



# **FRANCHISE DISCLOSURE**

## **DOCUMENT**

**2025**

# FRANCHISE DISCLOSURE DOCUMENT



## RECOAT REVOLUTION FRANCHISE LLC

A Missouri limited liability company  
44 Soccer Park Road  
Fenton, MO 63026  
314-270-2707  
franchise@recoatrevolution.com  
recoatrevolution.com/franchise/

We offer qualified individuals the right to operate a franchised business that provides floor refinishing services to residential and commercial customers utilizing certain proprietary marks (including our current primary mark RECOAT REVOLUTION) and a proprietary operating system that we and our affiliates/principals have developed.

The total investment necessary to begin operation of a ReCoat Revolution franchise is \$119,900 to \$218,300. This includes \$92,500 to \$100,000 that must be paid to the franchisor and/or its affiliate.

We may, in our discretion, also offer qualified individuals the right to open and operate a ReCoat Revolution franchised business in multiple designated territories. The total investment necessary to commence operations in multiple territories will vary based on the number of territories in which we grant you the right to operate. By way of example, the total initial investment necessary to operate in three (3) territories ranges from \$188,850 to \$287,850. This includes an initial franchise fee amounting to \$120,000 that must be paid to us, as well as the total initial investment to open and commence operations of your franchised business within your initial designated territory.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Angela Lauer at 44 Soccer Park Road, Fenton, MO 63026 and (314) 270-2707.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 22, 2025

## 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
<b>How much will I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 and Exhibits D and E.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor and at the franchisor's direction; Item 7 lists the initial investment to open, and Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to support my business?</b>	Item 21 and Exhibit G include financial statements. Review these statements carefully.
<b>Is the franchise system stable and growing or shrinking?</b>	Item 20 summarizes the 3-year history of the number of company-owned and franchised outlets.
<b>Will my business be the only ReCoat Revolution business in my market?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings
<b>What's it like to be a ReCoat Revolution franchisee?</b>	Item 20 and Exhibits D and E list current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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*

1. **Continuing Responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.
2. **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 franchised business or may harm your franchised business
3. **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.
4. **Operating restrictions.** The franchise agreement may prohibit you from operating a similar business both 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.
5. **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.
6. **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.
7. **When your franchise ends.** Your franchise agreement may not permit you to renew. Even if it does, most franchise agreements do not allow you to renew on the same terms and conditions. You may have to sign a new agreement with different terms and conditions in order to continue to operate your franchised business.

### Some States Require Registration

Your state may have a franchise 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 A.

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in the state where we have our headquarters (currently Missouri). 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 Missouri than in your own state.

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.

**THE FOLLOWING PROVISIONS APPLY ONLY TO  
TRANSACTIONS GOVERNED BY  
THE MICHIGAN FRANCHISE INVESTMENT LAW**

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives the franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the license of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

- (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee or subfranchisor until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

**ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE SECTION, G. MENNEN WILLIAMS BUILDING, 6TH FLOOR, LANSING, MICHIGAN 48933, (517) 373-7117.**

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### **EXHIBITS:**

- A – State Administrators/Agents for Service of Process
- B – State Addenda to FDD
- C – Franchise Agreement with Exhibits and State Addenda
- D – List of Franchisees
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- F – Table of Contents of the Confidential Operations Manual
- G – Financial Statements
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- J – State Effective Dates
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ITEM 1  
**THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

**The Franchisor**

RECOAT REVOLUTION FRANCHISE LLC (“we”, “our” or “us”) is a Missouri limited liability company that was formed on September 7, 2023 (previously “Clean ReCoat Franchise, LLC”) and has its principal place of business at 44 Soccer Park Road, Fenton, MO 63026. We do business under our entity name and under the trade name “ReCoat Revolution.” We will refer to the person or entity who buys this franchise as “you” or “your” throughout this Disclosure Document. If the franchise purchaser is a business entity, “you” or “your” also includes each partner, shareholder and/or other owner of that entity.

We offer franchises for the operation of businesses (each a “Business,” or “Franchised Business”), operating under the mark “ReCoat Revolution,” which provide (i) floor refinishing services, floor installation, repair, and cleaning services, acrylic and wax removal services, and other ancillary and related flooring services that we authorize our franchisees to perform (the “Approved Services”) for residential and commercial customers, as well as (ii) liquid cleaners, refinishing products, and other ancillary and related products that we may authorize for retail sale (the “Approved Products”).

We presently do not operate a business of the type being franchised, however our affiliate, ReCoat Revolution, LLC, has operated the type of business our franchisees will operate since March 2021. From October 2023 to April 2024, we offered franchises substantially similar to the franchises offered in this disclosure document under the primary mark “Clean ReCoat.” We have not offered franchises in any other line of business. Our agents for service of process are listed in Exhibit A.

**Our Parents, Predecessors and Affiliates**

We have no predecessor or parent. We have three affiliates required to be disclosed in this Item. The first, ReCoat Revolution, LLC (“RR”) (previously “Clean ReCoat, LLC”), is a Missouri limited liability company with the same business address as us. RR operates one (1) business in the St. Louis, Missouri area that is substantially similar to a Franchised Business (the “Affiliate-Owned Business”). From March 2021 to August 2024, the Affiliate-Owned Business operated under our former primary mark, “Clean ReCoat.” As of October 2024, the Affiliate-Owned Business operates under our current primary mark, “ReCoat Revolution.”

Our affiliate ReCoat Revolution Supply, LLC (“RRS”) is a Missouri limited liability company formed in September 2024 with the same business address as us. RRS is our primary supplier for certain equipment and inventory that you must purchase from us for the operation of your Franchised Business.

