole and exclusive property, and deemed to be works made-for-hire for the Franchisor. The Franchisee and its owners agree to execute whatever assignment or other documents the Franchisor requests to evidence the Franchisor's ownership or to assist the Franchisor in obtaining copyright registrations or patent rights. Franchisee and its owners agree to use such items solely in connection with activities permitted in this Agreement and not to use any substantially similar materials, discoveries, inventions, ideas, and/or improvements for any purpose during or after the term of this Agreement.

Except as otherwise provided in the immediately preceding paragraph, and whether or not patentable or copyrightable, all materials, discoveries, inventions, ideas, and/or, improvements (the "Work") will be deemed to be the Franchisee's sole and exclusive property if, and only if, each of the following conditions is satisfied: (i) the equipment and facilities used in creating or developing the Work belong to or were hired by the Franchisee; (ii) the Work does not result directly from the use of the Franchisor's or its affiliates' Confidential Information; and (iii) the Franchisor does not pay the Franchisee to create or develop the Work. If any of these conditions is not satisfied, then any Work created or developed by the Franchisee will be deemed to be the Franchisor's sole and exclusive property and deemed to be works made-for-hire for the Franchisor. Under such circumstances, the Franchisee and its owners agree to execute whatever assignment or other documents the Franchisor requests to evidence the Franchisor's ownership of the Work or to assist the Franchisor in obtaining copyright registrations or patent rights in the Work. The Franchisee and its owners agree in such instances to use the Work solely in connection with activities permitted in this Agreement and not to use any substantially similar items for any purpose during or after the term of this Agreement.

14.2 **Exclusive Relationship**. Franchisee acknowledges and agrees that the Franchisor would be unable to protect Confidential Information against unauthorized use or disclosure and unable to encourage a free exchange of ideas and information among TheHomeMag Businesses if franchised owners of TheHomeMag Businesses were permitted to hold interests in or perform services for a Competitive Business. The Franchisee also acknowledges that the Franchisor has granted the franchise to the Franchisee in consideration of and reliance upon the Franchisee's agreement to deal exclusively with the Franchisor. The Franchisee therefore agrees that during the term of this Agreement, except for the Franchised Business and other TheHomeMag Businesses operated under franchise agreements with the Franchisor, neither the Franchisee nor, any of its owners (or the immediate families of the Franchisee or its owners) shall have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative, or agent, or in any other capacity, in any Competitive Business or in any entity which is granting franchises or licenses or establishing joint ventures for the operation of Competitive Businesses. The restrictions of this Section shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent three percent (3%) or less of the number of shares of that class of securities issued and outstanding. The term "Competitive Business" shall mean any business specializing, in whole or in part, in the operation of a magazine publishing company business. The Franchisee (and its owners) agree that it may and will be

conclusively presumed that any violation of this Section was accomplished by and through the Franchisee's (or its owners') unlawful use of Confidential Information.

14.3 **Customer Data**. Franchisee shall follow Franchisor's instructions with respect to the collection, disposition, treatment, transmission and handling of customer data and similar information ("Customer Data"). Franchisee agrees that Customer Data is Franchisor's sole and exclusive property. Franchisee's use of Customer Data (even if Franchisee initially collected such data) shall be by virtue of this limited license from Franchisor only. Franchisee's license to use the Customer Data is limited to his/her use of the Customer Data solely in connection with Franchisee's TheHomeMag business during the term of this Agreement. Upon expiration or termination of this Agreement, Franchisee shall destroy or, at Franchisor's instruction, transmit to Franchisor, all Customer Data and copies thereof. Franchisor may regularly capture data from Franchisee's system for the purpose of preserving customer Data files. Customer Data is included in "Confidential Information" as defined in **Subsection 14.1** above.

ARTICLE XV
COVENANTS NOT TO COMPETE

15.1 **In-Term Covenants**. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee shall receive valuable training and confidential information, including, without limitation, information regarding the promotional, operational, sales, and marketing methods and techniques of the Franchisor and the System, and that the covenants not to compete set forth below are fair and reasonable and will not impose any undue hardship on Franchisee, since Franchisee has other considerable skills, experience, and education which afford Franchisee the opportunity to derive income from other endeavors. Franchisee acknowledges that Franchisor owns the client lists. Franchisee must get written agreement from the advertisers that they acknowledge that the artwork created for their advertising is owned by Franchisor and they cannot use such artwork or advertising in other publications without written permission from Franchisor.

Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by the Franchisor, Franchisee shall not, either directly or indirectly, for himself/herself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

15.1.1 Divert or attempt to divert any business or customer of the Franchised Business hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

15.1.2 Own, maintain, advise, help, invest in, make loans to, be employed by, engage in, or have any interest in any business (including any business operated by Franchisee prior to entry into this Agreement) specializing, in whole or in part, in the activities conducted by the Franchisee, and any other type of service which Franchisee may be authorized to render hereunder and sell any other products and services which Franchisee may be authorized to sell hereunder.

15.2 **Post-Term Covenants**. Franchisee covenants that, except as otherwise approved in writing by the Franchisor, Franchisee shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, or upon transfer of this Agreement or the Franchised Business pursuant to Article XVI hereof, and continuing for two (2) years thereafter (and in case of any violation of this covenant, for two (2) years after the violation ceases), either directly or indirectly, for himself/herself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in, or have any interest in any business specializing, in whole or in part, in the activities conducted

by the Franchisee or any other type of service which Franchisee may be authorized to render hereunder, including use of the proprietary client lists:

15.2.1 Within a radius of one hundred (100) miles of Franchisee's Protected Market;

or

15.2.2 Within a radius of one hundred (100) miles of the location of any business using the System and/or the Proprietary Marks, whether franchised or owned by the Franchisor or its subsidiary or affiliated companies.

15.3 **Amendment of Covenants**. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article XV is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which the Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made part of this Article XV.

15.4 **Franchisor May Amend**. Franchisee understands and acknowledges that the Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 15.1 and 15.2 of this Agreement, or any portion thereof, without Franchisee's written consent, effective immediately upon receipt by Franchisee of written notice thereof. Franchisee agrees that he/she shall comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of this Article XV.

15.5 **Existence of Claim**. Franchisee expressly agrees that the existence of any claim that he/she may have against the Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by the Franchisor of the covenants in this Article XV.

15.6 **Injunction**. Franchisee acknowledges that any threatened or actual failure to comply with the requirements of this Article XV would cause the Franchisor to suffer immediate and irreparable injury for which no adequate remedy at law may be available, and Franchisee hereby accordingly consents to the *ex parte* entry of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Article XV. The Franchisor may further avail itself of any other legal or equitable rights and remedies which it may have under this Agreement, statute, common law or otherwise.

15.7 **Additional Covenants**. At the Franchisor's request, Franchisee shall require and obtain execution of covenants identical in scope to those set forth in this Article XV (including covenants applicable upon the termination of a person's relationship with Franchisee) from any or all of the following persons:

15.7.1 Any key persons employed by Franchisee who have received training from Franchisor;

15.7.2 All officers, directors and holders of a beneficial interest of five (5%) percent or more of the securities of Franchisee, and of any corporation directly or indirectly controlling Franchisee, if Franchisee is a corporation;

15.7.3 The general partners and any limited partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five (5%) percent or more of the securities of any

corporation which controls, directly or indirectly, any general or limited partner), if Franchisee is a partnership; and

15.7.4 Each covenant required to be executed pursuant to this Section 15.7 shall be on a form supplied by the Franchisor, including, without limitation, specific identification of the Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them. Failure by Franchisee to obtain execution of a covenant required by this Section 15.7 shall constitute a default under Section 17.2 hereof.

ARTICLE XVI
ASSIGNMENT AND RIGHT OF FIRST REFUSAL

16.1 **Assignment by Franchisor**. Franchisor shall have the right, without the need for Franchisee's consent, to assign, transfer or sell its rights under this Agreement to any person, partnership, corporation or other legal entity provided that the transferee agrees in writing to assume all obligations undertaken by Franchisor herein and Franchisee receives a statement from both Franchisor and its transferee to that effect. Upon such assignment and assumption, Franchisor shall be under no further obligation hereunder, except for accrued liabilities, if any. Franchisee further agrees and affirms that Franchisor may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, Proprietary Marks (or any variation thereof) and System and/or the loss of association with or identification of THM Management, LLC as Franchisor under this Agreement. Franchisee specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing.

Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business, regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as TheHomeMag facilities operating under the Proprietary Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which Franchisee acknowledges may be proximate to Franchisee's location.

If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the business of providing magazine publishing services or to offer or sell any products or related services to Franchisee.

Franchisee acknowledges that Franchisor may assign this Agreement as part of a sale, transfer or other disposition of all or part of the System to an entity or entities which engage(s) in similar or competitive businesses. Franchisee acknowledges that any such successor shall be deemed to possess, in addition to all other rights, those specific rights reserved to Franchisor in Section 3.2 hereof.

16.2 **Assignment by Franchisee**. Neither Franchisee's interest in this Franchise Agreement nor any of his/her rights or privileges hereunder, nor the Franchised Business nor any interest therein, may be assigned, transferred, shared or divided, voluntarily or involuntarily, directly or indirectly, without the prior written consent of Franchisor, which shall not be unreasonably withheld, and without the Franchisee first complying with Section 16.2.1 hereof. (The use of the term "assignment" herein encompasses any actual or purported assignment, sale, transfer or other arrangement having the purpose or effect of shifting

ownership or control interests in the Franchised Business.) Any actual or purported assignment of this Agreement or of the Franchised Business in violation of the terms hereof shall be null and void and shall constitute an incurable breach of this Agreement. The actual or purported transfer in the aggregate of more than fifty (50%) percent of the Franchised Business shall be deemed to be an "assignment" hereunder.

16.2.1 Franchisor's consent (such consent not to be unreasonably withheld) to any assignment is subject to the following conditions:

(a) The assignee must demonstrate that it has the skills, qualifications, licensing and economic resources necessary, in Franchisor's judgment, to conduct the Franchised Business and to fulfill its obligations to Franchisee and to Franchisor.

(b) The assignee must expressly assume in writing all of the obligations of Franchisee under this Franchise Agreement.

(c) As of the date of any such assignment, Franchisee shall have fully complied with all of his/her obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor.

(d) The assignee must execute a new Franchise Agreement in the form and on the terms and conditions then being offered by Franchisor to franchisees (except that the assignee shall not be obligated to pay another Initial Franchise Fee). The term of such new Franchise Agreement shall expire on the expiration date of the new Franchise Agreement.

(e) Franchisee shall pay the Franchisor a transfer fee equal to Five Thousand Dollars ($5,000) to cover Franchisor's administrative and legal expenses incurred in approving the transfer.

(f) The assignee shall satisfactorily complete the training then required of all new franchisees.

(g) Franchisor shall be furnished copies of the executed contract between Franchisee and any such assignee and all related documentation.

(h) The Franchisee must have executed a general release in a form satisfactory to the Franchisor of any and all claims against the Franchisor, its subsidiaries, affiliates, and designees, and its officers, directors, shareholders and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

(i) The assignee shall not be affiliated in any way with a competitor of Franchisor.

16.2.2 Upon the death of Franchisee, or in the event Franchisee is determined to suffer any legal incapacity (or, if Franchisee is a corporation or partnership, then upon the death or legal incapacity of the shareholder or partner responsible for the operation of Franchised Business), the transfer of Franchisee's interest to his/her heirs, legatees, personal representatives or conservators, surviving partner(s) or fellow shareholder(s), as applicable, shall not constitute an "assignment" hereunder and shall not give rise to the Franchisor's right of first refusal to purchase the Franchised Business as set forth in Section 15.4 hereof, if the following conditions are met:

(a) The heirs, legatees, personal representatives, conservators, surviving partner(s) or fellow shareholder(s), as applicable, meet the Franchisor's standards for qualification of new franchisees and agree in writing to be bound by the terms and conditions of this Agreement.

(b) Within ninety (90) days after the death or incapacity of the Franchisee (or, if Franchisee is a corporation or a partnership, within ninety (90) days after the death or incapacity of the principal shareholder or partner of Franchisee responsible for the operation of the Franchised Business), a person designated by Franchisee's heirs, legatees, personal representative(s), conservator(s), surviving partners or fellow shareholders, as applicable, shall have satisfactorily completed Franchisor's then-current training requirements. If at the time of such death or incapacity Franchisee has employed a manager who has satisfactorily completed any version of Franchisor's Training Program, this requirement shall be deemed satisfied.

16.3 **Transfer to a Corporation**. In the event Franchisee desires to transfer his/her interests herein to a corporation formed by Franchisee solely for the convenience of ownership, Franchisee must obtain the prior written consent of Franchisor, which consent shall be granted if:

16.3.1 Franchisee shall be the owner of all the voting stock of the corporation or, if Franchisee comprises more than one (1) individual, each such individual shall have the same proportionate ownership interest in the corporation as it held in Franchised Business prior to the contemplated transfer; and

16.3.2 Appropriate forms of corporate resolutions and minutes, which have been duly adopted, are furnished to Franchisor prior to the transfer.

16.4 **Right of First Refusal**. The right of Franchisee to assign, transfer or sell his/her interest in this Agreement (voluntarily or by operation of law) and/or the Franchised Business, as provided above, shall be subject to Franchisor's right of first refusal with respect thereto. (Franchisor shall maintain the option of waiving this right in writing.) That is, Franchisor shall have the right to be offered by Franchisee the opportunity to purchase such interest in this Agreement and/or the Franchised Business on the terms and conditions which have been offered to and accepted by a third party in a wholly arms-length transaction. Franchisor's right of first refusal shall be exercised in the following manner:

16.4.1 Franchisee shall serve upon Franchisor a written notice setting forth all of the terms and conditions of the proposed assignment which shall specify the purchase price established by the parties and include reasonably complete information concerning the identity, financial standing and character of the proposed purchaser. Franchisee shall attach to such notice a copy of a binding agreement between Franchisee and the proposed purchaser, which agreement shall, however, be subject to cancellation if Franchisor exercises its right of first refusal hereunder or disapproves of the proposed transfer under Section 16.2.

