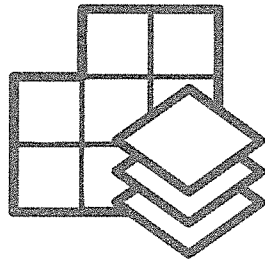


FRANCHISE DISCLOSURE DOCUMENT



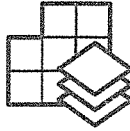
TILE LIQUIDATORS®

FLOOR & DESIGN

FRANCHISE DISCLOSURE DOCUMENT

TILE LIQUIDATORS LLC

DBA



TILE LIQUIDATORS.

FLOOR & DESIGN

9778 Business Park Drive, Suite A

Sacramento, CA 95827

916-801-8453

www.tileliquidators.us

You will operate a business selling residential and commercial Ceramic, Porcelain, Natural Stone, Granite Counter-tops, and Hardwood Flooring, laminate, LVT, Tools, setting materials and related products. You will provide these products to both retail customers as well as contractors and trade professionals. You will be operating under the Tile Liquidators Marks and using the System.

The Initial Franchise Fee is **\$39,000.00**. The estimated required initial investment including franchise fee ranges from \$79,700.00 to \$167,200.00.

This disclosure document summarizes certain provisions of Your franchise agreement and other information in plain English. Read this document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before You can 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 the Franchise Administration Department at 9778 Business Park Drive, Suite A, Sacramento, 95827.

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 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 CA 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: April 15, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain information from others, like current and former franchisees. You can find their names and contact information in Item 20.
How much do 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 D 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 Tile Liquidators Franchise business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Tile Liquidators franchisee?	Item 20 lists current and former franchisees. You can contact them to ask about their experiences.
What else should know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 risks 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 on in the State of California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments regardless of your sales levels. Your inability to make the payments may result in the termination of your franchise and loss of your investment.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise system with a longer operating history.

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

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

Definitions.

To simplify this Franchise Disclosure Document, "We" means Tile Liquidators LLC, d.b.a. Tile Liquidators, the franchisor. Sometimes "Our" or "Us" refers to Tile Liquidators, when appropriate. "You" means the person who buys the franchise. If You are a legal entity, "You" includes all owners of any equity interest in the entity. "Licensed Business" means the business You will operate under the Franchise Agreement, offering and selling residential and commercial Ceramic, Porcelain, Natural Stone, Granite Counter-tops, and Hardwood Flooring, laminate, LVT, Tools, setting materials and related products operating under Our Marks and following Our System.

Our Predecessors and Affiliates

We do not have any predecessors. Disney7, LLC is an affiliated company that operates Palm Design + Surfaces.

Our Names.

We do business under our corporate name, Tile Liquidators LLC, the name "Tile Liquidators" and the words "Tile Liquidators "city name"". We do not do business under any other name.

Our Address and Agent for Service.

Our principal business address is 9778 Business Park Drive, Suite A, Sacramento, CA 95827. Our agents for service of process are disclosed in Attachment E.

Our Business Form.

We are a California limited liability company, organized November, 2016.

Our Business and Franchises Offered.

As a Tile Liquidator franchisee, you are part of the only discount flooring franchise concept in the industry.

You will sell tile, natural stone, hardwood, water proof floors, laminate, LVT, quartz and granite countertops and carpet. These sales will take place primarily from your showroom to retail, contractor and trade customers. You will provide these services to customers, operating under the Marks and using the System.

Our simple operating system helps you get up and running quickly, even with no flooring or business ownership experience.

The market for Your products is primarily the general public and specifically that segment that seeks to purchase residential and commercial Ceramic, Porcelain, Natural Stone, Granite Counter-tops, and Hardwood Flooring, laminate, LVT, Tools, setting materials and related products. You will compete with other national, regional and local residential and commercial Tile Flooring businesses, generally in well-developed markets. Your Licensed Business may operate in close proximity to major competitors. Some competitors will offer many goods and services that are the same as or similar to those You offer. There are no specific industry regulations for this type of business.

Prior Business Experience

Tile Liquidators LLC was established in November 2016 and began operating a Tile Liquidators' store at that time. In 2019, we formed a separate division to offer Tile Liquidator franchises. On January 1, 2021, we sold our Tile Liquidators' store and we no longer own or operate any locations.

Item 2. BUSINESS EXPERIENCE

Doug Disney – Manager, Director, CEO. Doug has been our managing partner since 2016. He has also been the owner of Palm Tile in Sacramento, California, since 2013. He was a regional sales manager for Emser Tile from 2010 to 2013. From 2001 to 2011 he was the president and CEO of Tile Outlet Always in Stock, Inc., the owner of the Tile Outlet Always in Stock franchise system.

Item 3. Litigation

No litigation is required to be disclosed in this Franchise Disclosure Document

Item 4. Bankruptcy

No person previously identified in Items 1 or 2 of this Franchise Disclosure Document has been involved as a debtor in proceedings under the US Bankruptcy Code required to be disclosed in this Item.

Item 5. Initial Fees

Initial Fee.

The Initial franchise fee for the Tile Liquidators franchise is \$39,000.00. A second location is \$34,000, a third is \$29,000, and a fourth and more are \$24,000 each.

Payment of Initial Fee.

The \$39,000 franchise fee is due in full with the signing of the Franchise Agreement.

Once paid, the franchise fee is non-refundable.

ITEM 6. Other Fees

Type of fee	Amount	Due Date	Remarks
Royalty Fee ¹	\$1,800 per month. See Note A.	Payable monthly by Electronic Funds Transfer or other means.	Royalty fee is a flat amount, not based on sales volume. The royalty fee is subject to a 5% annual increase at our discretion.
Local Marketing	\$1,500.00 per month is recommended.	Monthly	It is recommended that you spend at least \$1,500.00 per month on local marketing.
Additional Training ¹	Approximately \$500 per person. In addition, You are solely responsible for all compensation, salaries, benefits and travel-related expenses for Yourself or any employees. See Note C.	In advance of the training program(s)	You and Your manager, must complete the initial training (cost included in the Initial Fee for first three persons trained) and certain additional training at Your cost. If You obtain a new or replacement manager, You will be responsible for the cost of initial training for that person after We have trained three people for You.
Transfer ¹	\$2,500	Before completing transfer	Payable only if You sell Your franchise or any part of Your business. Fee is \$500 if You transfer to a corporation or other entity with the same identical ownership and control.
Interest on past due amounts ¹	One and one-half percent (1.5%) per month	Upon payment of past due amount	Payable only if you fail to make payment of any amount owed to Us.

Type of fee	Amount	Due Date	Remarks
Attorneys' Fees	Varies	On demand	In the event that legal action is properly commenced in court by either party to enforce the Franchise Agreement or to determine the rights of any party, the substantially prevailing party is entitled to recover its actual attorneys' fees and costs, including expert fees and fees on appeal
Renewal ¹	50% of the then-current Initial Fee	Before consummating Renewal	

1. These fees are imposed by and are payable to Us. All fees are non-refundable.

Notes Regarding Other Fees:

Note A. Royalty Fees

You will pay a monthly Royalty Fee. You will pay by electronic funds transfer. We may, upon 30 days prior written notice, require You to pay Royalties by check, pre-authorized check, electronic funds transfer or similar mechanism. We may, upon notice, require You to pay Your Royalty Fees on a different periodic basis. The royalty fee is subject to a 5% annual increase at our discretion.

Note B. Training Expense.

During your franchise term, We will provide initial training to You and up to two additional persons as part of your Initial Fee. After the first three persons, You must bear the cost of training additional sales staff or managers. In all cases, You are solely responsible for all salaries, compensation, benefits, travel and related expenses for trainees.

We may require You or Your sales staff to attend additional training at a location We determine. Generally, You must pay Our usual fee(s) for mandatory training. In any event, You are solely responsible for all salaries, compensation, benefits and travel related expenses of trainees.

We may provide or make available training materials and equipment for You or Your employees and may charge a fee. All training materials are Trade Secrets. You must require any of Your employees to successfully complete any training program(s) if We designate them as mandatory.

Item 7. Estimated Initial Investment

	LOW AMOUNT	High Amount	METHOD OF PAYMEN T	WHEN DUE	TO WHOM MADE
Initial Fee (Note A)	\$39,000.00	\$39,000.00	Lump Sum	\$39,000.00 due in full at signing of franchise agreement.	Us
Travel & Living Expenses While Attending Initial Training	\$300.00	\$1500.00	As Incurred	Before, During & After Training	Vendors, Airlines, Hotels, Car Rental Companies, etc.