Finally, our affiliate ReCoat Revolution IP, LLC (“RRIP”) owns certain System intellectual property, including our Principal Marks, and licenses them to (i) RR for use in the operation of its business, and (ii) us so that we can sublicense it to you and other franchisees through the franchise agreement for use in the operation of the Franchised Business and other ReCoat Revolution businesses. RRIP (previously “Clean ReCoat IP, LLC”) was formed in September, 2023. None of our affiliates have ever offered franchises in this or any other line of business.

## **The Franchise Offered**

We offer qualified prospects the opportunity to enter into a franchise agreement (the “Franchise Agreement”) which when executed gives you the right to establish and operate a Franchised Business in one or more designated geographic areas (the “Territory,” or “Territories”). The Franchise Agreement gives you the right to use the Proprietary Marks and the System solely with the operation of the Franchised Business. If we grant you a franchise, you must sign our current form of Franchise Agreement, which is attached to this Disclosure Document as Exhibit C. You must operate the Franchised Business in accordance with the terms of the Franchise Agreement, which includes, among other obligations, the requirements that you (a) offer and sell all services, products, and merchandise we designate, and (b) operate the Franchised Business in accordance with our operations manual and the “System” (as defined in this disclosure document).

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including the mark “RECOAT REVOLUTION”, as are now designated and may in the future be designated by us in writing for use with the System (the “Proprietary Marks”).

Our System includes: a unique and proprietary method of refinishing residential and commercial hardwood, engineered and laminate wood floors, as well as concrete, VCT and linoleum floors, that requires less disruption to the customer, involves no dust production or sanding and produces no harsh chemical smells; a distinct color scheme and wrapped vehicles; materials and supplies; methods, specifications and procedures for operations; procedures for management control; training and assistance; and merchandising, advertising and promotional programs, and customer service procedures, all of which may be changed, improved and further developed (the “System”).

## **Multi-Territory Operation**

We may, as we deem appropriate in our discretion, offer qualified parties the right to operate the Franchised Business in multiple Territories.

If you operate in multiple contiguous Territories, then you are only required to obtain one approved location. If you operate in multiple Territories that are noncontiguous, then we may require you to secure additional approved locations. However, our standard offering assumes that if you purchase multiple Territories, such Territories will be contiguous with one another.

If you operate the Franchised Business in multiple Territories, then you must secure at least one (1) Vehicle in order to open the Franchised Business. If you wish to commence operations of your Franchised Business within three (3) or more Territories simultaneously, we may require that you lease or purchase an additional Approved Vehicle.

## **Market and Competition**

You will offer your services to residential and commercial customers. In general, the floor restoration and maintenance business is mature and competitive. Your competition will come primarily from other floor care businesses, businesses that sell new flooring that can be used to replace older, worn flooring, carpet companies that sell products that can cover worn flooring and other wood refinishing businesses. Some of these businesses may be franchise systems, while others may be company owned brands with multiple outlets. In many markets, these businesses

are locally based. Some markets may include regional or national chains as competitors. The services provided by Franchised Businesses are not typically seasonal.

### **Industry Specific Laws**

We are not aware of any laws or regulations specifically applicable to the floor refinishing industry.

We urge you to make inquiries about laws that may be applicable to your Franchised Business. You must comply with all local, state, and federal laws that apply to your Franchised Business and those laws can vary significantly from one state to the next. We have not determined the licensing requirements in your proposed territory, or whether it is possible to obtain necessary licenses. You must determine the licensing requirements in your proposed territory before you sign the Franchise Agreement.

## ITEM 2 **BUSINESS EXPERIENCE**

### **Chief Executive Officer: Angela Lauer**

Ms. Lauer has been our Chief Executive Officer since we were formed in September 2023. She has also been the President of our affiliate, ReCoat Revolution, LLC since she founded the company in March 2021. Ms. Lauer was previously the Director of Admissions at Westminster Christian Academy in St. Louis, Missouri from October, 2012 to May, 2022. She maintains her office in St. Louis, Missouri.

### **Chief Innovation Officer: Steve Lauer**

Mr. Lauer has been our Chief Innovation Officer since we were formed in September 2023. He has also been the Chief Innovation Officer of our affiliate, ReCoat Revolution, LLC since June 2023. In addition, he owns Historic Floors, a company he founded in June, 2001. He maintains his office in St. Louis, Missouri.

### **Director of Franchise Support: Nicholas Lauer**

Mr. Lauer has been our Director of Franchise Support since we were formed in September 2023. He has also been the Marketing Specialist of our affiliate, ReCoat Revolution, LLC since its founding in March 2021. Previously, Mr. Lauer was a contract employee of Black Raven AFC from September 2020 to March 2021, and a graphic designer with CFX, Inc. from November 2018 to June 2020. He maintains his office in St. Louis, Missouri.

### **Director of Training and Customer Success: Janna Bailey**

Ms. Bailey has been our Director of Training and Customer Success since we were formed in September 2023. She has also been the Director of Customer Success of our affiliate, ReCoat Revolution, LLC since June 2022. From August, 2016 to June 2022, Ms. Bailey was the Admissions Associate at Westminster Christian Academy in St. Louis, Missouri. She maintains her office in St. Louis, Missouri.

**ITEM 3  
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4  
BANKRUPTCY**

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

**ITEM 5  
INITIAL FEES**

**Franchise Agreement**

Initial Franchise Fee

Upon execution of your Franchise Agreement, you must pay us an initial franchise fee (the "Initial Franchise Fee"). Your Initial Franchise Fee will depend on how many Territories we grant you the right to operate in, and is calculated as follows:

<b>Territories</b>	<b>Initial Franchise Fee</b>
1	\$50,000
2	\$90,000
3	\$120,000
4	\$150,000
5	\$180,000
Each Additional Territory Beyond 5 Territories	An additional \$30,000

The initial franchise fee is fully earned by us when paid and is not refundable. We may offer a discount of 5% on the initial franchise fee to qualified and honorably discharged military veterans.