16.4.2 Within thirty (30) days after Franchisor's receipt of such notice (or, if Franchisor shall request additional information, within thirty (30) days after receipt of such additional information), Franchisor may, at its option, purchase the Franchised Business upon the terms and conditions specified in the notice and the agreement attached thereto.

16.4.3 If Franchisor shall elect not to exercise its right of first refusal and shall consent to an assignment, Franchisee shall, subject to the provisions of this Article, be free to assign this Agreement and/or the Franchised Business to such proposed assignee on the terms and conditions specified in said notice and the agreement attached thereto. If, however, the terms of such agreement shall be materially modified after submission thereof to the Franchisor, Franchisor shall have such right to evaluate such

modified agreement for an additional thirty (30) days and, if it chooses to do so, exercise its right of first refusal with respect thereto.

16.5 **Franchisor Must Approve**. Franchisee shall not have the right to pledge, encumber, hypothecate or otherwise give any third party any security interest in this Agreement or in the Proprietary Properties or the Franchised Business in any manner whatsoever without the express written permission of Franchisor, which permission may be withheld for any reason.

ARTICLE XVII
DEFAULT AND TERMINATION

17.1 **Termination Without Notice**. Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee or the Franchised Business shall become insolvent; or if Franchisee, or any of Franchisee's partners, if Franchisee is a partnership, or any of its officers, directors, shareholders, or members, if Franchisee is a corporation or limited liability company, shall make a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by or against Franchisee or the Franchised Business and is not dismissed within sixty (60) days of the filing thereof; or if Franchisee or the Franchised Business is adjudicated as bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver or other custodian of Franchisee or the Franchised Business or its assets is filed and consented to by Franchisee or the Franchised Business; or if a receiver or other permanent or temporary custodian of Franchisee's assets or property, or any part thereof, or of the Franchised Business is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee or the Franchised Business; or if a final judgment against Franchisee or the Franchised Business remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); or if Franchisee or the Franchised Business is dissolved; or if a suit to foreclose any lien or mortgage against the Franchisee or the Franchised Business with respect to his/her or its personal, real or mixed property is instituted against Franchisee or the Franchised Business and is not dismissed or appropriate bond posted within thirty (30) days from the date such suit is instituted; or if execution is levied against Franchisee or the Franchised Business or the property of either of them; or if the real or personal property of Franchisee or the Franchised Business shall be sold after levy thereupon by any sheriff, marshal or constable.

17.2 **Termination Without Right to Cure**. Upon the occurrence of any of the following events, Franchisee shall be deemed to be in default and Franchisor may, in its sole and exclusive discretion, terminate this Agreement and all rights granted hereunder without affording Franchisee any opportunity to cure the default. Termination under this Section shall be effective immediately upon the earlier of the occurrence of any of the following or receipt of notice by Franchisee:

17.2.1 If Franchisee abandons the Franchised Business by failing to operate such business for a period of five (5) consecutive days without first gaining Franchisor's consent to do so, or any shorter period after which it is reasonable for Franchisor to conclude that Franchisee does not intend to continue to operate the Franchised Business, unless such failure to operate is due to hurricane, fire, flood, earthquake, or other similar causes beyond the reasonable control of Franchisee;

17.2.2 If Franchisee, or any owner or shareholder, director or officer of a corporate franchisee, or any partner or officer of a franchisee conducting business as a partnership, is convicted of a felony, a fraud, a crime involving moral turpitude or any other crime or offense that Franchisor believes is reasonably likely to have a material, adverse effect on the System, the Proprietary Marks, or the goodwill associated therewith;

17.2.3 If the Franchisee makes any material misrepresentation relating to the creation, acquisition or operation of the Franchised Business or engages in conduct which reflects materially and unfavorably upon the operation and reputation of the Franchised Business, Franchisor or the System;

17.2.4 If the Franchisee fails, for a period of ten (10) days after notification of non-compliance by any duly constituted authority, to comply with any federal, state or local law, regulation or requirement applicable to the operation of the Franchised Business, and fails promptly to notify Franchisor of such notification and the steps taken to cure any such non-compliance;

17.2.5 If Franchisee repeatedly fails to comply with one (1) or more requirements of this Agreement, whether or not such failures are ultimately corrected;

17.2.6 If a second default by Franchisee occurs within any twelve (12) month period, notwithstanding that a prior default was cured;

17.2.7 If Franchisee's default under this Agreement is by its very nature incapable of being cured;

17.2.8 If Franchisee fails to attend and successfully complete Franchisor's Training Program or fails to attend the Annual Meeting;

17.2.9 If Franchisee (or any of its shareholders, directors, officers, partners or employees) acquires any interest in a business similar to the Franchised Business, except that Franchisee or such other persons may own less than five percent (5%) of the shares of any publicly traded company;

17.2.10 If Franchisee engages in the unauthorized use or duplication of any aspect of Franchisor's business, services or products;

17.2.11 If Franchisee engages in the unauthorized disclosure of any confidential information or Know How relating to the Franchisor, the Franchised Business or the System;

17.2.12 If Franchisee sells, sublicenses, assigns or transfers any interest in this Agreement or the Franchised Business in violation of this Agreement;

17.2.13 If Franchisee violates any covenant not to compete set forth in Article XV of this Agreement;

17.2.14 If Franchisee fails to commence the operation of the Franchised Business within the time provided in this Agreement;

17.2.15 If Franchisee misrepresents, substitutes or "palms off" non-authentic services and/or products for or as Franchisor's services and/or products;

17.2.16 If Franchisee knowingly maintains false books or records or submits any false reports to anyone;

17.2.17 If Franchisee purports to transfer any rights or obligations under this Agreement or any interest in Franchisee to any third party without Franchisor's prior written consent or otherwise in violation of the terms of this Agreement;

17.2.18 If Franchisee fails to comply with any other provision or requirement of this Agreement or the Manual.

17.2.19 If Franchisee or any of his/her owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or Franchisee or any of his/her owners otherwise violate any such law, ordinance, or regulation.

17.2.20 If Franchisee fails to publish a magazine after the initial magazine is published.

17.3 **Termination With Right to Cure**. Except as provided in Sections 17.1 and 17.2 of this Agreement, Franchisee shall have thirty (30) days after receipt from Franchisor of a written notice of termination in which to remedy any default hereunder (or, if the default cannot reasonably be cured within such thirty (30) days, to initiate within that time substantial and continuing action to cure the default) and to provide evidence thereof to Franchisor. If any default is not cured within that time (or if substantial and continuing action to cure the default is not initiated within that time), or such other period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon expiration of the thirty (30) day period, or such longer period as applicable law may require. Such defaults shall include, without limitation, the occurrence of any of the following events:

17.3.1 If Franchisee fails, refuses or neglects promptly to pay when due any monies owed to Franchisor (or its affiliates, subsidiaries or designees) or to Franchisee's landlord or fails, refuses or neglects promptly to submit financial or other information required by Franchisor under this Agreement, or makes any false statements in connection therewith;

17.3.2 If Franchisee fails to maintain and operate the Franchised Business in accordance with the provisions or requirements of this Agreement or the Manual;

17.3.3 If Franchisee fails to obtain Franchisor's prior written approval or consent where the same is required pursuant to this Agreement;

17.3.4 If Franchisee misuses, or uses in an unauthorized manner, any of Franchisor's Proprietary Marks, Know How, Copyrights or Software or materially impairs the goodwill associated therewith or Franchisor's rights therein;

17.3.5 If Franchisee participates in any business or in the marketing of any service or product under a name or mark which, in Franchisor's opinion, is confusingly similar to any of the Proprietary Marks;

17.3.6 If Franchisee offers or sells, as part of the Franchised Business, any unapproved service or fails to offer or provide on a regular basis all services which comprise part of the System;

17.3.7 If Franchisee, by act or omission, permits a violation of any law, ordinance, rule or regulation of any governmental entity to remain uncorrected in the absence of a good faith dispute over its applicability or legality and without promptly resorting to an appropriate administrative or judicial forum for relief therefrom; or

17.3.8 If Franchisee fails to obtain and maintain all required insurance policies or fails to name Franchisor as an additional insured thereunder in accordance with the terms of this Agreement.

17.3.9 If Franchisee fails to publish a magazine for any two (2) consecutive months after the initial magazine is published.

17.4 **Cross-Defaults, Non-Exclusive Remedies, etc.** Any default by Franchisee (or any person/company affiliated with Franchisee) under this Agreement may be regarded as a default under any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee). Any default by Franchisee (or any person/company affiliated with Franchisee) under any other agreement, including, but not limited to, any lease and/or sublease, between Franchisor (or any affiliate of Franchisor) and Franchisee (or any person/company affiliated with Franchisee), and any default by Franchisee (or any person/company affiliated with Franchisee) under any obligation to Franchisor (or any affiliate of Franchisor) may be regarded as a default under this Agreement. Any default by Franchisee (or any person/company affiliated with Franchisee) under any lease, sublease, loan agreement, security interest or otherwise, whether with Franchisor, any affiliate of Franchisor and/or any third party may be regarded as a default under this Agreement and/or any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee).

In each of the foregoing cases, Franchisor (and any affiliate of Franchisor) will have all remedies allowed at law, including termination of Franchisee's rights (and/or those of any person/company affiliated with Franchisee) and Franchisor's (and/or Franchisor's affiliates') obligations. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided under law or equity and Franchisor may pursue any rights and/or remedies available.

17.5 **Limitation on Rights of Termination**. Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit Franchisor's rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by Franchisor that the grounds for termination set forth herein do not constitute "good cause" for termination within the meaning ascribed to that term by any applicable law or regulation. Franchisor shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination thereof.

ARTICLE XVIII
FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES UPON TERMINATION OR EXPIRATION

18.1 **Discontinue Use of Proprietary Properties**. In the event of termination, non-renewal, or expiration of this Franchise Agreement, Franchisee shall forthwith discontinue the use of the Proprietary Marks, Know How, Copyrights and Software, and Franchisee shall not thereafter operate or do business under any name or in any manner that might tend to give the general public the impression that he/she is in any manner affiliated with Franchisor or a TheHomeMag business, or any business similar thereto, and Franchisee shall not thereafter use, in any manner, or for any purpose, directly or indirectly, any of Franchisor's confidential information, knowledge or know-how concerning the operation, products, services, trade secrets, procedures, policies, techniques or materials or by virtue of the relationship established by this Agreement, including, without limitation, the following:

18.1.1 Standards, specifications or descriptions of Franchisor's products and services;

18.1.2 Franchisor's Manual and any supplements thereto;

18.1.3 Any forms, advertising matter, marks, devices, signs, insignia, slogans or designs used from time to time in connection with the Franchised Business;

18.1.4 Any copyrights, trademarks, trade names and patents now or hereafter applied for or granted in connection therewith, or any marks, logos, words or phrases confusingly similar thereto or colorable imitations thereof;

18.1.5 Any telephone number listed in any telephone directory under the name TheHomeMag or any similar designation or directory listing which relates to the Franchised Business;

18.1.6 The client and customer lists used in the Franchised Business (see also Section 18.7 below); and

18.1.7 Any and all of the systems, procedures, techniques, criteria, concepts, designs, advertising and promotional techniques, products or service specifications, and all other components, specifications and standards which comprise (or in the future may comprise) part of the System.

18.2 **Cancellation of Name**. Upon termination, non-renewal, or expiration of this Agreement, Franchisee shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains any name or mark identical or similar to TheHomeMag or any other name, trademark or service mark of Franchisor, and Franchisee shall furnish Franchisor with proof of discharge of this obligation within thirty (30) days following the termination or expiration of this Agreement.

18.3 **Franchisor is Attorney-in-Fact**. Franchisor may, if Franchisee fails or refuses to do so, execute in Franchisee's name and on Franchisee's behalf any and all documents necessary to cause discontinuation of Franchisee's use of the name TheHomeMag or any other related or similar name or use thereunder, and Franchisor is thereby irrevocably appointed by Franchisee as Franchisee's attorney-in-fact to do so.

18.4 **Continuation of Obligations**. The expiration, non-renewal, or termination of this Franchise Agreement shall be without prejudice to the rights of Franchisor against Franchisee, and such expiration or termination shall not relieve Franchisee of any of his/her obligations to Franchisor existing at the time of expiration or termination or terminate those obligations of Franchisee which by their nature survive the expiration or termination of this Agreement.

18.5 **Cease Using Telephone Numbers**. Upon termination, non-renewal, or expiration of this Agreement, Franchisee shall cease and desist from using any telephone and/or cellular telephone number(s) listed in any telephone directory under the name TheHomeMag or any other name similar thereto and, upon demand of the Franchisor, shall direct the telephone company servicing the Franchised Business to transfer said telephone number(s) to Franchisor, or to such other person or persons at such location or locations as Franchisor shall direct. Franchisee is required to use telephones, cell phones and telephone numbers listed to TheHomeMag in all business transactions conducted by either Franchisee or employees and/or independent contractors engaged by Franchisee.