Real Estate Improvements (Note B)	\$2,000.00	\$6,000.00	As agreed with Landlord or Mortgage Lender	As Arranged	Landlord or Mortgage Lender
Rent & Security Deposit (3 Months)	\$6,000.00	\$12,000.00	As agreed with Landlord	As Arranged	Landlord
Leasehold Improvements (Note C)	\$4,000.00	\$10,000.00	As Incurred	As Arranged	Landlord, Lender or Contractor(s) and Vendors
Equipment (Note D)	\$1,500.00	\$6,500.00	As Incurred	As Arranged	Vendors, Leasing Cos or Lender
Furniture, Office Equipment & Software	\$500.00	\$2,500.00	As Incurred	As Arranged	Vendors, Leasing Cos or Lender
Samples/Displays/Set Up Freight	\$3,000.00	\$8,000.00	As Incurred	As Arranged	Us, Vendors,
Signs	\$1,000.00	\$12,000.00	As Arranged	As Arranged	Us, Vendors, Leasing Cos or Lender
Licenses	\$200.00	\$500.00	Lump Sum	Before Opening	State, County, City
Grand Opening (Note E)	\$1,000.00	\$3,000.00	As Incurred within first 90 days	As Incurred within first 90 days	Us & Vendors
Marketing (3 months) (Note E)	\$3,000.00	\$9,000.00	As Arranged; See Item 6.	As Arranged; See Item 6.	Us, Advertising Media Vendors
Insurance (Note F)	\$1,200.00	\$2,200.00	As Arranged	As Arranged	Insurance Companies
Legal and Accounting Fees (Note H)	\$2,000.00	\$4,000.00	As Incurred	As Incurred	Your Lawyer and Accountant
Opening Inventory of Supplies	\$10,000.00	\$25,000.00	As Arranged	As Arranged	Us and Vendors
Additional Funds (3 months) (Note I)	\$5,000.00	\$26,000.00	As Incurred	As Incurred	Employees, Vendors, Utilities, Taxing Agencies, Etc.
Total	\$79,700.00	\$167,200.00			

Notes Regarding Initial Investment:

Note A: Initial Fee.

This fee is non-refundable.

Note B: Real Estate Rental.

You must obtain and maintain a retail showroom and sufficient warehouse space that meets our requirements. If You already lease or own Premises, You should review Your lease or purchase documents to evaluate the cost of real estate rental. If not, lease situations will vary in rental amounts, lease terms, amount of space required, tenant improvements required, security deposit and advance rental required. Location is a very major factor in the amount of rent required. You may elect to own Your own Premises, in which case it is not possible for Us to estimate the cost because of the wide variations in price and financing options. If You rent real estate for the Premises, You may be liable for the entire term of the lease whether or not You succeed in the Licensed Business. You should consult Your lease documents and your attorney. We do not select your location, However, we must approve it to make sure the location is in compliance with our minimum standards.

Note C: Leasehold Improvements

If You already lease or own Premises, You should review Your lease or purchase documents to evaluate the cost of real estate leasehold improvements. If not, lease situations will vary in rental amounts, lease terms, amount of space required and tenant improvements required. Size, configuration and landlord requirements will be major factors in cost. Some landlords finance leasehold improvements by amortizing them over the lease term and charging a higher rental amount to cover the cost. You should attempt to determine Your costs and financing options before deciding on Premises.

Even if You are taking over or continuing in an existing **Tile Liquidators** Premises or another existing facility, We may require that You remodel, redecorate or make other changes to the Premises to comply with Our specifications, at Your cost.

You must maintain the Premises, at Your expense, including furniture, fixtures, interior and exterior paint and landscaping, in accordance with the Our specifications.

Note D: Equipment.

If You are buying a fully equipped outlet from Us the cost of mandatory equipment will be within this range. If You purchase from another franchisee or if you elect to acquire Your mandatory equipment from other sources, it may cost more. We are not obligated to offer your business on a fully equipped basis.

Some new franchisees will have existing businesses and will already have some of the equipment they will need. This may or may not be Your situation. However, even if You have an existing **Tile Liquidators** business that is fully equipped, You may need additional or different equipment if You are expanding Your operations or to comply with Our standards.

If You lease the equipment, that may increase Your monthly fixed expenses. If You borrow money to purchase the equipment, that may increase Your monthly fixed expenses.

Note E: Grand Opening.

We recommend a "grand opening" appropriate for Your community, competitive situation and similar factors. The cost of a grand opening will depend on the types of marketing media available, the cost of marketing space or time and the local competitive situation. We estimate that You can accomplish an adequate grand opening for between \$1,000.00 and \$3,000.00.

Note F: Advertising.

We recommend that you spend a minimum of \$1,500.00 per month on local marketing.

Note G: Insurance.

We require You to purchase and maintain, at Your expense, throughout the term of this Agreement commercial general liability insurance, including bodily injury, property damage, personal injury, advertising injury, non-owned automobile, loss of business income, and broad form contractual coverage for liability assumed under this Agreement. Such insurance shall be on an occurrence basis and shall consist of combined single limit coverage of at least one million dollars per occurrence/two million dollars annual aggregate. If you have employees, You must purchase and maintain worker's compensation and employer's liability insurance with a reputable insurer acceptable to Us or with a state agency. You must provide Us with one or more certificates of insurance evidencing such coverages and naming Us as an additional insured as to each applicable policy. Such certificate(s) of insurance shall provide that the coverages under the respective policy(ies) may not be modified (except to increase coverage) or canceled until at least thirty (30) days prior written notice of such cancellation or modification has been given to Us. Upon Our request You must provide Us with a true copy of any insurance policy, including all endorsements. Every insurance policy must provide that coverage is primary/non-contributory. Every insurance policy must be with an insurance company that meets Our criteria as set forth in the Manual.

Workers Compensation and employers liability insurance are included in the estimate.

Note H: Legal and Accounting.

You may need an attorney to assist and advise You in setting up Your business organization and reviewing contract documents. This estimate does not include any ongoing needs for legal services in connection with relationships with customers or vendors. You may also need accounting services to help set up your processes and provide tax advice.

Note I: Additional Funds.

This estimates Your initial start up expenses. You may have to use some of these additional funds to pay for Our Management Assistance if you request from us extraordinary management or support services during the early stages of your Licensed Business. In addition, these estimates include payroll costs and various service costs such as utilities. These estimates do not include owner compensation or return on investment. These figures are estimates and We cannot guarantee that You will not have additional expenses starting the business. Your costs will depend on factors such as; how closely You follow Our methods and procedures; Your management skill, experience and business acumen; local economic conditions; the local market for the products and services You offer; the prevailing wage rate; competition; and the sales level You reach during the initial period.

Going Concern Value Not Included.

If You purchase an existing operating **Tile Liquidators** business from Us or from another franchisee, You should expect to pay, in addition to the estimated initial investment, an amount representing the fair market going concern value of the business. That value might exceed the estimated initial investment. Any purchase of existing business assets and goodwill would be under a separate agreement negotiated between You and the seller.

No Financing.

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

No Refunds.

We will not refund any of the payments You make except as provided in Item 5, above.

Item 8. Restrictions on Sources of Products and Services

You must purchase your flooring and surfaces inventory from any of our approved suppliers which may include our affiliate Palm Design + Surface, in which We have a majority membership interest. As to all equipment and other supplies, You may purchase them from the vendor(s) of Your choice, but the item(s) must meet Our specifications, if any. We issue specifications in writing and incorporate them in the Manual. These specifications include quality, accuracy, preparation, installation, application, delivery, performance, design and appearance. In some instances, You must purchase items that comply with Our reasonable subjective determination of whether they meet the standards and comport with the **Tile Liquidators** image. If We have not provided specifications, You may purchase any items that reasonably meet the requirements of the Licensed Business.

Our affiliate or our designated vendor(s) will make a wholesale profit consistent with industry standards. All items that You purchase from approved suppliers must meet Our specifications.

We publish a list of approved vendors and order procedures in the Manual. We may approve other vendors if You request it in writing or if a vendor requests it and if the vendor demonstrates to Our satisfaction that it is financially stable and can provide product(s) or service(s) that meet Our specifications and that are consistent with Our image. We may charge a reasonable fee to cover Our costs in evaluating a proposed vendor. We will give you a good faith estimate of our cost of evaluating a proposed vendor within a reasonable time after you make the request, but before we begin the evaluation process. We will normally make Our decision within sixty days. We reserve the right to disapprove any previously approved vendor whose performance falls below Our standards. We will make any approvals of new vendors or revoke approval of vendors in writing and will incorporate Our decision in the Manual.

During the fiscal year covered by Our Audited Financial Statements (Attachment A), neither We nor our affiliate derived any revenue from vendors based on required purchases or leases by franchisees made in accordance with Our specifications. Because of common industry practices, we expect to receive rebates, discounts and allowances from some vendors with whom you do business. We will place such monies in a separate fund to cover the cost of franchisee conferences and conventions and franchisee incentive programs. We will make a reasonable attempt to administer the funds in a way that is fair and equitable. We anticipate that such rebates, discounts and allowances may range from zero percent to as high as fifteen percent of the amount of your purchase of certain items. We expect the amount and availability to vary from time to time based upon factors outside our control. We will prepare an annual unaudited accounting of the amount of monies received and their application by general category and will provide You with a copy upon written request.

Please review Item 11 for information regarding computer hardware and software You must purchase or license.

We may negotiate purchase arrangements with suppliers for Your benefit in the future. Except as described in this Item, We do not currently provide any material benefits to You based upon Your use of designated or approved sources except that You know that We have confidence that the designated or approved vendor can perform to Our specifications.