Initial Training Fee

Prior to opening your Franchised Business and before attending our Initial Training Program, you must pay to us an initial training fee in the amount of \$2,500 (the "Initial Training Fee") for the initial training we provide to you, as disclosed in more detail in Item 11 of this disclosure document. The Initial Training Fee is uniformly charged to all franchisees, is deemed fully earned by us when paid and is not refundable.

Initial Inventory Package

Prior to opening your Franchised Business, you are required to purchase certain equipment, tools, PPE/safety equipment, and initial inventory of cleaning and refinishing products from us or our affiliate that will be used in the operation of your business (the "Initial Inventory Package"). We estimate the Initial Inventory Package will cost between \$20,000 to \$27,500.

### Launch Marketing Package

Prior to opening your Franchised Business, you must purchase certain launch marketing and social media and website setup services from us, our affiliate, or a third-party supplier we designate (the “Launch Marketing Package”). Specifically, the Launch Marketing Package includes (i) the setup and integration of your local business’s website on our primary System Website; (ii) approximately three (3) months of social media setup and implementation, print marketing production and implementation, and the production and distribution of press releases timed to the opening of your Franchised Business; and (iii) assistance with content production and placement of local advertising in your Territory(ies) during the first three (3) months of the operation of your Franchised Business. We estimate the Launch Marketing Package will cost \$20,000.

### Other Relevant Disclosures

Except as disclosed above, there are no other payments to, or purchases from, us or any affiliate of ours that you must make before your Franchised Business opens. All fees paid to us that are disclosed in this Item are uniformly imposed on our franchisees, must be paid to us prior to, or upon, delivery of the required purchases, and are non-refundable upon payment.

### ITEM 6 OTHER FEES

Column 1 Name of Fee	Column 2 Amount	Column 3 Date Due	Column 4 Remarks
Royalty Fee <sup>1 2</sup>	The greater of (a) 7% of Gross Revenues, or (b) \$1,400 per Territory per month (the “Minimum Royalty”)	Monthly via ACH on the 5 <sup>th</sup> of each month for the preceding business month.	Will be debited automatically from your bank account by ACH or other means designated by us. See Note 2 for additional information. The obligation to pay a Minimum Royalty (if applicable) begins in the eighteenth (18 <sup>th</sup> ) month after your Franchised Business has been opened and commenced operating.
Brand Development Fund Contribution	2% of Gross Revenues	Payable at the same time, and in the same manner, as the Royalty Fee	All such contributions shall be directed to the Brand Development Fund and used consistent with the purposes of that Fund set out in the Franchise Agreement. We reserve the right to raise to 3% of Gross Revenues. See Item 11.

Column 1 Name of Fee	Column 2 Amount	Column 3 Date Due	Column 4 Remarks
Local Advertising Requirement ("LAR")	The greater of (a) 3% of Gross Revenues or (b) \$1,500 per month	Monthly	You must demonstrate to us that you have spent the required amount each month on pre-approved marketing. If you do not, we can choose to collect the difference between the amount you were required to spend, and the amount you did spend, and direct it to the Brand Development Fund.
Technology Fee <sup>4</sup>	\$350 per month	Payable at the same time, and in the same manner, as the Royalty Fee	Will be debited automatically from your bank account by ACH or other means designated by us.
Required Software Subscription Fees	<p>The then-current fees charged by our designated supplier of CRM and other required software.</p> <p>Currently, these fees are approximately \$300 per month (for a single licensed user), plus any actual costs updated software programs, as incurred.</p>	As invoiced	We have the right to designate various software for use in connection with your computer system and Franchised Business via the Manual or otherwise in writing (each a "Required Software"), which we expect will typically be licensed from the approved suppliers we designate (third-party or otherwise).
Conference Registration Fee	Not currently assessed.	Paid to us in the year when a conference occurs. Payment is required regardless of attendance.	<p>Will be debited automatically from your bank account by ACH or other means designated by us.</p> <p>We do not yet hold an annual conference, but we reserve the right to hold at least one (1) conference per year, require your</p>

Column 1 Name of Fee	Column 2 Amount	Column 3 Date Due	Column 4 Remarks
			attendance at such conference, and charge a conference registration fee for attendance. When established, we estimate that conference registration will cost approximately \$1,000 per attendee.
Transfer Fee	\$7,500, plus brokers' fees, if and as applicable	The transfer fee is due upon approval of the transfer	Payable if we approve your transfer request, prior to or upon execution of final transfer agreements and authorization. If you are transferring or assigning your Franchise Agreement and Franchised Business to an entity owned and controlled by you, the Transfer Fee is \$1,000.
Renewal Fee	\$5,000	Upon signing the renewal franchise agreement	Payable if we approve your renewal request and upon signing our then current franchise agreement.
Additional Training Fee	<p>Our then-current training fee for the type of training at issue.</p> <p>Currently, our fee for additional individuals to attend the Initial Training Program is will be \$500 per person.</p> <p>For additional training beyond what is provided in the Initial Training Program, or remedial training that we require,</p>	As incurred prior to beginning of additional training	We may charge you our then-current training fee in the following circumstances: (i) if you or one (1) of your managers/personnel that is required to complete our initial training is replaced and/or fails to complete initial training and is required to re-attend; (ii) if you bring more than two (2) total individuals to the Initial Training Program; (iii) if you request that we provide you with any additional training or otherwise request that we provide you with any on-