18.6 **Payment of Sums Due**. Upon termination, non-renewal, or expiration of this Agreement, Franchisee shall promptly pay all sums owing to Franchisor (and its subsidiaries, affiliates or designees). In the event of termination based upon a default of Franchisee, such sums shall include all damages, costs and expenses (including actual attorneys' fees) incurred by Franchisor as a result of the default. The obligation created hereunder shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipments, signs, inventory, fixtures or other assets owned by Franchisee at the time of default. In the event of default for any reason, Franchisor reserves

the right to buy all TheHomeMag signs back from Franchisee for salvage value and if Franchisor exercises this right, Franchisor will pay shipping charges for such signs. This right pertains to any type of signs whether originally purchased from Franchisor or purchased otherwise.

18.7 **Post-Term Covenants**. Upon termination, non-renewal, or expiration of this Agreement, Franchisee shall comply with the post-term covenants not to compete set forth in Article XV hereof. Franchisor owns the client list and the customer list in addition to the artwork published in TheHomeMag. Franchisee must not contact any clients or customers under the same conditions as set forth in Section 15.2 of this Agreement.

18.8 **Franchisor May Purchase**. Upon termination, non-renewal, or expiration of this Agreement for any reason whatsoever, Franchisor or its designee shall have the option (but not the obligation) for a period of sixty (60) days from such termination, non-renewal, or expiration to purchase all of Franchisee's right, title and interest in the Franchised Business (including, without limitation, inventory and supplies) for a purchase price (the "Purchase Price") equal to the lesser of: (i) the depreciated book value of all tangible assets in place and owned by Franchisee as of the date of Franchisor's (or its designee's) exercise of such option; or (ii) the fair market value of all such assets as determined by the application of generally accepted accounting principles less the total of (a) the amount of any indebtedness remaining against or secured by any such assets; (b) the amount of any indebtedness or obligation owed by Franchisee to Franchisor, its affiliates, subsidiaries or designees; (c) the amount of any indebtedness or obligation for which Franchisee or the Franchised Business is liable (directly or indirectly, contingently or otherwise) and for which Franchisor is or may become liable (directly or indirectly, contingently or otherwise) upon acquiring the Franchised Business or otherwise; and (d) all amounts advanced by Franchisor, or which Franchisor has paid, or which Franchisor has become obligated to pay, on behalf of the Franchisee for any reason whatsoever (including, without limitation, interim sums required to be advanced for operations prior to the date of Franchisor's (or its designee's) exercise of the option granted hereunder).

18.8.1 If the parties cannot agree upon the Purchase Price within a reasonable time, an independent appraiser shall be designated by Franchisor, and his determination of the Purchase Price shall be binding on Franchisor and Franchisee. The cost of such appraisal shall be borne by the Franchisee.

18.8.2 If Franchisor exercises its option to purchase the Franchised Business, Franchisor shall have to option to pay the Purchase Price as follows:

(a) Ten (10%) percent of the Purchase Price shall be paid at the closing of the purchase transaction by bank or certified check.

(b) The balance of the Purchase Price shall be paid over a period of two (2) years in twenty-four (24) equal monthly installments, the first monthly installment being made on the tenth (10th) day of the month following the month in which the initial payment is made. The obligation to make monthly installment payments shall be evidenced by a series of twenty-four (24) negotiable promissory notes of the Franchisor payable to the order of the Franchisee, each bearing interest from the date of the closing at the published "Prime Rate" charged by a Florida banking institution designated by Franchisor, to its most substantial commercial customers and containing provisions to the effect that should any note be unpaid for more than ten (10) days after written notice of default, the remaining notes shall forthwith become due and payable without any further notice; provided, however, that the Franchisor or any holder in due course shall have the right at any time after the calendar year in which the closing takes place to prepay the notes in multiples of One Thousand Dollars ($1,000) in inverse order of maturity, together with interest to the date of payment.

18.8.3 If Franchisor exercises its option to purchase the Franchised Business, Franchisee agrees fully to cooperate in effectuating such transaction and undertakes to use his/her best efforts to provide Franchisor and its designees with all such data and documentation as reasonably may be required to give effect to the purposes of this Section.

18.8.4 In the event Franchisor does not elect to exercise the foregoing option to purchase the Franchised Business, Franchisee shall immediately return to Franchisor all materials which bear any of the Proprietary Marks, trade names or copyrighted material. Franchisee shall also destroy any and all materials not otherwise required to be returned to Franchisor in accordance with this Agreement or the Manual. Contemporaneously, Franchisee shall return to Franchisor all copies in his/her possession of materials and documents (including, among other things, the client lists, the Manual, corporate records and files (electronic and otherwise), correspondence, brochures, agreements, and disclosure statements) relating to the grant or operation of the Franchised Business.

18.9 **Discontinue Use; Modification**. Upon expiration, non-renewal, or termination, Franchisee shall immediately discontinue the use of each and every aspect of the Proprietary Properties, including the Proprietary Marks and trade dress, including the custom designs on advertisements, brochures, tee shirts, clothing, or any other article of commercial or other use, and Know How, and thereafter shall no longer use or have the rights to use the Proprietary Properties, or any colorable or confusingly similar variations thereof, or any word, logo or figure similar to the Proprietary Marks or Know How. In the event of expiration, non-renewal, or termination, Franchisee will be responsible for the payment of all legal fees, court costs, collection fees and interest incurred in enforcing this Agreement. In the event of any litigation between the parties hereto with respect to the subject matter hereof, the party in any such litigation in whose favor a judgment is entered shall be entitled to have and recover, and the other party agrees to pay, its reasonable attorneys' fees and expenses, in addition to any award to which may be otherwise entitled.

18.10 **Continuation of Insurance**. Franchisee shall maintain its bodily injury policy, with coverage as prescribed by Franchisor, for the longer of (i) three (3) years after the date this Agreement terminates for whatever reason or (ii) as long as necessary to protect Franchisor from all liability, actions and claims arising from any services performed by Franchisee in the operation of the Franchised Business prior to and after the date of termination, expiration or non-renewal of this Agreement.

18.11 **Liquidated Damages**. Upon termination of this Agreement according to its terms and conditions, Franchisee agrees to pay to Franchisor within fifteen (15) days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the present value (using the then-current 30-Year Treasury Bond rate) of the Continuing Royalty Fees Franchisee would have paid on the product of (a) the Franchised Business' average monthly Gross Revenues during the twelve (12) months of operation preceding the effective date of termination, multiplied by (b) the number of months remaining in the Agreement had it not been terminated.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the loss of cash flow from Continuing Royalty Fees due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the Continuing Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider these liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers Franchisor's damages from the loss of cash flow from the Continuing Royalty Fees. It does not cover any other damages, including damages to its reputation with the public and damages arising from a violation of any provision of this Agreement other than the Continuing Royalty Fee section. Franchisee and each of its owners agree that the liquidated damages

provision does not give Franchisor an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Continuing Royalty Fee section.

ARTICLE XIX
MODIFICATION OF SYSTEM

19.1 Franchisee understands and agrees that the System must not remain static if it is to meet (without limitation) presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other market place variables, and if it is to best serve the interests of Franchisor, Franchisee, and the network of all other franchisees. Accordingly, Franchisee expressly understands and agrees that Franchisor may from time to time change the components of the System, including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which Franchisee's Franchised Business is authorized and required to offer; modifying or substituting equipment, signage, trade dress, decor, color schemes and uniform specifications and operation attributes which Franchisee is required to observe hereunder; and changing, improving, modifying or substituting the Proprietary Properties. Franchisee expressly agrees to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase Franchisee's obligations hereunder.

Franchisee shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed.

19.2 Except as provided herein, Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Finally, Franchisee expressly waives any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

ARTICLE XX
DISPUTE RESOLUTION

20.1 **Severability and Substitution of Valid Provisions**. Except as expressly provided to the contrary herein, each section, paragraph, term and provision of this Agreement, and any portion thereof, shall be considered severable and if, for any reason, any such portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which the Franchisor is a party, that ruling shall not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if Franchisee is a party thereto; otherwise upon Franchisee's receipt of written notice of non-enforcement thereof from the Franchisor. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but would be enforceable by reducing any part or all thereof, Franchisee and the Franchisor agree that same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of

or refusal to enter into a successor franchise agreement than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by the Franchisor is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof, and the Franchisor shall have the right, in its sole discretion, to modify such invalid or enforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Such modification(s) to this Agreement shall be effective only in such jurisdiction, unless the Franchisor elects to give it greater applicability, and shall be enforced as originally made and entered into in all other jurisdictions. Franchisee agrees to be bound by any such modification to this Agreement.

20.2 **Waiver of Obligations**. The Franchisor and Franchisee may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other. Any waiver granted by the Franchisor shall be without prejudice to any other rights the Franchisor may have, will be subject to continuing review by the Franchisor and may be revoked, in the Franchisor's sole discretion, at any time and for any reason, effective upon delivery to Franchisee of ten (10) days' prior written notice. The Franchisor and Franchisee shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement by virtue of any custom or practice of the parties at variance with the terms hereof; any failure, refusal or neglect of the Franchisor or Franchisee to exercise any rights under this Agreement or to insist upon exact compliance by the other with its obligations hereunder; any waiver, forbearance, delay, failure or omission by the Franchisor to exercise any right, power or option, whether of the same, similar or different nature, with respect to other TheHomeMag Franchised Businesses; or the acceptance by the Franchisor of any payments due from Franchisee after any breach of this Agreement

Neither the Franchisor nor Franchisee shall be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (1) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material or energy, or the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency thereof; (3) acts of God; (4) fires, strikes, embargoes, war or riot; or (5) any other similar event or cause. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes shall not excuse payments of amounts owed at the time of such occurrence or payment of royalty and service fees due thereafter.

20.3 **Injunctive Relief**. Notwithstanding anything to the contrary contained in Section 20.6 of this Article, either party may institute in a court of competent jurisdiction an action or actions for temporary or preliminary injunctive relief; provided, however, that such party shall contemporaneously submit the dispute the arbitration on the merits in accordance with Section 20.6 of this Article. Franchisee agrees that the Franchisor may have such temporary or preliminary injunctive relief without bond, but upon due notice, and Franchisee's sole remedy in the event of the entry of such injunctive relief shall be the dissolution of such injunctive relief, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby).

20.4 **Rights of Parties are Cumulative**. The rights of the Franchisor and Franchisee hereunder are cumulative and no exercises or enforcement by the Franchisor or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by the Franchisor or Franchisee of any other right or remedy hereunder or which the Franchisor or Franchisee is entitled by law to enforce.

20.5 **Costs and Attorneys' Fees**. If the Franchisor incurs expenses in connection with Franchisee's failure to pay when due amounts to the Franchisor, to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, Franchisee shall reimburse the Franchisor for any such costs and expenses which it incurs, including but not limited to reasonable legal, arbitrators', accounting and related fees.

20.6 **Arbitration.** Subject to Section 20.3 above (entitled "Injunctive Relief"), all controversies, disputes or claims between the Franchisor (its affiliates, and their respective shareholders, officers, directors, agents, employees, successors and assigns) and Franchisee (its owners, guarantors, and their respective officers, directors, agents, employees, successors and assigns) arising out of or related to:

20.6.1 Franchisee's operation of the Franchised Business;

20.6.2 this Agreement or any other agreement between the parties or any provision of such agreements;

20.6.3 the relationship of the parties hereto;

20.6.4 the validity of this Agreement or any other agreement between the parties or any provision of such agreements; or

20.6.5 any specifications, standards or procedures relating to the establishment or operation of the Franchised Business.

Shall be submitted for binding arbitration before one arbitrator in accordance with the then current commercial arbitration rules of the American Arbitration Association. All matters within the scope of the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) shall be governed by it.

Arbitration shall take place at a location specified by the arbitrator within five (5) miles of the Franchisor's then-current principal place of business. The award of the arbitrator shall be final and judgment upon the award may be entered in any court of competent jurisdiction. The parties agree that, in connection with any such arbitration proceeding, each shall submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the claim to which it relates. Any such claim which is not submitted or filed in such proceeding shall be barred.

The Franchisor and Franchisee agree that arbitration shall be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between the Franchisor and Franchisee shall not be consolidated with any other arbitration proceeding involving the Franchisor and any other natural person, association, corporation, partnership or other entity.

The Franchisor and Franchisee waive any right to or claim for punitive or exemplary damages, except punitive or exemplary damages allowed under federal statute.

The provisions of this Section shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

20.7 **Governing Law**. All matters relating to arbitration shall be governed by the Federal Arbitration Act. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement, the Franchise and the relationship of the parties shall be governed by the laws of the State of Florida, without regard for its conflicts of laws principles.

20.8 **Jurisdiction**. With respect to actions described in Section 20.3 above and any other actions not subject to arbitration under Section 20.6 above, Franchisee and the Franchisor agree that any action arising under this Agreement or otherwise as a result of the relationship between Franchisee and the Franchisor must be commenced in a state or federal court of competent jurisdiction in the State of Florida. Franchisee irrevocable submits to the jurisdiction of such courts and waives any objection he may have to either the jurisdiction or venue of such court.

20.9 **Waiver of Punitive Damages**. The parties waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages, except punitive or exemplary damages allowed under federal statute. The parties agree that, in the event of a dispute between them, the party making a claim shall be limited to recovery of any actual damages it sustains.

20.10 **Waiver of Jury Trial**. Each party irrevocably waives trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party.

20.11 **Franchisee May Not Withhold Payments**. Franchisee agrees that he will not on grounds of the alleged nonperformance by the Franchisor of any of its obligations hereunder withhold payment of any royalty and service fees, lease payments, amounts due to the Franchisor for purchases by Franchisee or any other amounts due to the Franchisor.

20.12 **Binding Effect**. This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Subject to the Franchisor's right to modify the Operating Manual, this Agreement shall not be modified except by written agreement signed by Franchisee and the Franchisor.