We estimate that Your purchases of goods and services from approved sources will represent approximately 90 to 100% of Your overall purchases in operating the Licensed Business.

We estimate that Your purchases of goods and services in accordance with specifications will represent approximately 90 to 100% of Your total purchases in connection with establishing Your Licensed Business and approximately 90 to 100% of Your total purchases in connection with operating Your Licensed Business.

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 FRANCHISE DISCLOSURE DOCUMENT.

Obligation	Section in Agreement	Item in Franchise Disclosure Document
a. Site selection and acquisition/lease	Articles 1, 6, 9, 12, 15, 17, Exhibits A, B, & E	Items 5, 8, 9, 11, 12, & 17 Attachment B, Exhibits A, B & E Attachment B,
b. Pre-opening purchases/leases	Articles 1, 6, 7, & 8 Exhibits A, B, C & D	Items 5, 6, 7, 8, 9 & 17 Attachment B, Exhibits A, B, C & D Attachment B,
c. Site development and other pre-opening requirements	Articles 1, 2, 4, 6, 7, 8, 11, 15 & 17, Exhibits A, B, C & D	Items 5, 6, 9, 11, 12 & 17 Attachment B, Exhibits A, B, C & D Attachment B,
d. Initial and ongoing training	Articles 1, 4, 5, 6, 7, 9, 11, 12, 13, 15 & 20	Items 5, 6, 7, 8, 9, 11, 14, 15 & 17
e. Opening	Articles 1, 2, 4, 6, 7, 8, 11, 12, 19, Exhibits A, B, C, D, E, F, G, I & K	Items 5, 6, 7, 8, 9, 11, 12, 16, 17, 22, Attachment B, Exhibits A, B, C, D, E, F, G, I & K
f. Fees	Articles 2, 3, 4, 5, 7, 9, 11, 12, 17, 18, 20 (if applicable)	Items 5, 6, 7, 8, 9, 10, 17, Attachment B, Attachment B, (if applicable)
g. Compliance with standards and policies/Operating Manual	Articles 1, 2, 3, 4, 5, 6, 7, 11, 12, 13 & 15 & Exhibits C & D	Items 8, 9, 12, 13, 16, 17, Attachment B, Exhibits C & D
h. Trademarks and proprietary information	Articles 1, 2, 5, 6, 7, 11, 15, 16, 17, 18 (if applicable) & Exhibits A, B, D, F, G, I & L (if applicable)	Items 1, 2, 8, 9, 11, 12, 13, 14, 16, 17, Attachment B, Exhibits A, B, D, F, G, I & L (if applicable)

Obligation	Section in Agreement	Item in Franchise Disclosure Document
i. Restrictions on products/services	Articles 1 & 7 & Exhibit D	Items 1, 8, 9, 12, 13, 14, 16 & 17 & Attachment B, Exhibit D
j. Warranty and customer service requirements	Articles 1, 2, 3, 4, 5, 7, 8 & 15,	Items 1, 8, 9, 12, 13, 14, 15, 16 & 17
k. Territorial development and sales quotas	None	None
l. Ongoing product/service purchases	Articles 4, 5, 7 & 15, Exhibits C & D	Items 6, 8, 9, 16, & 17, Attachment B, Exhibits C & D
m. Maintenance, appearance and remodeling requirements	Articles 1, 6, 7, 9, 11, 12, 15, 16 & 17, Exhibits A, C & D	Items 6, 7, 9, 13, 15, 16 & 17, Attachment B, Exhibits A, C & D
n. Insurance	Articles 8 & 15	Items 7, 9 & 17
o. Marketing	Articles 1, 2, 3, 6, 7, & 15	Items 7, 8, 9, 13, 14, 16, 17 & 18
p. Indemnification	Articles 8, 11 & 15	Items 7, 9 & 17
q. Owner's participation/management/staffing	Articles 4, 5, 7, 11, 13, 15 & 17, Exhibits G & I	Items 7, 8, 9, 12, 13, 15, 16, & 17, Attachment B, Exhibits G & I
r. Records/reports	Articles 3, 7, 8, 12 & 15	Items 8, 9, 15 & 17
s. Inspections/audits	Articles 3, 7, & 15	Items 6, 8, 9, 16 & 17
t. Transfer	Articles 1, 6, 7, 11, 12, 13, 14, 15, 16, 17 & 18 (if applicable)	Items 6, 9, 13, 14 & 17
u. Renewal	Articles 9, 10 & 15	Items 6, 9 & 17
v. Post-termination obligations	Articles 5, 8, 10, 13, 14, 15, 16, 17 & 18 (if applicable)	Items 6, 9, 13, 14 & 17
w. Non-competition covenants	Articles 1, 5, 7, 11, 15, 16 17 & 18 (if applicable)	Items 9, 13, 14 & 17
x. Dispute resolution	Article 19	Items 9 & 17

Item 10. Financing

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

Item 11. Franchisor's Assistance, Advertising, Computer Systems and Training

Pre-opening Obligations.

Except as listed below, We need not provide any assistance to You.

Before You open Your Licensed Business, We will:

1. License you to use our Marks and System in connection with your Licensed Business (Franchise Agreement - Article 1);
2. Designate Your Territory (Franchise Agreement - Article 1);
3. Review and approve or disapprove Your selected business Premises (Franchise Agreement - Articles 1 & 7) as follows:
 - a. You are responsible for securing a location. Although We will provide You with any information We have about available locations, You should independently evaluate the proposed location. We do not own Premises and rent them to You.
 - b. You are responsible for complying with all local ordinances and building permits and to obtain any required permits.
 - c. We require You to maintain and repair the Premises and equipment. We may require You to replace equipment to comply with Our current specifications and image every three years.
 - d. You must obtain and install the required equipment, signs, fixtures and supplies from approved suppliers. Please refer to Item 8 for more information.
 - e. The factors We will consider in reviewing any proposed site will be unique to that site. However, we will generally consider such factors as: demographics of the surrounding area; the type of nearby development; zoning; physical characteristics of the proposed site; the status of nearby competition; the economics of the proposed site; and access issues. No one factor or combination of factors will be determinative in every case.
 - f. If you do not secure a location that We can reasonably approve within 180 days (or any extension We agree to) You will forfeit Your Initial Fee. We are interested in locations, not forfeitures, so if You are making a reasonably diligent effort to secure a good location, We would ordinarily expect to agree to reasonable extensions. We expect you to communicate with us about your efforts.
4. Loan You one or more operations manuals ("the Manual") (Franchise Agreement - Article 1); and
5. Provide initial training for You and one manager, if applicable, as follows:

Subject	Time Begun	Instructional Material	Hours of Classroom Training*	Hours of On The Job Training*	Instructor*
Orientation to Tile Liquidators	Before Opening	Manual, Lecture, Slides	2	NA	Doug Disney/Karen Burkey/Nina Wade

Subject	Time Begun	Instructional Material	Hours of Classroom Training*	Hours of On The Job Training*	Instructor*
Objectives of Tile Liquidators	Before Opening	Manual, Lecture, Slides	2	NA	Doug Disney/Karen Burkey/Nina Wade
New Office Development	Before Opening	Manual, Lecture, Slides	1	NA	Doug Disney/Karen Burkey/Nina Wade
Service Overview	Before Opening	Manual, Lecture, Slides	2	NA	Doug Disney/Karen Burkey/Nina Wade
Operations	Before Opening	Manual, Lecture, Slides	5	21	Doug Disney/Karen Burkey/Nina Wade
Support Systems & Computer Systems	Before Opening	Manual, Lecture, Slides	5	NA	Doug Disney /Karen Burkey/Nina Wade
Sales	Before Opening	Manual, Lecture, Slides	3	NA	Doug Disney/Karen Burkey/Nina Wade
Marketing & Advertising	Before Opening	Manual, Lecture, Slides	2	NA	Doug Disney/Karen Burkey/Nina Wade
People Management	Before Opening	Manual, Lecture, Slides	1	NA	Doug Disney/Karen Burkey/Nina Wade
Tours/Vendor Introduction	Before Opening	Manual, Lecture, Slides	5	NA	Doug Disney/Karen Burkey/Nina Wade
Certification Testing, Graduation & Send-off	Before Opening	Manual, Lecture, Slides	2	NA	Doug Disney/Karen Burkey/Nina Wade

* All times are approximate and We may adjust them based upon Your experience and rate of learning. Although the person(s) indicated will coordinate and be responsible for training, they may bring in other appropriate persons to actually conduct the training or some portion of it.

We do not charge for the initial training for You or Your manger (initial training for a total of three people is included in Your Initial Fee), but You must pay the travel and living expenses for You and Your employee(s). All training occurs at Our **Sacramento, CA** training center and at one or more operating **Tile Liquidators** business(es). We will decide whether You successfully complete the initial training program based upon knowledge test results and Our observations of Your ability to use the knowledge effectively.

Doug Disney has over 30 years of experience in the tile industry including the owning and operating of tile stores and two tile related franchise systems. Karen Burkey has been Tile Liquidators' National Franchise Support Director since May of 2022. She has 28 years of experience in flooring sales and design. Nina Wade has been Tile Liquidators' Operations Director since September of 2021. She has 8 years of operational and management experience.