Column 1 Name of Fee	Column 2 Amount	Column 3 Date Due	Column 4 Remarks
	we estimate this fee will be \$750 per trainer per day, plus our trainer(s)' costs and expenses providing such additional training.		<p>site assistance in connection with your Franchised Business that is not already covered by us as described more fully in Item 11; and (iv) any remedial training that we require you to attend and complete as part of the cure actions in connection with your default under the Franchise Agreement.</p> <p>In other circumstances where we require you to attend additional or refresher training at our request, we will not charge you a Training Fee.</p>
Local and Regional Advertising Cooperatives	As established by cooperative members	As established by cooperative members	Established by cooperative members.
Interest	The greater of (a) 1.5% per month, or (b) the highest rate allowed by law	As incurred	Payable on all overdue amounts, fees, charges, and payments due to us under the Franchise Agreement. Interest rate cannot exceed legal rate allowed by law and may be adjusted to reflect same.
Reporting Non-Compliance	Currently \$150 per occurrence	14 days of invoice	Payable for failure to timely submit Royalty and Activity Reports, and other reports and financial statements as required under Franchise Agreement.
Late Payment Fee	Currently \$150 per occurrence		Payable for failure to timely pay, when due, a fee or payment due to us under the Franchise Agreement, plus interest, costs and legal fees.

Column 1 Name of Fee	Column 2 Amount	Column 3 Date Due	Column 4 Remarks
NSF Check Fee of Failed Electronic Fund Transfer	\$50 per violation	As incurred	Payable if your bank account possesses insufficient funds and/or fails to process a payment or transfer related to a fee due from you to us.
Testing or Supplier Approval Fee	Actual costs incurred by us	Within 14 days of invoice	You must pay us the costs incurred by us to review and evaluate a potential supplier, product, or service that you submit to us for approval.
Audit Fee	Actual costs incurred by us	As incurred	For costs incurred by us for each financial audit, provided the audit determines underreporting of 2% or greater during any designated audit period. Includes fees incurred by us including audit, legal, travel and reasonable accommodations.
Quality Audit Fee	Actual costs incurred by us	As invoiced	Payable if we engage a third-party to inspect the Franchised Business, its Vehicle(s) or the premises where the Vehicle(s) is/are stored.
Enforcement Costs	Actual fees, costs, and expenses	On demand	For costs and expenses incurred by us in collecting fees due to us, and/or to enforce the terms of the franchise agreement or a termination of the franchise agreement. Includes costs and expenses of re-inspections required by quality assurance audit.
Indemnification; Legal Fees and Expenses	Costs and expenses, including but not limited to attorneys' fees for	As Incurred	You must reimburse us for our attorneys' fees and other costs that we incur in connection with any claims and/or damages that we

Column 1 Name of Fee	Column 2 Amount	Column 3 Date Due	Column 4 Remarks
	any failure to pay amounts when due or failure to comply in any way with the Franchise Agreement		<p>incur in connection with any thirdparty action or otherwise arising out of, or related to (a) your breach of misrepresentation of your Franchise Agreement, (b) management or operation of your Franchised Business, and/or (c) other specific actions or omissions on your or your representatives' part detailed more fully in your Franchise Agreement.</p> <p>You must also reimburse of all attorneys' fees and other costs we incur in connection with (a) enforcing the terms of the Franchise Agreement, and/or (b) any litigation we are required to initiate and/or defend against related to the Franchise Agreement, provided we prevail.</p>
Management Fee	The then-current fee, which is currently twenty percent (20%) of the Gross Sales of the Franchised Business during the time period that Franchisor's representatives are operating the Franchised Business, plus all reasonable costs and overhead that Franchisor incurs in connection with its operation	Weekly with Royalty payment	Due when we (or a third party manage your Franchised Business after your default or abandonment.

Column 1 Name of Fee	Column 2 Amount	Column 3 Date Due	Column 4 Remarks
	of the Franchised Business.		
Liquidated Damages <sup>5</sup>	Will vary under the circumstances.	Due within ten (10) days of the premature termination of the Franchise Agreement	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach.

**Notes:**

Generally: Unless otherwise set forth in this Item, all fees noted in this Item 6 are uniformly imposed and are payable to us and/or our designated suppliers and are non-refundable. All fees due under the Franchise Agreement shall be collected by us through our direct debit program from a bank account that you choose. You must execute the Direct Debit Authorization Agreement in a form substantially similar to that attached as Exhibit C to the Franchise Agreement contemporaneously with the execution of the Franchise Agreement that authorizes us to collect all fees by direct debit.

<sup>1</sup> “Gross Revenues” means revenues attributable to or derived from the operation of the Franchised Business, including, but not limited to, those derived from floor refinishing services, optional add-on and ancillary services and products provided to customers, and including revenue received through barter and credit transactions (before commissions and discounts for credit cards) whether or not collected, proceeds from any business interruption insurance or other loss of income insurance applicable to loss of revenues due to the non-availability of the Franchised Business or Franchisee to serve customers, the Franchised Business’ crew or its equipment, but excluding sales taxes, or any other taxes collected by Franchisee and/or the Franchised Business from customers for transmittal to appropriate taxing authorities. Gross Revenues shall be accounted for in accordance with the accounting procedures set forth in this Agreement and the Manual from time to time.

<sup>2</sup> You must pay us a Royalty equal to the greater of (i) seven percent (7%) of Gross Revenues, or (ii) \$1,400 per Territory per month (the latter being referred to as the “Minimum Royalty”). The obligation to pay a Minimum Royalty (if applicable) begins in the eighteenth (18<sup>th</sup>) month after your Franchised Business has been opened and commenced operating.

<sup>3</sup> Local Advertising and Marketing expenditures are paid to third parties. However, if you do not spend the required amount, you may be required to contribute the difference to the Brand Development Fund, which we manage.