20.13 **Limitations of Claims**. Any and all claims, except claims for monies due the Franchisor, arising out of or relating to this Agreement or the relationship among the parties hereto shall be barred unless an action or legal or arbitration proceeding is commenced within one (1) year from the date Franchisee or the Franchisor knew or should have known of the facts giving rise to such claims.

20.14 **Construction**. The preambles and exhibits are a part of this Agreement, which together with the Operating Manual, constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between the Franchisor and Franchisee relating to the subject matter of this Agreement; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by Franchisor in the Disclosure Document that was furnished to Franchisee by Franchisor. The term "Franchisee" as used herein is applicable to one or more persons, a corporation or a partnership, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time Franchisee hereunder, their obligations and liabilities to the Franchisor shall be joint and several. References to "Franchisee" and "transferee" which are applicable to an individual or individuals shall mean the principal owner(s) of the equity or operating control of Franchisee or the transferee, if Franchisee or the transferee is a corporation or partnership. References to "controlling interest" in Franchisee shall mean greater than fifty percent (50%) of the equity or voting control of Franchisee. The term "TheHomeMag Franchised Business" as used herein includes the Business Assets. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit or construe the contents of such sections or paragraphs.

Except where this Agreement expressly obligates the Franchisor reasonably to approve or not unreasonably to withhold its approval of any action or request by Franchisee, Franchisor has the absolute right to refuse any request by Franchisee or to withhold its approval of any action by Franchisee

that requires the Franchisor's approval. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto.

20.15 **Withholding Consent**. In no event will Franchisee make any claim, whether directly, by way of setoff, counter-claim, defense or otherwise, for money damages or otherwise, by reason of any withholding or delaying of any consent or approval by Franchisor. Franchisee's sole remedy for any such claim is to submit it to an executive meeting, mediation and arbitration as described in this Agreement and, if executive meeting and mediation fails to resolve such matter, for the arbitrator to order Franchisor to grant such consent.

ARTICLE XXI
GENERAL PROVISIONS

21.1 **Relationship; Acknowledgments**. Franchisee and Franchisor agree that there does not exist any fiduciary, trust or similar relationship between Franchisee and Franchisor, that the relationship between Franchisee and Franchisor is a normal commercial relationship between independent businesspeople intended for mutual but independent economic benefit, and is not in any sense nor is intended to be a partnership, joint venture, agency, employment, fiduciary, trust or similar relationship.

21.1.1 Franchisee acknowledges that he/she and each of its owners (if Franchisee is a corporation or partnership) and investors has read this Agreement and Franchisor's Disclosure Document and all exhibits, and that Franchisee and its owners understand and accept the terms, conditions, and covenants contained in this Agreement as being necessary to maintain Franchisor's high standards of quality and service and the uniformity of those standards at all TheHomeMag businesses and thereby to protect and preserve the goodwill of the Marks and the System.

21.1.2 Franchisee and Franchisor, each agreeing on the critical practical business importance of their relationship being governed solely by written documents signed by Franchisee and Franchisor (including any concurrently executed written personal guarantees, Statement of Prospective Franchisee and/or exhibits, schedules, addenda, promissory note(s), security agreement(s) or other written documents signed by the party to be bound thereby, all of which will be deemed to be part of this Agreement for the purposes of this Section 21.1.2) and not wishing to create misunderstandings, confusion and possible conflict through reference to any alleged prior and/or contemporaneous oral and/or written representations, understandings, agreements or otherwise, jointly intend and agree that (i) this Agreement contains the final, complete and exclusive expression of the terms of the parties' agreement and entirely supersedes and replaces any and all prior and/or concurrent understandings, agreements, inducements, prior course(s) of dealing, representations (financial or otherwise), promises, options, rights of first refusal, guarantees, warranties (express or implied) or otherwise (whether oral or written) between Franchisee and Franchisor, (ii) there are no prior and/or concurrent understandings, agreements, inducements, course(s) of dealing, representations (financial or otherwise), promises, options, rights of first refusal, guarantees, warranties (express or implied) or otherwise (whether oral or written) which are not fully expressed in this Agreement, and (iii) no prior and/or concurrent understandings, agreements, inducements, course(s) of dealing, representations (financial or otherwise), promises, options, rights of first refusal, guarantees, warranties (express or implied) or otherwise (whether oral or written) of any kind or nature whatsoever have been made by Franchisor or anyone else, nor will have any force or effect. Franchisor expressly disclaims any understandings, agreements, inducements, course(s) of dealing, representations (financial or otherwise), promises, options, rights of first refusal, guarantees, warranties (express or implied) or otherwise (whether oral or written) which are not fully expressed in this Agreement. Nothing in this or any related agreement, however, is intended to disclaim the representations made by Franchisor in the Franchise Disclosure Document that was furnished to Franchisee by Franchisor.

21.1.3 Franchisee acknowledges and represents that he/she has not been promised, nor has the Franchisor or any of its representatives, employees or agents made any promises, representations and/or warranties, nor has Franchisee received or relied on any promises, representations or warranties, that (i) any payments by Franchisee are refundable at Franchisee's option, (ii) Franchisor will repurchase any rights granted hereunder (or any associated business) or will be able to assist Franchisee in any resale, (iii) Franchisee will succeed in the Franchised Business, (iv) Franchisee will achieve any particular sales, income or other levels of performance, (v) Franchisee will have any exclusive rights of any type other than as specifically set forth herein, or (vi) Franchisee will receive any level of advertising (television or otherwise), marketing assistance, site location, development or other services, operational assistance or otherwise other than as expressly set forth in this Agreement. No contingency, condition, prerequisite, prior requirement, or otherwise (including, but not limited to, obtaining financing, obtaining a site or otherwise) exists with respect to Franchisee fully performing any or all of his/her obligations under this Agreement.

21.1.4 Neither Franchisor nor any of its representatives, employees or agents made, any promises, representations, or warranties as to any profits Franchisee may realize in the operation of the Franchised Business, nor has franchisee received any representations regarding any working capital or other funds necessary to reach any "break-even" or any other financial level. Franchisor is unable, and does not attempt, to predict, forecast, or project future performance, revenues, profits or otherwise of any Franchised Business. If any such information, promises, representations, and/or warranties has been provided to Franchisee other than that provided in the Disclosure Document, Franchisor will not be bound by it.

21.1.5 Franchisee acknowledges and agrees that the success of the business venture contemplated to be undertaken hereunder is speculative, is and will be dependent upon Franchisee's personal efforts, that entry into any business enterprise is always associated with risk and that no assurance of success has been or can be given to Franchisee. Franchisee acknowledges and represents that he/she has entered into this Agreement and made an investment only after (i) making an independent investigation of the opportunity, including having received a list, in connection with the presentation of Franchisor's Disclosure Document, of (and having spoken with) other franchisees currently operating TheHomeMag businesses (if applicable), and (ii) having had an opportunity to have this transaction and all related documents reviewed by an attorney and a financial advisor of his/her own choosing, such review having been strongly recommended by Franchisor. Franchisee acknowledges that he/she and each person signing as Franchisee (and/or having any investment and/or interest in the Franchised Business) has received, reviewed, understood and fully read and all questions have been answered regarding (x) a copy of the Franchisor's Disclosure Document with all exhibits at least fourteen (14) calendar days prior to the earlier of Franchisee's and/or any such person (a) signing any binding documents or (b) paying any sums and (y) a copy of this Agreement and all other agreements.

21.1.6 Franchisee understands that Franchisor is relying on Franchisee to bring forward in writing at this time any matters inconsistent with any of the matters set forth in this Article XXI or otherwise so that Franchisor can correct any misunderstandings and Franchisee agrees that if any of the statements or matters set forth in this Article XXI or otherwise are not true, correct and complete, Franchisee will make a written statement regarding such next to Franchisee's signature below so that Franchisor may address and resolve any such issue(s) at this time and before either party goes forward.

21.1.7 Franchisee acknowledges and agrees that in all of his/her dealings with the Franchisor, the officers, directors, employees, and agents of the Franchisor acted only in a representative capacity and not in an individual capacity. Franchisee further acknowledges that this Agreement, and all business dealings between Franchisee and such individuals as a result of this Agreement, are solely between Franchisee and the Franchisor. Franchisee further represents to the Franchisor, as an inducement to the Franchisor's entry into this Agreement, that Franchisee has made no misrepresentations in obtaining the Franchised Business.

21.2 **Notices**. Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein shall be in writing, signed by the party giving the same, and personally delivered or deposited in the United States mail, first-class postage prepaid, certified mail, return receipt requested and electronically. If intended for Franchisor, shall be addressed to it at 1732 SE 47th Terrace, Cape Coral, Florida 33904, with a copy to Cameron McKinley, Esq., 242 N. Second Street, Philadelphia, Pennsylvania 19106. If intended for Franchisee, shall be addressed to Franchisee at the address set forth on page one.

21.2.1 Either party may change its address for notice purposes by giving the other party written notice, as herein provided, of such change.

21.3 **Gender**. Reference to Franchisee as male, female, or no gender shall include male or female franchisee, general or limited partnership, joint venture, corporation, trust, or any other association or business entity, as relevant in the context.

21.4 **Headings**. Headings and captions contained herein are for convenience of reference only and shall not be taken into account in construing or interpreting this Agreement.

21.5 **References**. Any reference herein to any paragraph or other part of this Agreement shall be deemed to include a reference to every subordinate part and/or subparagraph thereof.

21.6 **Time of the Essence**. It is acknowledged and agreed by both parties that any delay in the performance of its obligations hereunder would irreparably and irrevocably injure the other party in the conduct of its business and the value of its property. The parties therefore agree that time is of the essence of this Agreement. Except as otherwise specifically permitted herein, no extension of time shall be implied, nor any delay allowed, in the timely and complete performance of all covenants herein contained.

21.7 **Survival of Terms**. Each provision of this Article XXI and those provisions hereinabove provided relating to covenants against post-termination/expiration use of the Proprietary Marks, Know How, Copyrights and Software will be deemed to be self-executing and continue in full force and effect subsequent to and notwithstanding the expiration, termination, setting aside, cancellation, rescission, unenforceability or otherwise of this Agreement (or any part of it) for any reason, will survive and will govern any claim for rescission or otherwise. Each provision of this Agreement will be construed as independent of, and severable from, every other provision; provided that if any part of this Agreement is deemed unlawful in any way, the parties agree that such provision will be deemed interpreted and/or modified to the minimum extent necessary to make such provision lawful or, if such construction is not permitted or available, the remainder of this Agreement will continue in full force and effect. Each party reserves the right to challenge any law, rule or judicial or other construction which would have the effect of varying or rendering ineffective any provision of this Agreement.

21.8 **Operation in the Event of Absence or Disability**. In order to prevent any interruption of the Franchised Business operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, Franchisee authorizes Franchisor, who may, at its option, in the event that Franchisee is absent for any reason or is incapacitated by reason of illness and is unable, in the sole and reasonable judgment of Franchisor, to operate the Franchised Business, operate the Franchised Business for so long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement. All monies from the operation of the Franchised Business during such period of operation by Franchisor shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for Franchisor's representative, shall be charged to said account. If, as herein provided, Franchisor temporarily operates the Franchised

Business franchised herein for Franchisee, Franchisee agrees to indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, from any and all acts which Franchisor may perform, as regards the interests of Franchisee or third parties.

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

21.10 **Step-In Rights – Duties of Parties**. Franchisor shall keep in a separate account all monies generated by the operation of Franchisee's business, less the expenses of the business, including reasonable compensation and expenses for Franchisor's representatives. In the event of the exercise of the Step-In Rights by Franchisor**,** Franchisee agrees to hold harmless Franchisor and its representatives for all actions occurring during the course of such temporary operation. Franchisee agrees to pay all of Franchisor's reasonable attorneys' fees and costs incurred as a consequence of Franchisor's exercise of its Step-In Rights. Nothing contained herein shall prevent Franchisor from exercising any other right which it may have under this Agreement, including, without limitation, termination.

ARTICLE XXII
SUBMISSION OF AGREEMENT

22.1 The submission of this Franchise Agreement to Franchisee does not itself constitute an offer to sell a franchise. This Franchise Agreement shall become effective only upon the execution thereof by Franchisor and Franchisee.

I HAVE READ THE FOREGOING AGREEMENT AND I HEREBY AGREE TO AND ACCEPT EACH AND ALL OF THE PROVISIONS.

THM MANAGEMENT, LLC

By:_____

Name:_____

Title:_____

Dated:_____

FRANCHISEE:

_____

By:_____

_____
(Print Name, Title)

Dated:_____

PRINCIPAL:

_____

_____
(Print Name)

PRINCIPAL:

_____

_____
(Print Name)

EXHIBIT A TO THE FRANCHISE AGREEMENT

LOCATION OF FRANCHISE, NON-EXCLUSIVE TERRITORY AND PROTECTED MARKETS

LOCATION:_____

PROTECTED MARKET:_____

DEFINED DISTRIBUTION PER ISSUE:_____

_____

EXHIBIT B TO THE FRANCHISE AGREEMENT

THM MANAGEMENT, LLC

FRANCHISEE ACKNOWLEDGMENT STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

_____
Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

_____
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

_____
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

_____
Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

_____
Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

_____
Initial

7. Franchisee acknowledges that it has received the THM Management, LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

_____
Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

_____
Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

_____
Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

_____
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not

warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

_____
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE THM MANAGEMENT, LLC, AND ANY OF ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

_____
Initial

FRANCHISEE:

_____

By:_____

_____,_____
(Print Name, Title)

Date:_____

PRINCIPAL:

_____

_____
(Print Name)

Date: _____

PRINCIPAL:

_____

_____
(Print Name)

Date: _____

THM MANAGEMENT, LLC

EXHIBIT C TO THE FRANCHISE AGREEMENT

NON-COMPETITION AND NON-DISCLOSURE AGREEMENT

THIS AGREEMENT is made by and between THM Management, LLC, a Florida limited liability company with its principal office located at 1732 SE 47th Terrace, Cape Coral, Florida 33904 (the "Franchisor"), and _____ (the "Franchisee"), and _____ (the "Manager"), both of whom shall be collectively referred to as "Franchisee".