Obligations after opening, We will:

1. Take any actions We deem appropriate to protect or defend the Marks or System (Franchise Agreement - Article 1);
2. Loan You one or more operations manuals ("the Manual"), which contains specifications and mandatory and suggested standards and procedures. This manual is confidential and remains Our property. We will modify this manual, but the modifications will not alter Your status and rights under the Franchise Agreement. (Franchise Agreement - Article 1). Attachment D includes a copy of the Manual's table of contents. The Manual currently contains approximately 40 pages.
3. Collect and manage funds received as rebates, discounts and allowances from vendors you do business with (Franchise Agreement – Article 2); and
4. Provide a periodic training program for Your manager(s) and for certain other employees, at Our regular charge for the training (Franchise Agreement - Articles 4 & 5). Please refer to Item 6 for information regarding the frequency and number of training programs We may require You to participate in.

After You open the Licensed Business, We expect to be in regular contact with You to discuss Your operation of the Licensed Business and to generally be of assistance. We plan to provide additional on-going training for You and Your manager(s) and employees at Our usual charges. The Agreement does not obligate Us to provide such services, however.

You may not engage in sales through alternative distribution channels or the Internet without Our prior written approval. We are not required to give You such approval. (Franchise Agreement – Article 1)

We currently do not have an advisory council. If We form or approve an advisory council, You must participate. Any advisory council would not have decision-making power. It would be advisory only. We have the right to form, change or dissolve any advisory council.

Advertising

We do not have a national advertising fund and we are not required to provide any national advertising. We suggest that you spend a minimum of \$1,500.00 per month on advertising but there is no requirement.

Time To Open

The typical length of time between when You sign the Agreement or pay the initial franchise fee and the time when Your Licensed Business opens will generally be three to six months. The factors affecting this length of time include the time necessary for You to obtain Premises and equipment, schedule Your initial training, and hire and train any necessary employees. There may be unusual circumstances in which, because of delays, construction schedules and other events beyond Our control it takes longer than six months. On the other hand, it could be less than three months.

Training

Before opening Your Licensed Business, You and Your manager or sales staff, must successfully complete Our initial training program. We will decide whether You successfully complete the initial training program based upon knowledge test results and Our observations of Your ability to use the knowledge effectively. We will ordinarily schedule the initial training program so that You will complete the pre-opening portions no more than 60 days before the scheduled opening of Your Licensed Business. You are responsible for all salaries, compensation and travel related expenses of persons receiving training, both initial training and on-going training. For further information regarding expenses related to the initial training, please review again Item 6.

Training will be conducted by Doug Disney, Kerry Burkey, Nina Wade and various vendors.

Computer Software

We require You to use certain computer equipment and software. You may select any computer hardware that meets or exceeds Our current minimum requirements. You are responsible to maintain and repair Your hardware and to update or upgrade Your software. We may recommend or require additional hardware. We may require You to purchase specified point of sale or register equipment and software and/or portable hand-held devices. We currently require You to use the following computer hardware and software:

Notes:

1. We do not provide any support for computer hardware, "Proprietary Software" operated on computer systems.
2. The **Tile Liquidators** current software program is QuickBooks Online plus version or higher. It must have inventory capabilities. This will keep all franchisees on similar platforms which will assist in training and developing our own reports and systems within QuickBooks.

Item 12. Territory

We will grant You a geographic territory ("Territory") which will be a five (5) mile radius from Your approved location. If You are not in breach of the Agreement, We will not locate or open a competitive business under the Marks and using the System in Your Territory, either company-owned or franchised, during the term of the Agreement. You are permitted to operate the Franchised Business only at one location. There are no restrictions on where customers may come from.

We reserve the right to sell products through the Internet using the Tile Liquidators trade name or trademarks including within Your Territory. You may not market your goods and services over the Internet or through other alternative distribution methods without our prior written approval.

The Agreement allows modification of Your Territory only upon the written agreement of You and Us.

Except as described above, We and Our affiliate(s) will not establish other franchised or company-owned **Tile Liquidators** offices within Your Territory. Except as described above, We will not alter Your Territory. Your continued Territory rights are not affected by your sales volume, market penetration or any other contingency.

Item 13. Trademarks

We give You the right to use the name "**Tile Liquidators®**", "**Tile Liquidators Floor & Design®**", and other trade names, trademarks, service marks, trade dress and logos We currently use or which We may adopt or approve (the "Marks") in the Licensed Business. You must follow Our rules when You use the Marks. You may only use the Marks exactly as We specify. You may not use any of the Marks in connection with the offer or sale of any unauthorized product or service.

We own the right to use the name and service mark "**Tile Liquidators®**" - registration number 5,180,503, registered April 11, 2017, by the United States Patent and Trademark Office on the Principal Register.

We own the right to use the name and service mark "**Tile Liquidators Floor & Design®**" - registration number 7,329,942, registered March 12, 2024, by the United States Patent and Trademark Office on the Principal Register.

In addition, we have filed applications with the United States Patent and Trademark Office for the name "TL FLOOR & DESIGN™" (U.S. Serial #97894621, dated April 18, 2023), and the TL FLOOR & DESIGN Logo (U.S. Serial # 9840312097, dated February 13, 2024), both filed on the Principal Register.

There are no presently active determinations of the Patent Office, the Trade Mark Administrator of any state or any court, any pending interference, opposition or cancellation proceeding or any pending material litigation involving the Marks that is relevant to Your ability to use the Marks in connection with the Licensed Business.

There are no agreements that significantly limit Our rights to use or license You to use the Marks in any manner material to the Licensed Business.

You must inform Us if You become aware of any misuse or misappropriation of the Marks or anything confusingly similar. You may not start any litigation relating to the wrongful use of the Marks without Our prior written approval. We may take whatever action We deem appropriate to protect or defend the Marks or System, but We need not take any action.

If a third party sues You claiming that You are infringing the trademark or trade name of the third party by using the Marks, You must inform Us immediately. We will indemnify You as to that claim only and have the right to control the litigation.

It may become necessary in Our sole discretion, because of trademark litigation, a decision of the Patent and Trademark Office, or otherwise, to change the Marks. In that event, You must immediately adopt the new or revised Marks and Our maximum liability, including for any purported goodwill, is to reimburse You for the actual out-of-pocket costs of changing the principal signs identifying Your Premises.

We do not know of any person claiming or having superior rights to any of the Marks or of any infringing uses of the Marks that could materially affect Your use of the Marks.

Item 14. Patents, Copyrights and Proprietary Information

We do not currently own any patents. We have copyrighted and will continue to copyright the Manual and revisions of all Manuals and Handbooks and construction plans loaned to You, and all training materials We provide or sell to You and Your employees. We have not registered any copyrights, but may in the future.

The Manual(s), the contents of each, and certain other information We will provide to You, including certain recipes and annual reports on marketing funds expenditures, if required, are all confidential trade secrets. All information We provide to You or which You develop in the course of performing under the Franchise Agreement which is not generally available to the public and which a competitor might find valuable are trade secrets. If we designate something as a "Trade Secret", You must treat it as a Trade Secret whether or not it would otherwise meet any definition of "Trade Secret". You are responsible for protecting all trade secrets and You cannot transfer them or sell them to anyone at any time. You must require Managers and other employees who have access to Trade Secrets to comply with Your obligations under the Franchise Agreement to protect Our Trade Secrets.

Item 15. Obligation to Participate in the Operation of the Franchised Business

You must either devote Your full time and effort to managing and operating the Licensed Business or delegate its management or operation to a responsible person. You must reserve and exercise ultimate authority and responsibility over operation and management of the Licensed Business. If You delegate management and operation to a manager, the manager must first successfully complete Our initial training program within sixty days after assuming the role of manager. If You are a corporation or other entity, each owner must personally guaranty the Agreement and the entity must designate a competent manager. We do not require the designated manager to be an equity owner of the franchised business. You must require each manager and employee to whom You disclose our trade secrets to be subject to the trade secrets section of the Franchise Agreement (Franchise Agreement – Article 5). You must require every manager and employee with access to trade secrets to sign a confidentiality agreement. The current form of confidentiality agreement is Exhibit G to the Franchise Agreement.

Item 16. Restrictions on What the Franchisee May Sell

You may offer for sale only products we approve, from the provided vendors we have established. You will offer residential and commercial Ceramic, Porcelain, Natural Stone, Granite counter-tops, laminate, LVT, Hardwood flooring, tools, setting materials and related products under Our Marks and following Our System and of a type, quality and variety consistent with the **Tile Liquidators** image. You must obtain Your supplies and equipment from suppliers We select or approve. We have sole discretion in determining what constitutes the **Tile Liquidators** image. The image is constantly evolving as markets change and evolve. You may not engage in sales through alternative distribution channels or the Internet without Our prior written approval. We are not required to give You such approval.