<sup>4</sup> The Technology Fee currently includes but is not limited to fees related to your access to and usage of any intranet system we establish, business phone service setup, emails for you and the personnel of your Franchised Business, any mobile applications we develop, and the System website. We may add, delete, or otherwise modify the products and services that are included in the Technology Fee. There is no cap on the amount the Technology Fee may be increased. The first month will be assessed pro rata from the date on which you begin offering approved services.

<sup>5</sup> Liquidated damages are determined by multiplying the combined monthly average of Royalty Fees (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the date you open the Franchised Business through the date of early termination, multiplied by the lesser of: (i) 24, or (ii) the number of months remaining in the term of the Franchise Agreement.

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

**A. YOUR ESTIMATED INITIAL INVESTMENT – OPERATION OF FRANCHISED BUSINESS IN ONE (1) TERRITORY**

Column 1 Type of expenditure	Column 2 Estimated Amount		Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
	Low	High			
Initial Franchise Fee <sup>1</sup>	\$50,000	\$50,000	Lump sum	At signing of Franchise Agreement	Us
Initial Training Fee <sup>2</sup>	\$2,500	\$2,500	Lump sum	Before attending Initial Training Program	Us
Construction, Leasehold Improvements <sup>3</sup>	\$0	\$1,000	As incurred	Before opening	Contractor/Third-party providers
Furniture and Fixtures <sup>4</sup>	\$0	\$1,000	As incurred	Before opening	Third-party providers
Approved Vehicle <sup>5</sup>	\$3,000	\$55,000	Lump sum or through payments arranged with a lender of your choice	Before opening	Third-party provider of your choice
Approved Vehicle Wrap and Upfit Package <sup>6</sup>	\$1,200	\$6,000	As incurred	Before opening	Third-party provider of your choice
Computer System <sup>7</sup>	\$800	\$2,000	Lump sum	Before opening	Third-party suppliers
Required Software – 3 Months <sup>8</sup>	\$900	\$2,600	As incurred	As invoiced	Third-party suppliers
Technology Fee <sup>9</sup>	\$1,050	\$1,050	As incurred	As incurred	Us
Initial Inventory Package <sup>10</sup>	\$20,000	\$27,500	As incurred	Before opening	Us

Column 1 Type of expenditure	Column 2 Estimated Amount		Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
	Low	High			
Rent/Utility Deposits – 3 Months <sup>11</sup>	\$0	\$3,150	As incurred	Before opening	Landlord/Utility Providers
Insurance Deposit/Premiums – 3 Months <sup>12</sup>	\$1,200	\$2,000	As arranged	Before opening	Your insurance company
Expenses Associated with Initial Training Program <sup>13</sup>	\$2,500	\$6,500	As incurred	Before opening	Airline, hotel, restaurants
Launch Marketing Package <sup>14</sup>	\$20,000	\$20,000	As incurred	Prior to opening	Third parties
Professional Fees <sup>15</sup>	\$1,500	\$7,500	As arranged	Before opening	Attorneys, accountants
Business Permits and Licenses <sup>16</sup>	\$250	\$500	As incurred	Before opening	Licensing Authorities
Additional Funds – 3 Months <sup>17</sup>	\$15,000	\$30,000	As incurred	After opening	Various
<b>TOTAL</b>	<b>\$119,900</b>	<b>\$218,300</b>			

**Notes to Item 7 Chart Above:**

**Generally.** Except as otherwise set forth in this Item, all fees noted in this Item 7 are payable to us and are non-refundable. Other than the Initial Franchise Fee (which is due by bank check at the time a franchise agreement is executed), all fees due us under the Franchise Agreement will be collected at the time they are incurred through our direct debit program from a bank account that you choose. You must execute the Direct Debit Authorization Agreement in a form substantially similar to that attached as Exhibit C to the Franchise Agreement contemporaneously with the execution of the Franchise Agreement that authorizes us to collect all fees by direct debit. The total investment range disclosed in the Chart above is our estimate of the costs you will incur to open and commence operating a Franchised Business, including the equipment and inventory necessary to provide all approved services. Many of the purchases you make to set up the business are paid to us or to our designated suppliers as noted in the far-right hand column above.

1. **Initial Franchise Fee.** The Initial Franchise Fee is described in detail in Item 5.
2. **Initial Training Fee.** The Initial Training Fee is described in detail in Item 5.
3. **Construction, Leasehold Improvements.** Our standard franchise offering expects and assumes that you will commence the initial operations of your Franchised Business (3-6 months) from your home or other non-commercial location. The low end of this range

assumes you will operate your Franchised Business during this initial period from a home office or other non-commercial location that already has sufficient storage space and that otherwise meets our requirements for an approved location. Your actual costs may vary considerably depending on the size of any commercial premises you determine to lease for the Franchised Business, the cost of financing and other local conditions, including labor, material costs, architectural fees, and local government requirements. You may also be required to retain licensed construction management services. Local governments and agencies typically charge you fees for such things as construction permits and operating licenses. Costs may vary based on the requirements of local government agencies. These fees are typically not refundable.

4. **Furniture and Fixtures.** You are not required to operate your Franchised Business from a commercial office. The low number in this range is based on you operating your Franchised Business from your home and using the furniture and fixtures existing in your home. The high number in this range is an estimate of the costs of purchasing basic office furniture and fixtures if you lease a commercial office space. The estimate does not include shipping or set up costs.

5. **Approved Vehicle.** We require you to purchase a Ram ProMaster 1500 Low Roof (118") van, or a van with similar specifications that we approve in writing. The estimate above is for the lease or purchase of one approved vehicle. The low end of this estimate assumes that you will lease your vehicle, while the high end assumes that you will purchase the vehicle outright.