WHEREAS, the Franchisor has developed a system of uniform standards, methods, merchandising, and advertising for the operation of franchises that specializes the production of a magazine that is direct mailed at no charge to consumers in the Franchisee's territory that best match the target market for the services offered in the magazine. TheHomeMag has developed a proprietary selection system to create the most efficient mailing lists possible for a given area to give the advertisers the best "bang for their buck" when advertising in TheHomeMag ("TheHomeMag" Business, "Franchised Business", or "System") using the trade name, trademark and service mark of "TheHomeMag" (collectively, the "Proprietary Marks"); and

WHEREAS, the Franchisor desires to preserve the Marks and the System, and has plans, where profitable, to increase the number of "TheHomeMag" Franchised Businesses within the United States and elsewhere; and

WHEREAS, the Franchisee desires to obtain and maintain the right to own and operate one or more "TheHomeMag" Franchised Business and the Franchisor desires to grant such right to Franchisee subject to the terms set forth below; and

WHEREAS, the Franchisee's Manager has been hired by Franchisee to run the day-to-day activities of Franchisee's "TheHomeMag" Franchised Business and such Manager must therefore be bound by the same confidentiality and non-competition agreement that Franchisee is bound by.

IN CONSIDERATION of these premises, and the conditions stated herein, the parties agree as follows:

1. Purpose of Agreement. The Franchisor is placing the Franchisee in a position of trust and confidence in order to aid the Franchisor in its development, marketing, sale and expansion of the System. As a precondition of the grant of the right to own and operate a "TheHomeMag" Franchised Business, the Franchisor desires to receive from the Franchisee (i) an agreement not to disclose certain information relating to the Franchisor's business, (ii) an agreement not to compete against the Franchisor for a certain period of time, and (iii) an agreement concerning the ownership of certain information. This Agreement sets forth the terms of their agreements and understandings.

2. Franchisor Ownership of Materials. All information, ideas, research, methods, techniques, specifications, guidelines, secret recipes, manuals, procedures, systems, improvements, notes, data, tapes, reference items, financial information, literature, files, supplier lists, notebooks, calendars, sketches, drawings, memoranda, records and copyrighted and other materials, including the Franchisor's Confidential Operating Manual, and the goodwill associated with them, which in any way relate to the Franchisor's past, present or potential business or which were prepared or received by the Franchisee as a franchisee of the Franchisor and a participant in the System (hereinafter collectively referred to as "Confidential Information") are the exclusive property of the Franchisor. Franchisee agrees to deliver to the Franchisor

all copies of such materials including the Franchisee's own personal work papers, which are in the Franchisee's possession or under the Franchisee's potential control at the request of the Franchisor or, in the absence of such a request, upon the termination of that certain Franchise Agreement dated even date herewith between Franchisor and Franchisee (the "Franchise Agreement").

3. Confidential Information. The Franchisee acknowledges that the Franchisor's Confidential Information is a valuable and unique asset which the Franchisee holds in trust for the Franchisor's sole benefit. The Franchisee agrees that the Franchisee shall not, at any time during and for a period of fifty (50) years after the Franchisee ceases to be a franchisee of the Franchisor or a participant in the System, use for itself or for others, or disclose to any person, corporation or other entity for any reason, any of the Franchisor's Confidential Information, without the prior written consent of the Franchisor.

4. Trade Secrets. The Franchise acknowledges that the Franchisor's Confidential Information and its methods and techniques of operation, and food preparation, merchandising, recipes, specifications, its financial condition, customer service, marketing and pricing strategies, as well as the information compiled and developed regarding improvements or enhancements to the System, including the Confidential Operating Manual, are uniquely valuable to the Franchisor and have been developed through considerable expense and effort, and thus are not usually ascertainable by a competitor without considerable investment of effort and expense ("Trade Secrets").

In light of the need to protect and preserve the confidentiality of these Trade Secrets and in consideration of Franchisee's continued right to own and operate a "TheHomeMag" Franchised Business, the Franchisee agrees, at all times while a franchisee of the Franchisor and for as long as Franchisor remains in business anywhere in the world, to respect the confidentiality of the Franchisor's Trade Secrets, to use them solely for the benefit of the Franchisor's business, and to refrain from disclosing or making available the Trade Secrets to any third party without the prior written consent of the Franchisor. The Franchisee further agrees to take all reasonable security measures to ensure that the Franchisee's employees comply with this Agreement and such other security measures as are reasonably requested by the Franchisor to prevent accidental disclosure.

5. Assignment of Inventions. All ideas, improvements, processes, names, menu items, and enhancements to the System or which relate to or are useful to the Franchisor's business which the Franchisee, alone or with others, may invent, discover, make or conceive ("Inventions") are the exclusive property of the Franchisor, and the Franchisee shall promptly and fully disclose them to the Franchisor. At any time, at the Franchisor's request and expense, the Franchisee shall, without further compensation: (i) promptly record such Inventions with the Franchisor; (ii) execute any assignments and other documents the Franchisor deems desirable to protect its rights in the Inventions; and (iii) assist the Franchisor in enforcing its rights with respect to these Inventions.

6. Restrictions on Unfair Competition. It is recognized by the Franchisee that as the natural result of the Franchisee's participation in the System as a franchisee of the Franchisor, Franchisee will gain access to the Franchisor's Trade Secrets and Confidential Information, and will gain the trust, confidence and respect of the Franchisor's landlords, customers and suppliers. The Franchisee acknowledges that the Franchisor has a legitimate need to protect itself against unfair competition by its franchisees and their employees. Therefore, in consideration for the Franchisee's participation in the System as a franchisee of the Franchisor, the Franchisee agrees that while it is a franchisee of the Franchisor and for two (2) years after termination of the Franchise Agreement, regardless of the circumstances giving rise to the termination, or after the Franchisee ceases to be a participant in the System, and within the Area of Minimum Competition as defined in Article XV of the Franchise Agreement, Franchisee shall not:

(a) Have or acquire an interest in a similar business to that offered or developed by the Franchisor which provides the same or substantially similar products as those sold, distributed, manufactured or furnished by the Franchisor during the term of the Franchise Agreement. For purposes of this Agreement, "similar business" means a magazine that sells the same or substantially same products as are sold in a typical TheHomeMag publication ("Products");

(b) Engage, directly or indirectly, on the Franchisee's own behalf, or on behalf of any other person, firm, partnership or corporation, in providing, assisting, instructing or supervising the marketing, distribution or sale of the Products of any similar business to those offered and provided or manufactured by the Franchisor as of the termination of this Agreement;

(c) Compete, directly or indirectly, with the Franchisor in the offering, distribution or sale of products similar to the Products offered or provided or manufactured by Franchisor as of the termination of this Agreement. Prohibited competition under this subsection (c) may include, but is not limited to, the solicitation of, attempted solicitation, or other contacts with franchisees, landlords, suppliers and customers of the Franchisor for the purpose of offering, providing or delivering Products or services similar to those offered and provided by the Franchisor to the public; or the request, suggestion or advice to Franchisees, landlords, suppliers or customers, either directly or indirectly, to withdraw, curtail, limit or cancel their business with the Franchisor; or to disclose, directly or indirectly, to any other person the names and addresses of franchisees, landlords, suppliers and customers of the Franchisor; or the terms and conditions of the Franchisor's contracts with suppliers of these Products; or

(d) Otherwise take direct actions to disrupt the operations of the Franchisor or interfere with the Franchisor's performance of its contracts with third parties.

7. Enforcement.

(a) Injunction. The Franchisee understands and agrees that the Franchisor will suffer irreparable harm if Franchisee breaches any of Franchisee's obligations under this Agreement, and that monetary damages shall be inadequate to compensate the Franchisor for any such violation. Accordingly, the Franchisee agrees that in the event Franchisee violates or threatens to violate any of the provisions of this Agreement, the Franchisor, in addition to all other remedies or damages which it may have, shall be entitled to seek an injunction to prevent or to restrain any such violation by the Franchisee or by any or all of the Franchisee's directors, stockholders, officers, partners, employees, agents or any other person directly or indirectly acting for, on behalf of or with the Franchisee. The Franchisee consents to the seeking of the injunction as being a reasonable measure to protect the Franchisor's rights.

(b) Jurisdiction. The Franchisee agrees that any lawsuit brought by the Franchisor to enforce its rights under this Agreement shall be brought in the appropriate court located in the State of Florida, County of Lee, and the Franchisee agrees and consents to the jurisdiction of such court to resolve all disputes which arise out of this Agreement or any alleged breach thereof in a state court, regardless of Franchisee's residency at the time such suit is filed. Any lawsuit brought against the Franchisor or its officers, directors or agents arising out of this Agreement, or any alleged breach thereof, must be brought within one (1) year of the event giving rise to the cause of action. The failure to commence such action by or on behalf of the Franchisee within this time period shall serve to bar any rights the Franchisee may have against the Franchisor or its officers, directors and agents.

(c) Costs. The Franchisee further agrees that if he/she acts in any manner which causes the Franchisor to seek any form of judicial relief or remedy against Franchisee, and the court determines the Franchisee has or is violating any of the provisions of this Agreement, the Franchisor, in addition to its

other remedies, shall be entitled to recover from the Franchisee all costs incurred, including its attorneys' fees.

8. Reasonableness of Restrictions; Severability. The Franchisee has read and considered carefully the provisions of Sections 1 through 7 of this Agreement, and agrees that the restrictions are fair and reasonably required for the protection of the interests of the Franchisor, its business and its officers, directors and employees, even though no geographic limitation is included because of the national nature of the franchise business. The Franchisee further agree that the restrictions set forth in this Agreement shall not impair Franchisee's ability to secure employment or acquire an interest in a business in another field of choice, other than the restricted field described in Section 6.

9. Miscellaneous.

(a) All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, shall be held invalid by any court of competent jurisdiction for any reason, then the Franchisee agrees that the court shall have the authority to reform and modify that provision in order that the restriction shall be the maximum necessary to protect the Franchisor's legitimate business needs as permitted by applicable law and public policy. In so doing, the Franchisee agrees that the court shall impose the provision with retroactive effect as close as possible to the provision held to be invalid. Further, the Franchisee agrees that a breach or alleged breach by the Franchisor of any obligation owed by the Franchisor shall not affect the validity or enforceability of the provisions of this Agreement.

(b) This Agreement was entered into and shall be governed by the laws of the State of Florida.

(c) No delay or failure by the Franchisor to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

(d) In the event that any provision of this Agreement, or a portion thereof, shall be held to be invalid or unenforceable, this ruling shall not affect in any manner the validity of the remaining provisions.

(e) The rights and obligations of the Franchisor under this Agreement shall inure to the benefit of and shall be binding upon the parties hereto, as well as the affiliates of the Franchisor and any future successors and assigns of the Franchisor.

(f) No modification of this Agreement shall be valid unless it is in writing and signed by both the Franchisee and an authorized representative of the Franchisor. This Agreement contains the entire agreement between the parties and is expressly intended by the Franchisee and the Franchisor to supersede and replace any prior agreements on these issues between the parties.

(g) The Manager, if any, hereby executes this Agreement to evidence his/her or their consent to be bound by each and every provision.

IN WITNESS WHEREOF, the Franchisor and the Franchisee attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on this day of _____.

FRANCHISOR:

THM MANAGEMENT, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

MANAGER:

_____

By:_____
Name:_____
Title:_____
Its:_____

THM MANAGEMENT, LLC

EXHIBIT D TO THE FRANCHISE AGREEMENT

GUARANTY

This Guaranty and Covenant (this "Guaranty") is given by the undersigned ("Guarantor") on_____ _____ to THM Management, LLC, a Florida limited liability company ("Franchisor"), in order to induce Franchisor to enter into that certain Franchise Agreement dated of even date herewith (the "Franchisee Agreement") with _____, a(n) _____ _____, _____ and _____ _____ (collectively "Franchisee").

Guarantor acknowledges that Guarantor is the spouse of Franchisee's Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Articles XV and XVIII of the Franchise Agreement ("Guaranteed Obligations"). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

_____

Print Name: _____

EXHIBIT E TO THE FRANCHISE AGREEMENT

STATE SPECIFIC ADDENDUM

EXHIBIT _E TO THE FRANCHISE AGREEMENT

ADDENDUM TO THEHOMEMAG FRANCHISE AGREEMENT REQUIRED BY THE STATE OF CALIFORNIA

CALIFORNIA ADDENDUM

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains provisions that are inconsistent with the law, the law will control.

2. 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.).

3. The Franchise Agreement contains covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.

4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.

5. Neither the franchisor, any person or franchise broker 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. 79a et seq., suspending or expelling such persons from membership in such association or exchange.

6. The franchise agreement requires binding arbitration. The arbitration will occur in Florida with the costs being borne by the franchisee and franchisor. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

7. The Franchise Agreement requires application of the laws of Florida. This provision may not be enforceable under California law.

8. You must sign a general release if you renew or transfer your franchise. California Corporation 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).

9. 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.

10. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

11. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements are per se violations of the Cartwright Act.

12. OUR WEBSITE, www.thehomemag.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

13. 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 franchisor, waiver of jury trial, waiver of punitive damages and a limitation of damages.

14. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker, or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and fats as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

The parties hereto have duly executed, sealed and delivered this Addendum dated _____.

THM MANAGEMENT, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
[Name]

EXHIBIT E TO THE FRANCHISE AGREEMENT

ADDENDUM TO THM MANAGEMENT, LLC
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the franchise agreements.

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

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

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

The Illinois Attorney General's Office requires us to defer payment of the initial franchise fee and other payments owed by Franchisees to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement and the Franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to the Franchisor's financial condition.

The parties hereto have duly executed, sealed and delivered this Addendum dated _____.

THM MANAGEMENT, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
[Name]

EXHIBIT E TO THE FRANCHISE AGREEMENT

ADDENDUM TO THEHOMEMAG
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF INDIANA

1. To be added to Item 3 of the Disclosure Document document, is the following statement:

   There are presently no arbitration proceedings to which the Franchisor is a party.

2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory.

3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).

4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Sections 20.7 and 20.8 of the Franchise Agreement.

5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

The parties hereto have duly executed, sealed and delivered this Addendum dated _____.

THM MANAGEMENT, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
[Name]

EXHIBIT E TO THE FRANCHISE AGREEMENT

AMENDMENT TO THEHOMEMAG FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated thereunder, the parties to the attached Benny's Franchise Agreement (the "Franchise Agreement") agree as follows:

1. The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a franchisee's assent to a release of liability under that Law as a condition for the sale, renewal, assignment or transfer of the franchise. To the extent of any inconsistencies with the Maryland Franchise Registration and Disclosure Law contained in Article 5 or Section 16.3 of the Franchise Agreement, such inconsistent provisions are hereby deleted.

2. To the extent of any inconsistencies, Section 17.1 of the Franchise Agreement is hereby amended to further state:

> "Our right to terminate you upon your bankruptcy, however, may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq*.)."

3. To the extent of any inconsistencies, Section 20.3 of the Franchise Agreement is hereby amended to further state:

> "Nothing herein shall waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland."

4. To the extent of any inconsistencies, Section 20.8 of the Franchise Agreement is hereby amended to further state:

> "Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise."

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

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this Maryland Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

THM Management, LLC

By:_____

_____,_____
(Print Name, Title)

FRANCHISEE:

_____

By:_____

_____,_____
(Print Name, Title)

PRINCIPAL:

_____

_____
(Print Name)

PRINCIPAL:

_____

_____
(Print Name)

EXHIBIT E TO THE FRANCHISE AGREEMENT

ADDENDUM TO THEHOMEMAG
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MICHIGAN

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

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

(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 thirty (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 five (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 six (6) months' advance notice of franchisor's intent not to renew the franchise.

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

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

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

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

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

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

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

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

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division
Attn: Katharyn Barron
Michigan Department of Attorney General
525 W. Ottawa Street, 1st Floor
Lansing, Michigan 48933
(517) 335-7567

The parties hereto have duly executed, sealed and delivered this Addendum dated _____.

THM MANAGEMENT, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
[Name]

EXHIBIT E TO THE FRANCHISE AGREEMENT

ADDENDUM TO THM MANAGEMENT, LLC
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA

This addendum to the Disclosure Document is agreed to this ___ day of _____, 20__, and effectively amends and revises said Disclosure Document and Franchise Agreement as follows:

1. Item 13 of the Disclosure Document and Article VII of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

> "In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchise from any loss, costs or expenses arising out of any claim, suit or demand regarding such use."

2. Item 17 of the Disclosure Document and Article XVIII of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

> "Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Stat. Sec. 80c.14, Subd.3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Disclosure Document."

3. Item 17 of the Disclosure Document and Article XX of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

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

4. Item 17 of the Disclosure Document and Articles IV and XVI of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

> "Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release."

5. Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits requiring you to consent to liquidated damages.

6. Section 20.10 of the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits waiver of a jury trial.

7. Section 20.13 of the Franchise Agreement regarding Limitations of Claims is hereby amended to comply with Minn. Stat. §80C.17, Subd. 5.

The parties hereto have duly executed, sealed and delivered this Addendum dated _____.

THM MANAGEMENT, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
[Name]

EXHIBIT E TO THE FRANCHISE AGREEMENT

ADDENDUM TO THEHOMEMAG
DISCLOSURE DOCUMENT
REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The parties hereto have duly executed, sealed and delivered this Addendum dated _____.

THM MANAGEMENT, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
[Name]

EXHIBIT E TO THE FRANCHISE AGREEMENT

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled. (N.C.G.S. §66-95)

The parties hereto have duly executed, sealed and delivered this Addendum dated _____.

THM MANAGEMENT, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
[Name]

EXHIBIT E TO THE FRANCHISE AGREEMENT

DISCLOSURES REQUIRED BY SOUTH CAROLINA LAW

If the seller fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

The parties hereto have duly executed, sealed and delivered this Addendum dated _____.

THM MANAGEMENT, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
[Name]

EXHIBIT E TO THE FRANCHISE AGREEMENT

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the restrictions contained in section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for TheHomeMag for use in the Commonwealth of Virginia shall be amended as follows:

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a Franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other payments owed by Franchisees to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement.

EXHIBIT E TO THE FRANCHISE AGREEMENT

ADDENDUM TO THEHOMEMAG
ADDENDUM TO THE FRANCHISE AGREEMENT,
FRANCHISE ACKNOWLEDGEMENT STATEMENT, AND RELATED AGREEMENTS.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,00 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Article VIII section 8.1 of the Franchise Agreement is revised to add the following statement:

> In the State of Washington, we will defer the payment of the initial franchise fee, and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business, and it is operating.

The parties hereto have duly executed, sealed and delivered this Addendum dated _____.

THM MANAGEMENT, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
[Name]

EXHIBIT F TO THE FRANCHISE AGREEMENT

SITE LICENSE AGREEMENT

EXHIBIT F TO THE FRANCHISE AGREEMENT

SITE LICENSE AGREEMENT

The purpose of this Site License Agreement (Agreement) is to set the use and management of the local TheHomeMag Website (the Website) between THM Management, LLC (Website Manager) and its franchisees (Site Operator). The Site Operator acknowledges and agrees that the terms and conditions, including the Privacy Policy posted on the website, shall govern the use of each and every page of the Website. This Agreement is not all-inclusive and the Website Manager reserves the right to amend this Agreement and/or the contents of the Website at any time for any reason without notice.

TERMS AND USE

The Website Manager will provide access and use of the Website to the Site Operator for the explicit purpose of selling advertising listings to Home Improvement Clients (Members) who wish to advertise their own business on the Website. The Site Operator does not own the Website and the Website Manager grants to the Site Operator a non-exclusive right to use a sub-domain of the Website. The Site Operator agrees that they will not modify, translate, reverse-engineer, or transfer the use of their sub-domain to another party. Each Site Operator will maintain and manage a sub-domain website for their respective geographic market in which they currently operate. Each sub-domain will be a part of the Master Domain (TheHomeMag.com). The Site Operator agrees to charge the preestablished subscription fees for every month of membership and listing by every Member on their respective sub-domain. The Site Operator agrees also to permit general public Consumers (Consumers) to add content to the Website in the form or reviews and opinions once the Consumer has registered a profile. The Consumers are not to be charged a subscription fee at any time for any purpose.

FEES

The continued use of the sub-domain and Website shall be granted by the Website Manager for intended business uses. The Site Operator agrees to pay the Website Manager a Digital Media Fee at the beginning of each month for this continued use. All sales made by the Site Operator to any Members shall be subject to digital royalty fees due to the Website Manager as outlined in the Franchise Agreement or respective Addendum to the Franchise Agreement. The Site Operator agrees to seek true, accurate, complete, and current information from both Members and Consumers when such parties post on the Website. If the information is found to be untrue, inaccurate, incomplete, non-current, or profane, the Website Manager and/or Site Operator reserves the right to suspend the account of any posting party and may refuse all current and future use of the Website to that offending party. All texts, images, photographs, videos, music, and links (Content) is the responsibility of the Site Operator to monitor on their respective sub-domain.

LICENSE

The Site Operators acknowledge that a monthly Digital Media Fee and all digital royalty paid to the Website Manager constitutes a license to continue to utilize the Website and their respective sub-domain and at no time will the Site Operator have title to the intellectual property in the Website. The Site Operator further acknowledges that title and full ownership rights of the Website and the intellectual property (including but not limited to descriptions, videos, photographs, images, and text) shall remain the exclusive property of the Website Manager and/or suppliers, and the Site Operator will not attempt to acquire rights to the Website except as expressly set forth above. All Website licenses will be exclusively distributed by the Website Manager.

DISCLAIMER OF WARRANTY
The Website is provided to the Site Operator "as is" without any warranty of any kind. The Manager and its suppliers disclaim and make no expressed or implied warranties and specifically disclaim the merchantability of the Website to Members and Consumers. The Manager and its suppliers will make every reasonable business effort to ensure the functionality of the Website. The Site Operator agrees that no guarantee of complete uninterrupted use of the Website is possible and the Manager will only be able to ensure an "uptime" of 99.9% annualized.

LIMITATION OF LIABILITY
The Website Manager is not responsible for any posting texts, pictures, images, or videos uploaded to the Website. It is the express responsibility of the Site Operator to maintain the sub-domain and monitor all postings by Members or Consumers for abusive, obscene, vulgar, slanderous, hateful, threatening, sexually-oriented or any other links and materials that may violate applicable laws. Failure to do so expressly implies culpability by the Site Operator regardless of circumstance and the Manager and its suppliers shall be indemnified against liability and held harmless for any damages whatsoever arising from the use of the Website. The Site Operator agrees that the Website Manager or its suppliers have the right to remove, edit, or move any link at any time should they see fit.

TERMINATION
The Website Manager and its suppliers have the right to terminate the use of the sub-domain and the Website by a Site Operator in the event that the Site Operator is not using either two for intended business purposes or if the Site Operator is attempting to sell, rent, or sub-contract the use of the two to non-home improvement Members, or if the Site Operator is in material and irreparable default of the Franchise Agreement.

NOTICE
All notices about the Website, Master Domain, or sub-domains to the Site Operator may be made via fax, email, phone call, or regular mail.

MISCELLANEOUS
This document is not inclusive of all documents to which a Site Operator and its Members must agree for use. The Site Operator is not permitted at any time to make amendments to this agreement. Any amendments that a Site Operator wishes to make must first be presented to the Website Manager for consideration. Any decision made by the Website Manager or its suppliers regarding any sub-domain or the Website will be communicated back to the Site Operator. The decisions made will be the sole discretion of the Website Manager without undue influence by any outside party. If any provision of this Agreement is invalid or unenforceable under applicable law, then it shall be changed and interpreted to accomplish the objectives of such provision to the greatest extent possible under applicable law, and the remaining provisions will continue in full force and effect. The agreement shall be governed by the laws of the State of Florida.

EXHIBIT D TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES
(as of December 31, 2021)

East Bay CA 925-418-4221 Publisher: David Pritchett	Sacramento CA 925-418-4221 Publisher: David Pritchett
Silicon Valley CA 925-418-4221 Publisher: David Pritchett	Co Springs CO 303-220-4242 Publishers: Russell & Claire Lindsay
Denver CO 303-220-4242 Publishers: Russell & Claire Lindsay	Northern Colorado 303-220-4242 Publishers: Russell & Claire Lindsay
Broward FL 954-227-0677 Publishers: M. Rose-Innis & M. VanDyk	Daytona FL 904-819-5812 Publisher: Mark Matrazzo
Jacksonville FL 904-819-5812 Publisher: Mark Matrazzo	Lakeland FL 727-372-3519 Publisher: E.J. Miller
Miami FL 954-894-4424 Publishers: Alex Flores & Maggie Kuhn	Orlando FL 407-898-5788 Publishers: Nicole Eldredge
Palm Beach FL 561-653-8133 Publisher: Campbell Mastin	Tampa FL 727-372-3519 Publisher: E.J. Miller
Treasure Coast FL 561-653-8133 Publisher: Campbell Mastin	Chicago IL 847-719-8429 Publisher: Cheri Sagehorn
Cincinnati OH 317-810-1340 Publisher: Edward Enslin	Indianapolis IN 317-810-1340 Publisher: Edward Enslin
Kansas City KS 913-677-1708 Publishers: Chris Zinn	New Orleans LA 985-206-9598 Publisher: Eileen Hodgins
Boston MA 561-653-8133 Publisher: Campbell Mastin	Minneapolis/St Paul MN 952-544-5000 Publishers: Rick & Amanda Vanden Boomen
St. Louis MO 913-677-1708 Publishers: Chris Zinn	Nashville TN 615-567-6702 Publishers: Marc & Tanja Cloete
Central Jersey NJ 732-945-1915 Publisher: Doreen Ruzzano	Long Island NY 631-364-2650 Publishers: Gary Young & Keith Watson
Charlotte NC 704-439-2295 Publishers: Jeff & Dianna Bobier	Cleveland OH 833-396-8986 Publisher: Colin Leveque

Oklahoma City OK 405-471-5735 Publisher: Bruce Stearns	Portland OR 503-403-0825 Publisher: Glen Grundy & Tyson Patterson
Philadelphia PA 215-230-6933 Publisher: Tom Balutis	Pittsburgh PA 972-250-2400 Publishers: Bruce & Sharon Hoy
Austin TX 210-444-9346 Publisher: Kevin Stearns	Dallas TX 972-250-2400 Publishers: Bruce & Sharon Hoy
Fort Worth TX 214-202-7388 Publishers: Tony & Stephanie Weetman	Houston TX 281-351-7779 Publisher: David Teekell
San Antonio TX 210-444-9346 Publisher: Kevin Stearns	Salt Lake City UT 801-554-9366 Publisher: Glen Grundy
Omaha NE 402-513-9294 Publishers: Debbie McChesney & Lauren Miller	