We may change the System or any part of the System at any time, and as changed it will remain the System. We own any improvements or changes in the System whether We, You or other franchisees develop them and have the right to adopt and perfect such improvements or changes without compensating You. If We modify the System, You must, at Your own expense, adopt and use the modification(s) as if they were part of the System at the time You signed the Agreement. There are no restrictions on Our right to modify the types of goods and services You will offer except that We will remain primarily a seller of residential and commercial Ceramic, Porcelain, Natural Stone, Granite Counter-tops, Laminate, LVT, Hardwood Flooring, tools, setting materials and related products.

Item 17. Renewal, Termination, Transfer and Dispute Resolution

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

	Provision	Section in Franchise Agreement	Summary
a.	Term of the Franchise	Article 1	15 years.
b.	Renewal or extension of the term	Article 9	If You are in good standing and We continue the franchise system in Your area, We may permit You to renew for another term under the then-current agreement, which may be materially different than the agreement We are now offering.
c.	Requirements for You to renew or extend	Article 9	Franchisees may be asked to sign a new contract with materially different terms than their original contract. You must be in good standing with Us, sign new agreement, update to current showroom standards, give 12 months notice and pay a fee of not more than 1/2 of the then-current Initial Fee.
d.	Termination by You	None	You have no unilateral right to terminate the franchise
e.	Termination by Franchisor without cause	None	
f.	Termination by Franchisor with cause	Article 15	We may terminate only for cause. We may, in lieu of terminating your franchise, terminate your territorial rights and leave your franchise in full force and effect; however, terminating Your territorial rights does not limit Our rights thereafter to terminate your franchise for the same or a different cause.
g.	"Cause" defined--defaults which can be cured	Article 15	You have 72 hours to cure: failure to pay Us or Our affiliate or another Tile Liquidators franchisee; unauthorized assignment; abandonment (even if unintentional); You become insolvent; failure to pay any taxes before delinquent; sublicensing of Marks; impasse among owners of Franchise; violation of any law or rule (including any health codes, rules or regulations); conviction of a felony; failure to operate properly using the Marks; unethical or dishonest business dealings; failure to maintain insurance; failure to timely deliver estoppel certificate; or termination of any other agreement between You and Us for cause. You have 30 days to cure any breach of the Agreement for which the Agreement does not specify a shorter period.

	Provision	Section in Franchise Agreement	Summary
h.	"Cause" defined--defaults which cannot be cured	Article 15	Non-curable defaults: repeated defaults, even if cured; You are adjudged bankrupt; assignment for benefit of creditors; abandonment of business; convicted or plead guilty to violating law relating to Licensed Business.
i.	Your obligations on termination/nonrenewal	Articles 16 & 17	No further use of Marks, telephone numbers, telephone listings, computer software, trade secrets or the Manual; certain notification obligations; payment of sums due to Us; We have option to lease or assume lease for Your Premises; sign document(s) to transfer telephone numbers; continuing royalties on pending sales, if any; and We have option to purchase any part of Your business assets. If We elect to assume Your lease and to operate a Tile Liquidators business from Your Premises, You must cooperate in a changeover procedure, including notifying the landlord of the change of tenant, conducting an inventory, permitting Us to use Your furniture, fixtures and equipment for up to 60 days, and permitting Us to communicate directly with Your employees, vendors and customers in order to facilitate a smooth transition.
j.	Assignment of contract by Franchisor	Articles 12, 14 & 21	No restriction on Our right to assign except that if Our assignee assumes all of Our obligations to You then We are free of further liability to You.
k.	"Transfer" by You--definition	Articles 11, 12, 13 & 14	Includes any assignment, transfer, sale, sublease or encumbrance of the Agreement, the Franchise, the assets of Your business, the Premises, or of any ownership interest in the Franchisee if You are a corporation, partnership or limited liability company or other form of Entity.
l.	Franchisor's approval of transfer by franchisee	Articles 11, 12, 13 & 14	Franchisor has the right to approve or disapprove all transfers.

	Provision	Section in Franchise Agreement	Summary
m.	Conditions for Franchisor's approval of transfer	Articles 11, 12, 13 & 14	You are current in all fees to Us; You are not in material breach of the Agreement; You have paid all debts of Your business; new Franchisee signs release of claims against Us for representations You made; You sign a mutual termination and release of the Agreement; We receive transfer fee (\$2500); new Franchisee signs the then-current form of Agreement (except preserving Your financial terms for balance of Your term); new Franchisee qualifies; new Franchisee successfully completes initial training program; new Franchisee obtains rights to Your Premises lease, if applicable; and We receive 30 day right of first refusal. The fee to transfer to an entity with identical ownership is \$500.
n.	Franchisor's right of first refusal to acquire Your business	Article 12 & 17	We may match any offer for Your business.
o.	Franchisor's option to purchase Your business	Article 17	On termination, We may purchase any part of Your business at the fair market value of the tangible personal property purchased.
p.	Your death or disability	Articles 12 & 13	Your heirs or personal representative must, within 90 days, either (i) request the right to continue to operate the business, subject to Article 13 of the Agreement except that no transfer fee will be payable, or (ii) sell the Licensed Business to a third party, subject to Article 13 of the Agreement. If We deny a request to continue to operate the business, the 90 days to sell begins on the date of Our denial. The same applies if You become disabled as defined in Article 14 of the Agreement.
q.	Non-competition covenants during the term of the franchise	Article 16	No involvement in any competing business anywhere.
r.	Non-competition covenants after the franchise is terminated or expires. This provision may not be enforceable under California law	Articles 16 & 18 (if applicable)	For 24 months, You must not compete with Us within 20 miles of the boundaries of Your Territory, solicit or divert any of Our customers or vendors or customers or vendors of any other franchisee, disclose any trade secrets, or solicit or hire any of Our employees, former employees or franchisees. For 24 months, You will not be employed by or in business with any person or entity that does any of those things.
s.	Modification of the agreement	Article 21	Only by written agreement; We may modify Manual at any time.
t.	Integration/merger clause	Article 21	Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable.

	Provision	Section in Franchise Agreement	Summary
u.	Dispute resolution by arbitration or mediation	Article 19	Except for actions for the sole purpose of collecting unpaid monies, including franchise fees, royalties or to enforce trademark or trade secret rights and covenants against competition, We will settle all disputes with You by Arbitration, which will only occur after the parties try informally to resolve the dispute and participate in mediation.
v.	Choice of forum	Articles 19 & 21	Disputes are to be submitted to Arbitration in Sacramento, CA , with the exceptions of actions for the sole purpose of collecting unpaid franchise fees and royalties or enforcing Our rights in the Marks, trade secrets and covenants against competition which shall be brought in Your local jurisdiction.
w.	Choice of law	Article 21	The law of the state where Your Licensed Business is located applies.

Item 18. Public Figures

We do not currently 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 information that differs from that included in Item 19 may only be given if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make 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 Doug Disney, **Tile Liquidators**, 9778 Business Park Drive Ste. A, Sacramento, Ca 95827 (916) 801-8453, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20. Outlets and Franchisee Information

Systemwide Outlet Summary

For years 2021 to 2023

Table 1

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	4	7	+3
	2022	7	11	+4
	<u>2023</u>	<u>11</u>	<u>19</u>	<u>+8</u>
Company-Owned	2021	1	1	0
	2022	1	0	-1
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Outlets	2021	5	7	+2
	2022	7	11	+4
	<u>2023</u>	<u>11</u>	<u>19</u>	<u>+8</u>

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

For years 2021 to 2023

Table 2

States	Year	Number of Transfers
California	2021	0
	2022	0
	<u>2023</u>	<u>1</u>
Arizona, Texas, Utah, Nevada, Pennsylvania, North Carolina	2021	0
	2022	0
	<u>2023</u>	<u>0</u>
Total	2021	0
	2022	0
	<u>2023</u>	<u>1</u>

Status of Franchised Outlets

For Years 2021 to 2023
Table 3

State	Year	Outlets at Start of Year	Outlets Opened	Terminated	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
Nevada	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	1	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
California	2021	1	3	0	0	0	0	4
	2022	4	3	0	0	0	0	7
	<u>2023</u>	<u>7</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>8</u>
Arizona	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Utah	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
Texas	2021	1	1	0	0	0	1	1
	2022	1	1	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>
Florida	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2022	0	0	0	0	0	0	0
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
North Carolina	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2022	0	0	0	0	0	0	0
	<u>2023</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Pennsylvania	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2022	0	0	0	0	0	0	0
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Totals	2021	4	5	0	0	0	2	7
	2022	7	5	0	0	0	1	11
	<u>2023</u>	<u>11</u>	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>19</u>

Status of Company-Owned Outlets

For Years 2021 to 2023
Table 4

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
CA	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Totals	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

Projected Openings as of December 31, 2023
Table 5

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In The Next Fiscal Year
CA	<u>1</u>	<u>2</u>	0
Utah	<u>2</u>	<u>1</u>	0
Nevada	0	<u>1</u>	0
<u>Colorado</u>	<u>1</u>	<u>2</u>	<u>0</u>
Arizona	<u>0</u>	<u>1</u>	<u>0</u>
<u>Oregon</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>North Carolina</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Florida</u>	<u>1</u>	<u>2</u>	<u>0</u>
<u>Texas</u>	<u>0</u>	<u>2</u>	<u>0</u>
<u>Pennsylvania</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Tennessee</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Virginia</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Massachusetts</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Kansas</u>	<u>0</u>	<u>2</u>	<u>0</u>
TOTAL	<u>5</u>	<u>18</u>	<u>0</u>

A list with the name, address and current business telephone number of Our franchisees is attached as Exhibit "C".