6. **Vehicle Wrap and Upfit Package.** All franchisees will need to have their Vehicle wrapped consistent with our standards. The high end of this range assumes that you will purchase additional signage for a commercial office or other location that you determine to lease or purchase (which we not expect or require under our standard franchise offering). Additionally, you must purchase and fit for your Vehicle certain shelving and other interior modifications that we specify in the Manuals or otherwise in writing.

7. **Computer System.** You must purchase an Apple brand cellphone or tablet (iPhone and/or iPad) for use in connection with the operation of the Franchised Business. The low end of this estimate assumes that you will purchase a cheaper model iPhone, while the high end of this estimate assumes that you will purchase either a higher-end iPhone or an iPad tablet for the operation of the Franchised Business. See Item 11 for additional information on our required Computer System specifications.

8. **Required Software – 3 Months.** The estimate provided above is for three months of subscription to our Required Software provider(s), including but not limited to our designated and required CRM software, measurement software, imaging software, accounting software, and phone provider. The low end of the estimate assumes that you will enroll one user to use such software programs, while the high end assumes you will enroll two (2) users to use such software. If you determine to enroll more than two (2) users in any or all of such software, your costs may be higher.

9. **Technology Fee (3 Months).** The range above is three (3) months of Technology Fees. Currently, the Technology Fee is \$350 per month. You must commence paying the Technology Fee following the opening of your Franchised Business.

10. **Initial Inventory Package.** A specific list of all Initial Inventory Package items will be provided in the Manual and/or otherwise in writing prior to your opening of the Franchised Business. Prior to opening your Franchised Business, you are required to purchase certain

equipment, tools, PPE/safety equipment, and initial inventory of cleaning and refinishing products that will be used in the operation of your business. These items are manufactured and distributed by third-party suppliers, and your costs may be higher if the prices for such items are increased by our third-party supplier(s).

**11. Rent/Utility Deposits – 3 Months.** Our standard franchise offering expects and assumes that you will commence the initial operations of your Franchised Business (3-6 months) from your home or other non-commercial location. The low end of the above estimate assumes that you will operate your Franchised Business from your home or other non-commercial premises that you already own and will not rent an office or pay for the connection/use of additional utilities. The high end of this estimate assumes that you will lease a small (100-200 square foot) office. The cost per square foot of commercial space varies considerably depending upon the location of the premises and market conditions. Lease costs vary based upon square footage, the cost per square foot, required maintenance costs and other lease variables. It is difficult to estimate real estate costs. We are not real estate professionals, and we encourage you to consult one locally. You will need approximately 100 to 200 square feet of storage space. These costs may not be refundable, but your security deposit may be refundable under certain circumstances.

**12. Insurance Deposits and Premiums – 3 Months.** This estimate includes three months of vehicle, property, liability, and other required insurance. You must obtain, annually renew and submit proof to us that you have obtained the minimum insurance coverage policies as specified in the Franchise Agreement, the Manuals, or otherwise in writing. You are also required to obtain and annually renew workers compensation insurance and vehicle insurance. You must name us as an additional insured party on all of your required policies. The cost of insurance varies by market and experience. We recommend you consult a local insurance professional to determine the exact cost.

**13. Expenses Associated with Initial Training Program.** All components of our Initial Training Program will be provided to you and one (1) other individual you designate. You will be required to cover all costs and expenses associated with you and your personnel attending or otherwise participating in all required training appropriate for such personnel, including the travel, food, lodging and employee salaries for the approximately five (5) business days of training at our designated training facility in St. Louis, Missouri, or other training facility we designate. We will also, subject to our trainers' availability and in our discretion, provide up to five (5) days of on-site assistance at the location of your Franchised Business around the time you launch the Franchised Business and commence operations. The total costs and expenses to attend our Initial Training Program will vary depending on the number of people attending, how far you travel and the type of accommodations you choose. You must attend and complete the appropriate training we designate prior to opening your Franchised Business. If required by the jurisdiction(s) where you operate your Franchised Business, you may be required to attend, successfully complete, and achieve certification and accreditation in certain training courses required by different local and state authorities, all at your own expense.

**14. Launch Marketing Package.** You must expend the amount specified above on the initial marketing of your Franchised Business. See Items 5 and 11 for additional information.

**15. Professional Fees.** You may need the assistance of an attorney, accountant or other consultants to assist in establishing your Franchised Business. These fees may vary from location to location depending upon the prevailing local rate of attorneys', accountants' and consultants' fees. These fees are typically not refundable.

16. **Business Permits and Licenses.** You are required to comply with all licensure, permitting, and/or certification requirements of your jurisdiction, and it is your responsibility to investigate such requirements to ensure your Franchised Business remains compliant with all such requirements.

17. **Additional Funds – 3 Months.** We recommend that you have a minimum amount of working capital available to cover certain expenses incurred before you open and in your first three (3) months of operation, including operating expenses and employee salaries. We relied on our management team’s experience in developing these figures. You must be prepared to reorder inventory and supplies as necessary and to cover the costs of operations. We cannot guarantee that you will not have additional expenses. We also cannot guarantee that our recommendation will be sufficient. Additional working capital may be required if sales are low or operating costs are high. These expenses are typically not refundable. The required funds will vary by market, how closely you follow our methods and procedures; your management skills, experience, and business acumen; the relative effectiveness of your staff; local economic conditions; competition in your market; the prevailing wage rate; your investment in marketing programs and the sales level you reach during the initial period. This estimate for “Additional Funds” does not include any of your personal living expenses and does not include any fees associated with debt services.