FRANCHISEES SIGNED, but Not Opened as of December 31, 2021

Des Moines IA 952-544-5000 Publishers: Amanda Vanden Boomen & Richard Vanden Boomen	

EXHIBIT E TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

(as of December 31, 2021)

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

Franchisee Name, Address, Phone	**Franchisee Name, Address, Phone**
Omaha & Lincoln, NE 402-466-3624 Publisher: Chris Zinn *Terminated this Location in 2019*	Queens NY 631-364-2650 Publishers: Gary Young *Terminated before First Issue 2019*
Tidewater VA 757-932-5499 Publisher: Paula & Gareth Brooks *Terminated this Location in 2020*	Chicago IL Publisher: Cheri & Thomas Sagehorn *Franchisor Acquired the location in 2021*

EXHIBIT F TO THE DISCLOSURE DOCUMENT
CONFIDENTIAL OPERATIONS MANUAL(S)

Table of Contents | THM Management, LLC [TheHomeMag Franchise]

Franchise Business Operations Manual

	Page
Notice of Protection & Copyright	1
A Letter to the Publisher	2
Your Leadership	3
Franchise Participation	5
Royalty & Reporting	7
Operating Hours	7
Trademarks & Electronic Media	8
Competition	9
Staff Meetings	10
Employee Development	11
Health Benefits & PTO	15
The Advertisement: Our Core Competency	16
Leading Sales	17
Financial	21
Vendor Relations	22
Section Page Count	*25*

Office Franchise Guide

	Page
The Office: the HUB of your Magazine	1
Day to Day Operations	2
Coordinating the Office	3
THM Email & Intranet System	6
Vendor Relationships	7
Human Resources & Payroll	14
Inter-Office Booking	16
Section Page Count	18

Production Franchise Guide

	Page
Introduction to Production	1
Understanding	2
Our Process	4
Product Components	6
Develop: Advertisements	10
Assemble: Flow of Information	15
Magazine Assembly	17
Schedules	21
Improving Sales	24
Advertising & Marketing Terminology	26
Section Page Count	31

Sales Franchise Guide

	Page
Selling: More Than Just Dollars	2
THM Ads: Rules of the Game	3

9-Point Ad System 5
The Four Types of Advertisers 7
Your Sales Collateral 8
Managing Your Activity 9
3602-R USPS Form Sample 10
Ad-Type Samples 11

THM Sales Playbook

Page
Chapter 1: Our Sales Process is the Key to your THM Sales Success 3
Chapter 2: Five Steps in the Sales Process 6
Chapter 3: Getting the Meeting 9
Chapter 4: Hosting Great Sales Calls with Your Prospects 17
Chapter 5: Getting the Agreement Signed and Never-ending Follow Up 28
Chapter 6: Retention Strategies to Decrease Turnover & Increase Renewals 33
Chapter 7: Creating Your Action Plan for Success 36
Chapter 8: Asking for Referrals 39
Chapter 9: Objection Hacks 41
Chapter 10: 20 GREAT Email Subject Lines for Sales Success! 47
Chapter 11: 55 fantastic and relevant THM Sales Tips 50
Section Page Count 55
Manual Total Page Count 129

EXHIBIT G TO THE DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

THM MANAGEMENT, LLC

AUDITED FINANCIAL STATEMENTS

Year ended December 31, 2021

Noack & Company, LLC
Certified Public Accountants
Fort Myers, FL

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Balance Sheet	3
Statement of Income	4
Statement of Changes to Member's Equity (Deficit)	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of THM Management, LLC

Opinion

We have audited the accompanying financial statements of THM Management, LLC (the "Company"), which comprise the balance sheet as of December 31, 2021, and the related statements of Income, changes in member's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of THM Management, LLC as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Noack & Company, LLC
CERTIFIED PUBLIC ACCOUNTANTS
Fort Myers, Florida
February 22, 2022

THM MANAGEMENT, LLC
BALANCE SHEET
DECEMBER 31, 2021

ASSETS		
CURRENT ASSETS		
Cash	$	153,654
Accounts receivable		111,905
Prepaid expenses		29,694
TOTAL CURRENT ASSETS		295,253
FIXED ASSETS		
Property and equipment, net of accumulated depreciation of $88,228		42,814
TOTAL FIXED ASSETS		42,814
TOTAL ASSETS	$	338,067
LIABILITIES AND MEMBER'S EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	$	56,076
Accrued liabilities		54,370
Other liabilities		68,681
TOTAL CURRENT LIABILITIES		179,127
LONG-TERM LIABILITIES		
Franchise fee liabilities		293,219
TOTAL LONG-TERM LIABILITIES		293,219
TOTAL LIABILITIES		472,346
MEMBERS' EQUITY (DEFICIT)		(134,279)
TOTAL LIABILITIES AND MEMBER'S EQUITY (DEFICIT)	$	338,067

See accompanying notes to financial statements.

THM MANAGEMENT, LLC
STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2021

REVENUES		
Royalty fees	$	4,610,882
Reimbursement Revenue		752,617
Corporate page revenue		333,185
Web directory fee		95,400
National Ad Revenue		72,760
Franchise fees		51,739
Miscellaneous		5,638
Admin support fee		4,000
HR Revenue		1,650
TOTAL REVENUES		5,927,871
EXPENSES		
OPERATING EXPENSES		
Payroll		1,595,825
Professional fees		152,673
Corporate housing		120,000
Training		104,837
Other expenses		87,864
Office		60,498
Cost of sales		46,857
Rent		44,792
Repairs and maintenance		29,381
Travel		26,769
Auto		25,907
Dues and subscriptions		24,031
Retirement plan costs		20,657
Utilities		13,129
Charitable contributions		11,098
Research and development		10,000
Depreciation expense		7,831
Meals and entertainment		7,079
Insurance		3,566
Taxes		2,582
TOTAL OPERATING EXPENSES		2,395,376
OTHER INCOME (EXPENSE)		
Gain on debt extinguishment		205,800
TOTAL OTHER INCOME (EXPENSE)		205,800
NET INCOME	$	3,738,295

See accompanying notes to financial statements.

THM MANAGEMENT, LLC
STATEMENT OF CHANGES IN MEMBER'S EQUITY (DEFICIT)
YEAR ENDED DECEMBER 31, 2021

BEGINNING BALANCE		
Member's equity (deficit) - January 1, 2021	$	(409,947)
CURRENT YEAR ACTIVITY		
Net income		3,738,295
Distributions		(3,462,627)
ENDING MEMBER'S EQUITY DEFICIT	$	(134,279)

See accompanying notes to financial statements.

THM MANAGEMENT, LLC
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$	3,738,295
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:		
Gain on debt extinguishment		(205,800)
Depreciation		7,831
(Increase) decrease in:		
Accounts receivable		24,342
Prepaid expenses		(6,893)
Increase (decrease) in:		
Accounts payable		6,261
Accrued liabilities		(56,705)
Other liabilities		50,491
Franchise fees liabilities		(51,739)
NET CASH PROVIDED BY OPERATING ACTIVITIES		3,506,083
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets		(10,867)
NET CASH USED BY INVESTING ACTIVITIES		(10,867)
CASH FLOWS FROM FINANCING ACTIVITIES		
Member distributions		(3,462,627)
NET CASH USED BY FINANCING ACTIVITIES		(3,462,627)
NET INCREASE IN CASH		32,589
CASH AT BEGINNING OF YEAR		121,065
CASH AT END OF YEAR	$	153,654

See accompanying notes to financial statements.

NOTE 1 - NATURE OF ORGANIZATION

THM Management, LLC (the "Company") was organized as a Florida Limited Liability Company on January 17, 2006. The Company is engaged primarily in franchising of a home improvement magazine publishing business and is located in Cape Coral, Florida.

The accompanying financial statements include only the financial position, results of operations and cash flows of THM Management, LLC. The Company is owned solely by Opportunity Leads International, LLC. The Company has multiple affiliates owned by the same members. The affiliates' financial position, results of operations and cash flows are not presented in these financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial statement presentation and basis of accounting
The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. These financial statements were prepared on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the accounting period in which revenue is earned regardless of when cash is received, and recognizes expenses in the accounting period in which expenses are incurred regardless of when the cash is disbursed.

Financial instruments
The Company's financial instruments, as defined by the Fair Value Measurements topic of the accounting standards issued by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), consist of cash in bank and receivables. Financial instruments are carried at cost, which approximates fair value.

Accounts receivable
Accounts receivable are stated at the amount management expects to collect from outstanding balances. Accounts receivable for the year ended December 31, 2021 were $111,905. Management provides for probable uncollectible accounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

No allowance for bad debt was considered necessary by management as of December 31, 2021 .

(NOTE 2 CONTINUED)

Income Taxes

As a Limited Liability Corporation, the sole member includes the Company's profits and losses on its individual income tax return. Accordingly, no federal or state income taxes are included in the financial statement.

Advertising costs
The Company's policy is to expense advertising costs as such costs are incurred.

Property and Equipment

Property and equipment is stated at cost. Depreciation on property and equipment is computed using methods that approximate straight line over the estimated economic useful lives of the assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prepaid Expenses

Prepaid expenses are advance payments for products or services that will be used in operation in subsequent periods or years. The amount of prepaid expenses at December 31, 2021 was $29,694.

NOTE 3 – CASH, INCLUDING INTEREST-BEARING DEPOSITS

For the purposes of cash flows, the Company considers all highly liquid debt instruments having a maturity of three months from the date of purchase to be a cash equivalent. Funds are kept in local area banks in regular checking and money market accounts. Funds are secured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor. The total cash held by the Company at December 31, 2021 was covered by insurance provided by the FDIC.

NOTE 4 – FRANCHISING

When an individual franchise is sold, the Company agrees to provide certain services to the franchisee. Generally, these services include assistance in zone selection, training personnel, technology support, and assistance with the first issue of the franchisee publication. A standard market requires an initial franchise fee of $60,000 and a hometown market requires an initial franchise fee of $30,000 payable to the Company upon acceptance of the franchise terms and agreement.

With the new standard (ASC 606) "Revenue from Contracts with Customers" the way of recognizing initial franchise fees and renewal fees changed. The Company adopted the standard on January 1, 2020. Instead of recognizing the full amount upon acceptance, franchisors can only recognize a certain portion of these fees and recognize the rest over a period, which depends on the length of the initial franchise or renewal agreements. Comparative prior year periods were not adjusted. The adjustment made for compliance had impact on three (3) financial statement line items – franchise fee liabilities, franchise fee revenue and retained earnings. The result of it was a reduction in retained earnings and an increase in franchise fees liabilities and franchise fee revenue for the portion of initial franchise and renewal fees recognized in prior years upon acceptance or renewal of the active agreements.

Contract Liabilities at 1/1/2021	$	344,958
Recognized revenue in 2021		(51,739)
Contract Liabilities at 12/31/2021	$	293,219

Franchise fee revenue for the year ended December 31, 2021 amounted to $51,739. Franchise fee liabilities, which will be recognized in future years are $293,219 at December 31, 2021.

Revenue from royalty fees are charged to each franchisee based on 5.5% - 6.5% (depends on when the agreement was signed) of gross revenue of the franchisee unit each issue and is due within ten days of the invoice date. Royalty fee revenue for the year ended December 31, 2021 amounted to $4,610,882.

NOTE 5 – FIXED ASSETS

Property and equipment is depreciated using the straight-line method of depreciation over five to seven years and consists of the following:

Property and Equipment	$	131,042
Less: Accumulated Depreciation		(88,228)
	$	42,814

Depreciation expense for the year ended December 31, 2021 was $7,831.

NOTE 6 – LIABILITIES

Current Liabilities

Current liabilities at December 31, 2021 were $179,127 which includes Accounts Payable of $56,076, Accrued liabilities of $54,370, and other liabilities of $68,681.

Paycheck Protection Program (PPP) Funds

The company applied for and received a loan in 2020, in the amount of $205,800. The funds may be used only for payroll costs, rent, and utilities. Under the terms of the PPP, the loan may be forgiven if it is used for the qualifying expenses. The Company used the entire loan for qualifying expenses and the loan was forgiven on January 21, 2021. Accordingly, the Income Statement reflects Gain on debt extinguishment in the amount of $205,800.

NOTE 7 – RETIREMENT PLAN

The Company maintains a 401(k) plan that is offered to all full-time employees after one year of service. The Company allows employees to contribute up to a maximum of 20% of their salary.

The Company matches employee contributions to the Plan to a maximum of 5% of an employee's salary. An employee is considered fully vested for employer contributions immediately. Amounts contributed to the Plan by the Company and charged to retirement plan costs for the year ended December 31, 2021 was $20,657.

NOTE 8 – CONCENTRATIONS

For the year ended December 31, 2021 the Company had two (2) new agreements with franchisees. Revenues from franchisee companies represent a significant concentration for the Company.

(NOTE 8 CONTINUED)

The Franchisor now receives a print reimbursement from their print provider as a result of the print provider not having to pay sales and marketing costs to acquire the Franchisor's national business account. At December 31, 2021, Print Reimbursement revenue was $752,617.

NOTE 9 – RELATED PARTY TRANSACTIONS

The Company pays Redfish Cove LLC for corporate housing. Redfish Cove, LLC and THM Management, LLC are owned by the same individual. No current lease obligations exist. Corporate housing for the year ended December 31, 2021 was $120,000.

The Company pays rent to Benson, Fredrick & Searle, LLC. Benson, Fredrick & Searle, LLC and THM Management, LLC are owned by the same individual. No current lease obligations exist. The rental expense for the year ended December 31, 2021 was $33,001.