No Tile Liquidators franchisee signed confidentiality clauses in the last three fiscal years.

There are no Tile Liquidators trademark specific franchisee organizations associated with the franchise being offered

The following franchisees left the system within the previous fiscal year:

Jeff & Heather Kreiser, 9500 Greenback Lane, #4, Folsom, CA 95630, (916)413-8610

Mike Hall, 152 FM 1960, Suite F, Houston, TX 77073, (832)746-3554

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

Item 21. Financial Statements

Attachment A contains a copy of our audited financial statements for our fiscal years ending December 31, 2022 and December 31, 2023.

Item 22. Contracts

We have attached the following contracts and agreements:

Attachment B - Franchise Agreement

with:

- Exhibit A, Location of Licensed Business
- Exhibit B, Deleted
- Exhibit C, Required Equipment;
- Exhibit D, Items Pursuant to Specifications
- Exhibit E, Lease Conditional Assignment Agreement
- Exhibit F, Assignment of Telephone Numbers
- Exhibit G, Trade Secrets and Confidentiality Agreement

Attachment H – Application

Attachment I - Release

Item 23. Receipt

A receipt for this Franchise Disclosure Document is attached at the end of this document. You must remove one copy, sign it and return it to Us.

FRANCHISE DISCLOSURE DOCUMENT

ATTACHMENTS

Attachment A – Financial Statements

Attachment B – Franchise Agreement

ATTACHMENT C

LIST OF CURRENT AND FORMER FRANCHISEES

ARIZONA

<u>Joani Woelfel</u> <u>15475 N. Greenway Hayden</u> <u>Loop, Suite B1</u> <u>Scottsdale, AZ 85260</u> <u>(480) 910-4777</u>		
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CALIFORNIA

Dennis & Kristi Valene 66 E. Escalon, #105 Fresno, CA 93710 (559) 705-6861	Jared Calendaria 643 Lincoln Blvd. Lincoln, CA 95648 (775)225-4957	<u>JB & Leigh Sweetland</u> <u>Oceanside, CA</u> <u>(760) 586-0843</u>
<u>David Garcia</u> <u>3055 S. Archibald Ave., Ste. C-2</u> <u>Ontario, CA 91761</u> <u>(818)836-7750</u>	Evan Navas 1801 Taylor Road, Suite 150 Roseville, CA 95661 (916) 412-8735	<u>Don & Katie Clampitt</u> <u>8040 Greenback Lane, Ste. #E</u> <u>Sacramento, CA 95610</u> <u>(916)468-7222</u>
John Calendaria 9941 Horn Road Sacramento, CA 95827 (916) 706-1469	Victory Stratton 25 Quinta Court Sacramento, CA 95823 (916)284-5377	

FLORIDA

<u>Atle Sundland</u> <u>209 Towe</u> <u>Oldsmar, FL 34677</u> <u>(813) 855-6767</u>		
--	--	--

NEVADA

Trisha & Scott Roy 2625 East Craig Road Suites H, J & K North Las Vegas, NV 89030 (702) 781-8006		
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NORTH CAROLINA

<u>Todd Mackenzie</u> <u>210 Nottingham Drive</u> <u>Cary, NC 27511</u> <u>(919) 624-0187</u>	<u>Samuel & Heather Patoni</u> <u>4401 Cherry Street, Ste. 40</u> <u>Winston Salem, NC 27105</u> <u>(336) 448-8989</u>	
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PENNSYLVANIA

<u>Joseph & Nikki Fickus</u> <u>2290 Industrial Hwy.</u> <u>York, PA 17402</u> <u>(443) 925-9263</u>		
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TEXAS

<u>Blanca & Berto Chapa</u> <u>201 I35, Suite 180</u> <u>Gainesville, TX 76240</u> <u>(214) 859-4446</u>		
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UTAH

<u>Dave Patterson & Josh Ryan</u> <u>2774 W. 14000 South, #5</u> <u>Bluffdale, UT 84065</u> <u>(402) 676-9039</u>	<u>Jodi Rowell</u> <u>1604 W. Hill Field Road, #104</u> <u>Latyton, UT 84041</u> <u>(801) 901-2576</u>	<u>Kimberly & David Patterson</u> <u>109 N. 1200 West</u> <u>Orem, UT 84057</u> <u>(801) 224-0126</u>
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FORMER FRANCHISEES

<u>Jeff & Heather Kreiser</u> <u>9500 Greenback Lane, #4,</u> <u>Folsom, CA 95630, (916) 413-</u> <u>8610</u>	<u>Mike Hall</u> <u>152 FM 1960, Suite F</u> <u>Houston, TX 770730</u> <u>(832)746-3554</u>	
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Attachment D – Operations Manual Table of Contents

Attachment D – Operations Manual Table of Contents



TILE LIQUIDATORS

OPERATIONS MANUAL

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Attachment E – Registered Agents

Registered Agents

Franchisor's agents for service of process are as follows:

California:

Commissioner of Financial Protection and
Innovation
320 W. 4th Street, Suite 750
Los Angeles, CA 90013

Connecticut:

Securities and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, CT 06103

Delaware:

Mr. Richard H. (Rick) Bell, President
Harvard Business Services, Inc.
25 Greystone Manor
Lewes, Delaware, 19958-9776

Florida:

Department of Agriculture & Consumer Services
Division of Consumer Services
P.O. Box 6700
Tallahassee, FL 32314-6700

Hawaii:

Business Registration Division
Department of Commerce and Consumer Affairs
1010 Richards Street
Honolulu, HI 96813

Illinois:

Illinois Attorney General
Office of Attorney General
500 S Second
Springfield, IL 92796

Indiana:

Indiana Secretary of State
201 State House
Indianapolis, IN 46204

Iowa:

Director of Regulated Industries Unit
Iowa Securities Bureau
340 Maple
Des Moines, IA 50319-0066

Maryland:

Maryland Securities Commissioner
200 St. Paul Place, 20th Floor
Baltimore, MD 21202-2020

Michigan:

Franchise Administrator
Michigan Department of Attorney General
670 Law Building
Lansing, MI 48913

Minnesota:

Minnesota Commissioner of Commerce
133 East Seventh Street
St. Paul, MN 55101

Nebraska:

Department of Banking & Finance
1200 N Street, Suite 311
P.O. Box 95006
Lincoln, NE 68509

New York:

New York Secretary of State
41 State Street
Albany, NY

North Dakota:

Franchise Examiner
Office of Securities Commissioner
600 East Boulevard, Fifth Floor
Bismarck, ND 58505

Oregon:

Director
Department of Consumer and Business
Services
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310

Rhode Island:

Chief Securities Examiner
Division of Securities
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota:

Franchise Administrator
Division of Securities
118 West Capitol
Pierre, SD 57501

Attachment E – Registered Agents

Texas:

Secretary of State
P.O. Box 12887
Austin, TX 78711

Virginia:

Clerk
State Corporation Commission
1300 E Main Street, 1st Floor
Richmond, VA 23219

Washington:

Director
Department of Financial Institutions
Securities Division
PO Box 9033
Olympia, WA 98507-9033

Wisconsin:

Franchise Administrator
Division of Securities
Department of Financial Institutions
PO Box 1768
Madison, WI 53701

Attachment F – State Agencies

State Agencies

The State agencies involved with franchising are as follows:

California:

State of California Dept. Of Financial Protection and Innovation
320 W 4th Street, Suite 750
Los Angeles, CA 90013
(866-275-2677)

Connecticut:

Securities and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, CT 06103-1800

Florida:

Department of Agriculture & Consumer Services
Division of Consumer Services
P.O. Box 6700
Tallahassee, FL 32314-6700

Hawaii:

Business Registration Division
Department of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, HI 96810

Illinois:

Illinois Attorney General
Office of Attorney General
500 S Second
Springfield, IL 92796

Indiana:

Franchise Section
Secretary of State
302 West Washington Street
Indianapolis, IN 46204

Iowa:

Director of Regulated Industries Unit
Iowa Securities Bureau
340 East Maple
Des Moines, IA 50319-0066

Maryland:

Office of the Attorney General
Securities Division
200 St. Paul Place, 20th Floor
Baltimore, MD 21202-2020

Attachment F – State Agencies

Michigan:

Franchise Administrator
Michigan Department of Attorney General
670 Law Building
Lansing, MI 48913

Minnesota:

Franchise Examiner
Minnesota Department of Commerce
133 East Seventh Street
St. Paul, MN 55101

Nebraska:

Department of Banking and Finance
1200 N Street, Suite 311
PO Box 95006
Lincoln, NE 68509

New York:

Bureau of Investor Protection and Securities
New York State Department of Law
120 Broadway, 23rd Floor
New York, NY 10271

North Dakota:

Franchise Examiner
Office of Securities Commissioner
600 East Boulevard, Fifth Floor
Bismarck, ND 58505