**B. ESTIMATED INITIAL INVESTMENT – OPERATION OF FRANCHISED BUSINESS IN MULTIPLE TERRITORIES<sup>1</sup>**

TYPE OF EXPENDITURE	TERRITORIES	AMOUNT	METHOD OF PAYMENT	TIME OF PAYMENT	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 1)	2	\$90,000	Lump Sum	Upon execution of the Franchise Agreement	Us
	3	\$120,000			
	4	\$150,000			
	5	\$180,000			
Initial Investment to Open Franchised Business (Note 2)		\$68,850– \$167,250	See Item 7, Chart A		
<b>Total</b>	<b>2</b>	<b>\$158,850 - \$257,250</b>		This is the total estimated initial investment to enter into a Franchise Agreement for the right to develop a Franchised Business in multiple Territories.	
	<b>3</b>	<b>\$188,850 - \$287,250</b>			
	<b>4</b>	<b>\$218,850 - \$317,250</b>			
	<b>5</b>	<b>\$248,850 - \$347,250</b>			

Explanatory Notes:

1. **Generally.** The estimates set forth in this Chart 7(B) assume that you will be operating the Franchised Business in multiple Territories. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

2. **Initial Franchise Fee.** The Initial Franchise Fee will vary based on the number of Territories in which we grant you the right to operate as described more fully in Item 5 of this Disclosure Document.
3. **Initial Investment for Your Franchised Business.** This figure represents the total estimated initial investment required to open your Franchised Business under the Franchise Agreement. This range includes all the estimated fees set forth in Chart 7(A), except for the Initial Franchise Fee, which will vary depending upon the number of Territories in which your Franchised Business will operate.
4. **Total.** This total estimate set forth in Chart 7(B) above encompasses the investment you might incur in connection with signing a Franchise Agreement to operate the Franchised Business in multiple Territories, as well as the total investment to open and commence operations of your Franchised Business in such Territories.

## ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have developed standards and specifications for the services that will be provided by your Franchised Business which are included as aspects of our System. You must operate your Franchised Business according to these standards and according to our System. Our methods, standards, and specifications will be communicated to you during training, before you conduct your launch marketing campaign, during on-site opening assistance or other visits to your Franchised Business, and through periodic bulletins and in our Confidential Operations Manual (the "Manual") and other writings that we prepare for your use in connection with the Franchised Business and System.

### Approved Suppliers and Services

You must purchase or lease certain items for your Franchised Business from our approved suppliers or according to our specifications. We are the exclusive supplier of certain equipment and operating product inventory you must purchase to operate your Franchised Business.

Sometimes we will only provide specifications for certain items, and it will be up to you to find suppliers that meet our specifications. Items you must source from our designated suppliers or according to our specifications include tools, certain equipment and inventory you use in the operation of your Franchised Business, including but not limited to those items included in the Initial Inventory Package, your approved Vehicle, point-of-sale (POS) system, marketing materials, office supplies, uniforms and a computer system. The items you must source from us, or our affiliate, include vacuums, floor scrubbers, a rotary sander and other equipment. You are also required to obtain from us or our affiliate most of the stains and finishes and other inventory items you will use in the operation of your Franchised Business.

We reserve the right to be the sole supplier of any equipment or inventory used in the operation of your Franchised Business. In the future, some of our approved suppliers may be affiliated with us. If we or our affiliates are approved suppliers we may be the only approved supplier. A complete list of the equipment and inventory you must have to operate your Franchised Business is provided in the Manual.

Approved suppliers will be designated in the Manual or otherwise communicated to you in writing. We reserve the right to modify and/or substitute products or suppliers. If we do so, we will inform you of any changes by making updates or supplements to the Manual, or otherwise communicating these changes to you in writing. Currently, other than us and our affiliates, there are no approved suppliers in which any of our officers own an interest. Our officers reserve the right to have an interest in approved suppliers other than us and our affiliates.

Our specification of a supplier may be conditioned on requirements relating to, among other things, their quality and consistency of product, frequency of delivery, standards of services, including prompt attention to complaints, as well as payments, contributions or other consideration given to us, our affiliates, and/or any brand development fund we maintain, whether now or in the future, and/or otherwise, and our approval may be temporary, in each case in our reasonable discretion. We have imposed these requirements in order to assure quality and uniformity of System businesses and services and products provided to our customers. We may, from time-to-time withhold, condition and/or revoke our approval of particular items or suppliers in our sole discretion.

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

#### Alternative Supplier Approval

You may propose alternative manufacturers, suppliers or distributors of products or services used in the operation of the Franchised Business. However, we may require that samples of or from these proposed alternatives, or other demonstrations, be delivered to, or made to, us for testing and/or evaluation prior to approval and your use and you must reimburse us for any costs, fees or expenses we incur for the testing and evaluation. We will issue specifications upon request to the alternative supplier you suggest, though we may require that the alternative supplier sign a confidentiality agreement before we provide them with the specifications. Further, all proposed manufacturers, suppliers or distributors must agree to permit our agents or representatives to inspect their facilities regularly, both initially and from time to time as we may reasonably require to assure us of the proper production, processing, packaging, storing and transportation of the products, services, supplies or equipment and materials to be purchased by you. The criteria we use in approving or rejecting new suppliers is proprietary, but we may (but are not required to) make it available to you upon request.

We will advise you within 45 days of our approval or disapproval of any proposed alternate sources of products, services, supplies, suppliers, materials and equipment. The foregoing will not be construed as an attempt to unreasonably limit the sources from which you may procure products, services, supplies and materials. Rather, it is our intention that such items conform to our strict standards and strict specifications as to ensure consistent quality, uniformity and reliability. Further, we will not be required to approve an inordinate number of suppliers or materials. You are prohibited from shipping products to other franchisees, to wholesale purchasers, or to any other persons who may intend to resell products. We may re-inspect and/or revoke our approval of a supplier or item at any time and for any reason to protect the best

interests and goodwill of our System and Marks. The revocation of a previously approved product or alternative supplier is effective immediately when you receive written notice from us of revocation and, following receipt of our notice, you may not place any new orders for the revoked product, or with the revoked supplier.