NOTE 10 – SUBSEQUENT EVENTS

We have evaluated subsequent events through the date which financial statements were available to be issued. There were no subsequent events requiring disclosure in the financial statements as of February 22, 2022.

THM MANAGEMENT, LLC

AUDITED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

Noack & Company, LLC
Certified Public Accountants
Fort Myers, FL

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Balance Sheet	2
Statement of Operations	3
Statement of Changes to Members' Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of THM Management, LLC

Opinion

We have audited the accompanying financial statements of THM Management, LLC (the "Company"), which comprise the balance sheet as of December 31, 2020, and the related statements of income, changes on members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of THM Management as of December 31, 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Noack & Company, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Fort Myers, Florida

February 26, 2021

THM MANAGEMENT, LLC
BALANCE SHEET
DECEMBER 31, 2020 and 2019

ASSETS

		2020		2019
CURRENT ASSETS				
Cash	$	121,065	$	153,918
Accounts receivable		136,247		224,770
Prepaid expenses		22,802		32,786
Other Assets		-		23
TOTAL CURRENT ASSETS		280,114		411,497
FIXED ASSETS				
Property and equipment, net of accumulated depreciation of $80,397 and $78,669 for 2020 + 2019 respectively		39,778		28,423
TOTAL FIXED ASSETS		39,778		28,423
TOTAL ASSETS	$	319,892	$	439,920

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES				
Accounts payable	$	49,815	$	43,690
Accrued liabilities		111,075		54,274
Other Liabilities		18,190		-
TOTAL CURRENT LIABILITIES		179,080		97,964
LONG-TERM LIABILITIES				
Franchise Fees Liabilities		344,958		-
PPP Loan		205,800		-
TOTAL LONG-TERM LIABILITIES		550,758		-
MEMBERS' EQUITY		(409,947)		341,956
TOTAL LIABILITIES AND MEMBERS' EQUITY	$	319,892	$	439,920

See accompanying notes to financial statements.

THM MANAGEMENT, LLC
STATEMENT OF OPERATIONS
YEARS ENDED DECEMBER 31, 2020 and 2019

REVENUES	**2020**	**2019**
Royalty fees	3,647,564	3,758,022
Franchise fees	38,367	5,000
Corporate page revenue	309,390	330,480
Web directory fee	100,260	120,000
Reimbursement Revenue	711,361	844,741
HR Revenue	2,775	6,025
Miscellaneous	827	1,401
Captive Claim Reinbursements	-	69,689
National Ad Revenue	39,440	450,358
TOTAL REVENUES	$ 4,849,984	$ 5,585,716
EXPENSES		
OPERATING EXPENSES		
Payroll	1,491,049	1,715,919
Professional fees	219,064	190,048
Rent	155,882	177,474
Office	88,246	81,234
Training	119,722	447,506
Cost of sales	44,407	365,768
Depreciation	4,698	5,175
Meals and entertainment	1,915	17,843
Travel	25,912	65,550
Repairs and maintenance	36,541	31,037
Auto	21,131	22,441
Dues and subscriptions	14,905	14,405
Charitable contributions	8,550	3,771
Utilities	12,349	13,252
Taxes	3,171	2,232
Insurance	5,359	4,988
Research and development	1,375	103,752
Captive Insurance	-	669,936
Other Expenses	11,497	40,298
TOTAL OPERATING EXPENSES	$ 2,265,773	$ 3,972,629
NET INCOME	$ 2,584,210	$ 1,613,087

See accompanying notes to financial statements.

THM MANAGEMENT, LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2020 and 2019

		2020		**2019**
BEGINNING BALANCE				
Members' equity - January 1, 2020, and 2019	$	341,956	$	564,726
CURRENT YEAR ACTIVITY				
Net income		2,584,210		1,613,087
Distributions		(2,952,788)		(1,835,857)
Adjustment to Retained Earnings (ASC 606 Compliance)		(383,325)		-
ENDING MEMBERS' EQUITY	$	(409,947)	$	$ 341,956

See accompanying notes to financial statements.

THM MANAGEMENT, LLC
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 and 2019

		2020		2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$	2,584,210	$	1,613,087
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:				
Depreciation		4,698		5,175
(Increase) decrease in:				
Accounts receivable		88,523		(32,131)
Prepaid expenses		9,985		358,357
Other Receivables		23		(23)
Increase (decrease) in:				
Accounts payable		6,125		5,533
Accrued liabilities		56,801		24,084
Other Liabilities		18,190		(39,553)
PPP Loan		205,800		-
Franchise Fees Liabilities		344,958		-
NET CASH PROVIDED BY OPERATING ACTIVITIES		3,319,314		1,934,529
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of fixed assets		(16,054)		-
NET CASH USED BY INVESTING ACTIVITIES		(16,054)		-
CASH FLOWS FROM FINANCING ACTIVITIES				
Member distributions		(2,952,788)		(1,835,857)
Retained Earnings		(383,325)		-
NET CASH USED BY FINANCING ACTIVITIES		(3,336,113)		(1,835,857)
NET INCREASE (DECREASE) IN CASH		(32,853)		98,672
CASH AT BEGINNING OF YEAR		153,918		55,246
CASH AT END OF YEAR	$	121,065	$	153,918

See accompanying notes to financial statements.

NOTE 1 - NATURE OF ORGANIZATION

THM Management, LLC (the "Company") was organized as a Florida Limited Liability Company on January 17, 2006. The Company is engaged primarily in franchising of a home improvement magazine publishing business and is located in Cape Coral, Florida.

The accompanying financial statements include only the financial position, results of operations and cash flows of THM Management, LLC. The Company is owned solely by Opportunity Leads International, LLC. The Company has multiple affiliates owned by the same members. The affiliates' financial position, results of operations and cash flows are not presented in these financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial statement presentation and basis of accounting
The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. These financial statements were prepared on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the accounting period in which revenue is earned regardless of when cash is received, and recognizes expenses in the accounting period in which expenses are incurred regardless of when the cash is disbursed.

Financial instruments
The Company's financial instruments, as defined by the Fair Value Measurements topic of the accounting standards issued by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), consist of cash in bank and receivables. Financial instruments are carried at cost, which approximates fair value.

Accounts receivable
Accounts receivable are stated at the amount management expects to collect from outstanding balances. Accounts receivable for the year ended December 31, 2020 were $136,247. Management provides for probable uncollectible accounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

No allowance for bad debt was considered necessary by management as of December 31, 2020.

(NOTE 2 CONTINUED)

Income Taxes

As a Limited Liability Corporation, the members include the Company's profits and losses on their individual income tax returns. Accordingly, no federal or state income taxes are included in the financial statement.

Advertising costs
The Company's policy is to expense advertising costs as such costs are incurred.

Property and Equipment

Property and equipment is stated at cost. Depreciation on property and equipment is computed using methods that approximate straight line over the estimated economic useful lives of the assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prepaid Expenses

Prepaid expenses are advance payments for products or services that will be used in operation in subsequent periods or years. Amount prepaid expenses at December 31, 2020 was $22,802.

NOTE 3 – CASH, INCLUDING INTEREST-BEARING DEPOSITS

For the purposes of cash flows, the Company considers all highly liquid debt instruments having a maturity of three months or less to be a cash equivalent. Funds are kept in local area banks in regular checking and money market accounts. Funds are secured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor. The total cash held by the Company at December 31, 2020 was covered by insurance provided by the FDIC.

NOTE 4 – FRANCHISING

When an individual franchise is sold, the Company agrees to provide certain services to the franchisee. Generally, these services include assistance in zone selection, training personnel, technology support, and assistance with the first issue of the franchisee publication. A standard market requires an initial franchise fee of $60,000 and a hometown market requires an initial franchise fee of $30,000 payable to the Company upon acceptance of the franchise terms and agreement.

With the new standard (ASC 606) "Revenue from Contracts with Customers" the way of recognizing initial franchise fees and renewal fees changed. Instead of recognizing the full amount upon acceptance, franchisors can only recognize a certain portion of these fees and recognize the rest over a period, which depends on the length of the initial franchise or renewal agreements. The Company used the modified retrospective approach and recognized the cumulative effect of initially applying the revenue standard to the opening balance of retained earnings. Comparative prior year periods were not adjusted.
The adjustment made for compliance had impact on 3 financial statement line items – franchise fees liabilities, franchise fee revenue and retained earnings. The result of it was a reduction in retained earnings and an increase in franchise fees liabilities and franchise fee revenue for the portion of initial franchise and renewal fees recognized in prior years upon acceptance or renewal of the active agreements.

Franchise fee revenue for the year ended December 31, 2020 amounted to $38,367.

Revenue from royalty fees are charged to each franchisee based on 5.5% - 6.5% (depends on when the agreement was signed) of gross revenue of the franchisee unit each issue and is due within ten days of the invoice date. Royalty fee revenue for the year ended December 31, 2020 amounted to 3,647,564.

NOTE 5 – FIXED ASSETS

Property and equipment is depreciated using the straight-line method of depreciation over five to seven years and consists of the following:

Property and Equipment	$	120,175
Less: Accumulated Depreciation		(80,397)
	$	39,778

Depreciation expense for the year ended December 31, 2020 was $4,698.

NOTE 6 – RETIREMENT PLAN

The Company maintains a 401(k) plan that is offered to all full-time employees after one year of service. The Company allows employees to contribute up to a maximum of 20% of their salary.

The Company matches employee contributions to the Plan to a maximum of 5% of an employee's salary. An employee is considered fully vested for employer contributions immediately. Amounts contributed to the Plan by the Company and charged to retirement plan costs for the year ended December 31, 2020 was $12,838.

NOTE 7 – CONCENTRATIONS

For the year ended December 31, 2020 the Company had one (1) new agreement with franchisee. Revenues from franchisee companies represent a significant concentration for the Company.
The Franchisor now receives a print reimbursement from their print provider(s) as a result of the print provider(s) not having to pay sales and marketing costs to acquire the Franchisor's national business account(s). At December 31, 2020 the balance of Print Reimbursement was $711,361.

NOTE 8 – RELATED PARTY TRANSACTIONS

Affiliated companies provide a variety of business transactions with the Company. Among the related party transactions are transfers and other certain services related to the Company's operations.

The Company provides certain human resource, accounting, production and design support, sales and other support services to affiliated companies and charges each of the company's nominal fees for these services.

NOTE 9 – SUBSEQUENT EVENTS

We have evaluated subsequent events through the date which financial statements were available to be issued. There were no subsequent events requiring disclosure in the financial statements as of February 26, 2021.

EXHIBIT H TO THE DISCLOSURE DOCUMENT

FRANCHISEE ACKNOWLEDGMENT STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

_____
Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

_____
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

_____
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

_____
Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

_____
Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

_____
Initial

7. Franchisee acknowledges that it has received the THM Management, LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

_____
Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

_____
Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

_____
Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

_____
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not

warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

_____
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE THM MANAGEMENT, LLC, AND ANY OF ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

_____
Initial

FRANCHISEE:

_____

By:_____

_____,_____
(Print Name, Title)

Date:_____

PRINCIPAL:

_____

_____
(Print Name)

Date: _____

PRINCIPAL:

_____

_____
(Print Name)

Date: _____

EXHIBIT I TO THE DISCLOSURE DOCUMENT

SAMPLE COPY OF GENERAL RELEASE

THM MANAGEMENT, LLC

GENERAL RELEASE AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 20___ by and between THM Management, LLC, a Florida limited liability company with its principal office located at 1732 SE 47th Terrace, Cape Coral, Florida 33904 (the "Franchisor"), and _____, an individual residing at _____ (referred to in this Agreement as "Releasor"), wherein the parties to this Agreement, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments in this Agreement, do agree as follows:

1. **Release by Releasor**:

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promised covenants, or undertakings made in this Agreement by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

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

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

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

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

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties to this Agreement, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

Witness: RELEASOR:

_____ _____

(Name)

Witness: THM MANAGEMENT, LLC

_____ By:_____

Name:_____

Title:_____

State Effective Dates

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

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

State	Effective Date
California	Pending
Illinois	March 28, 2022
Maryland	Pending
Michigan	August 18, 2021
Minnesota	Pending
New York	Pending
Utah	July 6, 2022
Virginia	May 14, 2022
Washington	May 20, 2022
Wisconsin	March 31, 2022

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

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If THM Management, 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.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If THM Management, 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, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Chris Goebel 1732 SE 47th Terrace Cape Coral, FL 33904 (239) 549-6960		

Issuance Date: March 1, 2022

I received a Disclosure Document dated _____, that included the following Exhibits:

EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
EXHIBIT B: State Specific Addendum
EXHIBIT C: Franchise Agreement with Exhibits
EXHIBIT D: List of Franchisees
EXHIBIT E: List of Franchisees Who Have Left the System
EXHIBIT F: Confidential Operations Manual(s)
EXHIBIT G: Financial Statements
EXHIBIT H: Franchisee Acknowledgement Statement
EXHIBIT I: Sample Copy of General Release

Date Received: _____ DATE:_____
(If other than date signed)

_____
(Signature of recipient)

_____
(Printed name of recipient)

_____

_____
Legal residence address

Please return signed receipt to THM Management, LLC
1732 SE 47th Terrace
Cape Coral, Florida 33904

RECEIPT

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EXHIBIT G: Financial Statements
EXHIBIT H: Franchisee Acknowledgement Statement
EXHIBIT I: Sample Copy of General Release

Date Received: _____ DATE:_____
(If other than date signed)

_____
(Signature of recipient)

_____
(Printed name of recipient)

_____

_____
Legal residence address

KEEP FOR YOUR RECORDS