Oregon:

Director
Department of Consumer and Business Services
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310

Rhode Island:

Chief Securities Examiner
Division of Securities
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota:

Franchise Administrator
Division of Securities
118 West Capitol
Pierre, SD 57501

Attachment F – State Agencies

Texas:

Statutory Document Section
PO Box 12887
Austin, TX 78711

Utah:

Division of Consumer Protection
Utah Department of Commerce
160 East Three Hundred South
PO Box 45804
Salt Lake City UT 84145-0804

Virginia:

State Corporations Commission
Division of Securities and Retail Franchising
1300 E Main Street, 9th Floor
Richmond, VA 23219

Washington:

Director
Department of Financial Institutions
Securities Division
PO Box 9033
Olympia, WA 98507-9033

Wisconsin:

Franchise Administrator
Division of Securities
Department of Financial Institutions
PO Box 1768
Madison, WI 53701

The Address of the United States Federal Trade Commission is:

Federal Trade Commission
Washington, D.C. 20580

Attachment G – State Law

Addendum for State-Specific Requirements

General

These states have statutes which may supersede the franchise agreement in your relationship with Us including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e *et seq.*], DELAWARE [Code, Tit. 6, Chap. 25, Section 2551 *et seq.*], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [ILCS 705/1-44], INDIANA [Stat. Section 23-2-2.7], IOWA [Code Sections 523H.1 – 523H.17], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-1], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code 13.1-557-574-13.1-564], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions that may supersede the franchise agreement in your relationship with Us including the areas of termination and renewal of your franchise.

Some states have statutes that limit Our ability to restrict your activity after the franchise agreement has ended. Other states have court decisions limiting Our ability to restrict your activity after the franchise agreement has ended.

A provision in the franchise agreement that terminates the franchise upon your bankruptcy may not be enforceable under Title 11, United States Code.

California Addendum

(Applies only to California franchisees)

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

Section 31125 of the California Corporations Code requires us to give you a disclosure document approved by the Commissioner, before we ask you to consider a material modification of your franchise agreement.

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 Franchise Disclosure Document.

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

You must sign a general release of claims if you transfer your franchise. California Corporations Code section 31512 voids a waiver by the person acquiring a franchise of certain rights under the Franchise Investment Law (California Corporations Code §§ 31000 through 31516). Business and Professions Code section 20010 voids a waiver of certain rights under the Franchise Relations Act (Business and Professions Code §§ 20000 through 20043).

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.*)

Attachment G – State Law

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

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

You must resolve disputes through binding arbitration. The arbitration will occur in Sacramento, California, with the costs of arbitration being borne equally by the parties. Each party will bear its own expenses, including attorney's fees. 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.

The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act. As long as this represents the law of the State of California, We will not interpret the Franchise Agreement as permitting or requiring maximum price limits.

Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website must be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of our 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).

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

The franchisor will not enforce in California the prohibition on franchisee employing or soliciting for employment any current or former employee of franchisor or its affiliates (known as no-poach/non-solicitation provision) in section 16 of the franchise agreement that is disclosed in Item 17, row r."

Hawaii Addendum

(Applies only to Hawaii franchisees)

If your Licensed Business will be in Hawaii, You will not pay your Initial Fee to Us until your business is open and we have completed all of Our material pre-opening obligations to you. Item 5 of the Franchise Disclosure Document and Article 2 of the Franchise Agreement are amended accordingly. Please review Item 11 for our pre-opening obligations. You must have your bank verify that you have sufficient funds available at the time We sign the Agreement. The only condition on your obligation to pay the Initial Fee is that We must complete all of Our material pre-opening obligations to you.

Attachment G – State Law

Illinois Addendum

(Applies only to Illinois franchisees)

The receipt and the Franchise Agreement are both amended to provide that We must provide the Franchise Disclosure Document to You at least fourteen calendar days before You sign any binding contract or give us any money.

The Illinois Franchise Disclosure Act, Section 4, prohibits any agreement that specifies jurisdiction or venue of any lawsuit in a place outside of the state of Illinois. The Act does permit agreements to require you to arbitrate outside the state of Illinois. The Act prohibits choice of law provisions that would require the application of any laws except the laws of the state of Illinois (Section 41). You cannot waive any of your rights given to you by the Illinois Franchise Disclosure Act (Section 41). You may have other rights under the Illinois Franchise Disclosure Act or other laws of the state of Illinois. To the extent that the Franchise Agreement is inconsistent with Illinois law, the inconsistent terms of the Franchise Agreement will not be enforced and the terms of the applicable Illinois law shall apply.

Indiana Addendum

(Applies only to Indiana franchisees)

Indiana law prohibits requiring you to prospectively agree to a release or waiver which purports to relieve any person from liability imposed by the Indiana Franchise Practices Act (IC 23-2-2.7(5)). The Franchise Agreement shall be deemed amended to the extent necessary to comply with IC 23-2-2.7(5).

Indiana law limits the parties agreement to resolve disputes in any jurisdiction outside of Indiana (IC 23-2-2.7(10)). Subject to the Federal Arbitration Act, the Franchise Agreement shall be deemed amended and the forum for any court proceedings shall be in Indiana.

Maryland Addendum

(Applies only to Maryland franchisees)

The Maryland Franchise Registration and Disclosure Law, COMAR 02.02.08.16L, provides that, as a condition of the sale of a franchise, We may not require you to agree to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability under the Franchise Registration and Disclosure Law. Item 17 of the Franchise Disclosure Document is amended by adding: any general release required as a condition of sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement and Franchise Disclosure Document shall be deemed amended so that no release, assignment, novation, waiver or estoppel is required if it would violate the Maryland Franchise Registration and Disclosure Law. Nothing in the franchise agreement, including any acknowledgments or representations, shall be deemed a release or waiver of any right or obligation under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the Franchise Disclosure Document is amended by adding the following: The provision in the Franchise Agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. seq.).

Attachment G – State Law

If you are a resident of Maryland or your Licensed Business will be in Maryland, You will not pay your Initial Fee or any other money to Us until your business is open and we have completed all of Our material pre-opening obligations to you. Item 5 of the Franchise Disclosure Document and Article 2 of the Franchise Agreement are amended accordingly. Please review Item 11 for our pre-opening obligations. You must have your bank verify that you have sufficient funds available at the time We sign the Agreement. The only condition on your obligation to pay the Initial Fee is that We must complete all of Our material pre-opening obligations to you.

Item 17 of the Franchise Disclosure Document and Article 19 of the Franchise Agreement are amended by adding: any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Article 19 of the Franchise Agreement is amended to provide as follows: Any lawsuit permitted under this Article shall be brought in the federal or state courts located in the State of Maryland. Item 17 is hereby amended by adding the identical language in the "summary" column of line v.

Minnesota Addendum

(Applies only to Minnesota franchisees)

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreement 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 the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. §80C.214, Subds. 3, 4, and 5 which require, except in certain specified cases, that We give you 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the franchise agreement.

We will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name, to the extent required by Minn. Stat. §80C.12, Subd. 1(g).

To the extent governed by Minn. Rule 2860.4400J, you shall not be deemed to have waived any rights under Minnesota law. You shall not be deemed to have consented to Us obtaining injunctive relief, although We may seek injunctive relief. A Court or the arbitrators shall determine whether to require a bond as a condition of injunctive relief.

If your Licensed Business will be in Minnesota, You will not pay your Initial Fee to Us until your business is open and we have completed all of Our material pre-opening obligations to you. Item 5 of the Franchise Disclosure Document and Article 2 of the Franchise Agreement are amended accordingly. Please review Item 11 for our pre-opening obligations. You must have your bank verify that you have sufficient funds available at the time We sign the Agreement. The only condition on your obligation to pay the Initial Fee is that We must complete all of Our material pre-opening obligations to you.

New York Addendum

(Applies only to New York franchisees)

Item 3 is amended to read as follows:

Attachment G – State Law

Neither We nor any person identified in Item 2 above have any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against us alleging a violation of any franchise law, antitrust or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Neither We nor any person identified in Item 2 above have been convicted of a felony or pleaded *nolo contendere* to any felony charge or during the 10 year period immediately preceding the date of this Franchise Disclosure Document, been convicted of or pleaded *nolo contendere* to a misdemeanor charge been held liable in any other civil action by final judgment or been the subject of any other material complaint or other legal proceeding where such felony, misdemeanor civil action, complaint or other legal proceeding involved violation of any franchise law, antifraud or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Neither We nor any person identified in Item 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise or under any federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange as defined by 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.

Item 4 is amended to read as follows:

During the 10 year period immediately preceding the date of the Franchise Disclosure Document neither We nor any predecessor, affiliate, current officer or general partner of Us has been the subject of a bankruptcy proceeding, been adjudged bankrupt or reorganized due to insolvency or been a principal officer of a company or a general partner of a partnership at or within one year of the time that such company or partnership became the subject of a bankruptcy proceeding or was adjudged bankrupt or reorganized due to insolvency or is subject to any such pending bankruptcy or reorganization proceeding.

Item 5 is amended by adding the following: We will use the Initial Fee for the purposes of covering the costs of selling the franchise and other franchises, for your initial training, for general overhead and for profit.

Item 12 is amended by adding the following: Although We will consider many factors in determining the boundaries of your Marketing Area, it will contain a population of not less than 25,000 people.

Item 17 is amended by changing the caption and preliminary statement to read as follows:

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 FRANCHISE DISCLOSURE DOCUMENT.

Item 17 D is amended by adding the following: You may terminate the agreement on any grounds available by law.

Item 17 J is amended by adding the following: We will only assign to an assignee who in Our good faith judgment is willing and able to assume Our obligations.

Attachment G – State Law

North Dakota Addendum

(Applies only to North Dakota franchisees)

Under North Dakota law, no modification or change We make to the Manual or method of operation may materially affect your status, rights or obligations under the Franchise Agreement.

Covenants not to compete are considered unenforceable in the State of North Dakota.

Under North Dakota law, a requirement that you consent to liquidated damages or termination penalties in the event of termination of the franchise agreement is considered unenforceable.

The North Dakota Franchise Investment Law (Section 51-19-09) requires that the laws of North Dakota, which laws will prevail, will govern the Franchise Agreement. Further, North Dakota law requires that all issues or disagreements relating to the Franchise Agreement will be arbitrated, tried, heard and decided within the jurisdiction of courts in the state of North Dakota.

Under the North Dakota Franchise Investment Law (Section 51-19-09), a North Dakota franchisee may not be required to execute a general release upon renewal of the Franchise Agreement.

Rhode Island Addendum

(Applies only to Rhode Island franchisees)

Item 17 is amended by adding the following: Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.

If your Licensed Business will be in Rhode Island, You will not pay your Initial Fee to Us until your business is open and we have completed all of Our material pre-opening obligations to you. Item 5 of the Franchise Disclosure Document and Article 2 of the Franchise Agreement are amended accordingly. Please review Item 11 for our pre-opening obligations. You must have your bank verify that you have sufficient funds available at the time We sign the Agreement. The only condition on your obligation to pay the Initial Fee is that We must complete all of Our material pre-opening obligations to you.

South Dakota Addendum

(Applies only to South Dakota franchisees)

Covenants not to compete upon termination or expiration of a franchise agreement are generally unenforceable in South Dakota, except in certain instances as provided by law.

In the event that either party shall make demand for arbitration, such arbitration shall be conducted in a mutually agreed upon site in accordance with Section 11 of the Commercial Arbitration Rules of the American Arbitration Association.

The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement and interpretation under the governing law of the state where the franchise is located.

Attachment G – State Law

Any provision of the franchise agreement which requires you to agree to jurisdiction and venue outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.

Notwithstanding any term of the franchise agreement, We will not terminate the franchise agreement upon default without first affording you thirty (30) days notice with an opportunity to cure the default within that time.

To the extent required by South Dakota law, all provisions giving any party a right to liquidated damages are hereby deleted from the franchise agreement and the parties shall be entitled to their actual damages instead.

Virginia Addendum

(Applies only to Virginia franchisees)

Item 17 of the Franchise Disclosure Document is amended by adding the following: The provision in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. seq.).

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchisee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening under the franchise agreement

Washington Addendum

(Applies only to Washington franchisees)

If any of the provisions in the Franchise Disclosure Document or franchise agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the Franchise Disclosure Document and franchise agreement with regard to any franchise sold in Washington. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in Washington or in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

Initial Fees of new Washington franchisees are held in an escrow account until the franchisee's business is open.

The state law addendum, above, if applicable, is a part of the Franchise Agreement and supersedes any inconsistent term(s) of the Franchise Agreement

Attachment G – State Law Addendum

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year indicated below.

Dated: _____ [effective date]

Date signed: _____

FRANCHISOR:
Tile Liquidators, LLC

FRANCHISEE:

By _____
CEO

9778 Business Park Drive, Suite A
Sacramento, CA 95827
(916) 801-8453

Franchisee

Address: _____

Phone: _____

Attachment H – Application

Date: _____

APPLICATION FOR A TILE LIQUIDATORS FRANCHISE (US)

I/We _____

of _____
hereby submit an application to **Tile Liquidators LLC**, 9778 Business Park Drive, Suite A, **Sacramento, Ca 95827** franchisee

Our **Tile Liquidators** Franchise is to be located in: _____
_____, in the state of _____ (the "State"). This application once submitted is subject to the following terms and conditions:

1. Initial Franchise Fee for this franchise is **\$39,000.00** payable in cash/check as upon execution of the Franchise Agreement.
2. I/we acknowledge that I/we have, at least fourteen calendar days, prior to the signing of this Application Agreement, received **Tile Liquidators's** current form of Franchise Disclosure Document applicable to the State. I/we understand that a completed form of the Franchise Agreement will be provided at least five business days prior to signing the Franchise Agreement, and that all other terms are to be in accordance with it.
3. I/we have submitted a completed Confidential Qualification Report, including a completed Individual Financial Statement on **Tile Liquidators's** form and I/we hereby authorize **Tile Liquidators** to conduct an investigation of my/our background(s) to verify the information submitted.
4. I/we acknowledge and understand that submission of this application does not bind or obligate **Tile Liquidators, Inc.** to issue a **Tile Liquidators** Franchise to me/us.

(Signature)

Applicant (Print Name)

(Signature)

Applicant (Print Name)

Attachment I – General Release

GENERAL RELEASE

This General Release ("General Release") is entered into effective as of _____, 20____, ("Effective Date") between Tile Liquidators, LLC ("Franchisor") and [Insert Name of Franchisee] ("Franchisee"), with its principal place of business at _____ and [Insert Name (or Names) of Owner] ("Franchisee's Owner"). Defined terms not otherwise defined herein will have the meaning in the Franchise Agreements in effect between Franchisor and Franchisee and their respective affiliates at any time up to and including the date of this General Release (collectively, the "Agreements").

1. Recitals: Franchisee and Owner wish to exercise the rights granted to them by Franchisor to transfer their ownership of a Tile Liquidator franchise store under a Franchise Agreement to a third party, namely _____; and a pre-condition to the exercise of such right is the execution of this General Release.
2. Release of Franchisor and Related Parties. Franchisee and Franchisee's Owners, for themselves and on behalf of their current and former officers, directors, shareholders, partners, members, managers, affiliates, agents, attorneys, representatives, predecessors, successors and assigns (collectively, the "Franchisee Releasing Parties") absolutely and unconditionally waive, release and forever discharge Franchisor and Franchisor's current and former officers, directors, shareholders, partners, members, managers, affiliates, parent company, agents, attorneys, representatives, predecessors, successors, and assigns (collectively, the "Franchisor Released Parties"), from all claims, demands, obligations, liabilities, actions, and causes of actions whatsoever, in law or equity, that any Franchisee Releasing Party has, ever had or may in the future have arising under or related to the Franchise, the Agreements, the Tile Store or any other related or unrelated agreements, matters, dealings or relationships between the Franchisor Released Parties and the Franchisee Releasing Parties, whether known or unknown, that occurred on or before the Effective Date. Franchisee and Franchisee's Owner agree and stipulate that is their intent for this General Release to be construed by any court or arbitrator as broad as the law will allow. In California, this provision shall not apply to claims arising out of a) Representations made by Franchisor or its personnel or agents to a prospective franchisee, b) reliance by a franchisee on any representations made by the Franchisor or its personnel or agents, or c) reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

By: _____
Title: _____
Print Name: _____
Date: _____

State Effective Dates

The following states have franchise laws that require 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	
Virginia	

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 disclosure document and all agreements carefully.

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

If Tile Liquidators 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C., 20580, and the state agency listed on Exhibit A.

The franchisor is Tile Liquidators LLC, 9778 Business Park Drive, Suite A, Sacramento, CA 95827.

Tile Liquidators LLC authorizes the State Agencies identified in Exhibit E to receive service of process for Tile Liquidators, LLC.

Franchise sellers are: Doug Disney, 9778 Business Park Drive, Suite A, Sacramento, CA 95827, (916) 801-8453; Nina Wade, 9778 Business Park Drive, Suite A, Sacramento, CA 95827, (859) 779-0686; Jodi Rowell, 9778 Business Park Drive, Suite A, Sacramento, CA 95827 (801) 499-8352; Juan Torres, 9778 Business Park Drive, Suite A, Sacramento, CA 95827; (925) 922-0389; Jennifer Valcazar, 9778 Business Park Drive, Suite A,, Sacramento, CA 95827; (916) 769-4054.

Issuance Date of Issuance: April 20, 2024

I received a disclosure document, dated _____, Numbered # _____ that included the following Exhibits:

- A. Financial Statements
- B. Statements
- C. Franchise Agreement
- D. List of Current and Former Franchisees
- E. Manual Table of Contents
- F. Agents For Service of Process
- G. State Agencies
- H. State Law Addendum
- I. Application for Franchise

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

You may return the signed receipt either by signing, dating and mailing it to Tile Liquidators LLC, 9778 Business Park Drive, Suite A, Sacramento, CA 95827.

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Print Name

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