### Required Purchases and Right to Derive Revenue

We estimate that the purchase and lease of items from approved suppliers or that meet our specifications represent approximately 70% to 90% of your total expenses in connection with the establishment of the Franchised Business, and approximately 20% to 40% of your total expenses in connection with the ongoing operation of the Franchised Business.

We or our affiliates may receive rebates, commissions and other benefits from suppliers in relation to items purchased by you and other franchisees. We have the right to condition or revoke your right to participate in any supplier programs if you are in default of the Franchise Agreement.

We reserve the right to negotiate with various vendors for quantity discount contracts that may include rebates to us or our affiliates in the future. We have the right to affiliate ourselves with suppliers, and/or receive revenues from purchases made by franchisees.

There are currently no purchasing or distribution cooperatives, but we reserve the right to establish these in the future. We may negotiate purchase arrangements with suppliers (including price terms) for the benefit of the franchise system. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

Some products or services you will be required to buy from us or from designated suppliers will be proprietary to us. We are not obligated to reveal the specifications, formulas and/or know-how connected with these proprietary products, or the terms and conditions of any supplier or other contracts, to you, non-designated suppliers or any other third parties.

During our fiscal year ended December 31, 2024, we did not receive any revenue on account of franchisees' required purchases and/or leases.

### Insurance

You must obtain and at all times maintain at your sole expense comprehensive general liability and motor-vehicle liability insurance for your drivers against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchised Business. Our current minimum insurance requirements are as follows:

- Comprehensive commercial general liability (a/k/a business liability): \$1,000,000 limit per occurrence and \$2,000,000 general aggregate, medical expense coverage of \$10,000 per person, personal and advertising liability coverage with a \$1,000,000 limit and products liability coverage with a \$2,000,000 limit;
- Coverage for damage to rented property, including tenant improvements and betterments as well as all personal property: \$300,000 limit;
- Umbrella coverage: \$2,000,000 limit per occurrence and in the aggregate;
- Business income (actual loss sustained) covering 12 months, including extra expense, and

- Automobile liability insurance covering all owned, non-owned, and hired automobiles with a combined sinble limit of \$1,000,000 per accident for bodily injury and property damage.

You must also maintain in force at your sole expense worker’s compensation insurance in amounts required by the jurisdictions in which you operate.

Regardless of the minimum policy coverage amounts described above, it is your responsibility to maintain adequate insurance coverage at all times during the term of and after the expiration of the term of the Franchise Agreement. These are minimum requirements only. You should consult with your own insurance advisor to determine whether they are appropriate and sufficient for your business and sufficient to protect your assets. Your landlord (if any) may require more coverage or different types of coverage. Upon 30 days’ prior notice to you, we may increase the minimum insurance requirements and require different or additional kinds of insurance to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances.

All insurance policies must be issued by one or more insurance carriers with an A.M. Best rating of A- VII or higher. All general liability and non-owned auto-liability insurance policies must name us, and our designated affiliates, as additional insureds and shall provide that we shall receive ten (10) days’ prior written notice of termination, expiration or cancellation.

You must submit to us a copy of the certificate of or other evidence of each insurance policy and continue to do so annually upon obtaining any insurance policy or each extension or renewal of any insurance policy. If you at any time fail or refuse to maintain in effect any insurance coverage required by us, or to furnish satisfactory evidence of insurance, we, at our option without any obligation to do so and in addition to our other rights and remedies under the Franchise Agreement, may obtain insurance coverage on your behalf, and you must promptly execute any applications or other forms or instruments required by us to obtain any insurance and pay to us, on demand, any costs and premiums incurred by us.

### Franchisee Compliance

When determining whether to grant new or additional franchises, we consider many factors, including your compliance with the requirements described in this Item 8. You do not receive any further benefit as a result of your compliance with these requirements.

## ITEM 9 FRANCHISEE’S OBLIGATIONS

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

Obligation	Article in Franchise Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Not Applicable	Items 7 and 11
(b) Pre-opening purchases/lease	Articles 5 and 8	Items 7 and 11

<b>Obligation</b>	<b>Article in Franchise Agreement</b>	<b>Disclosure Document Item</b>
(c) Site development and other pre-opening requirements	Article 5	Items 7 and 11
(d) Initial and ongoing training	Article 7	Items 6, 7 and 11
(e) Opening	Article 5	Item 11
(f) Fees	Articles 3, 4, 5, 7, 8, 9, 10, 12, 13, 11 and 16	Items 5, 6, 7 and 8
(g) Compliance with standards and policies/ Confidential Operations Manual	Articles 7, 8 and 9	Items 8, 11, 14 and 16
(h) Trademarks and proprietary information	Article 11	Items 13 and 14
(i) Restrictions on products/services offered	Articles 7, 8 and 9	Items 8 and 16
(j) Warranty and customer service requirements	Article 7	Item 16
(k) Territorial development and sales quotas	Not Applicable	Item 12
(l) On-going product/service purchases	Article 8	Items 6 and 8
(m) Maintenance, appearance and remodeling requirements	Article 7	Not Applicable
(n) Insurance	Article 12	Items 7 and 8
(o) Advertising	Article 9	Items 6, 7 and 11
(p) Indemnification	Article 12	Item 6
(q) Owner's participation/ management/ staffing	Article 7	Items 11 and 15
(r) Records/reports	Articles 7, 10 and 15	Item 6
(s) Inspection/audits	Articles 5, 6, 7, 8, 10	Item 6
(t) Transfer	Article 13	Items 6 and 17
(u) Renewal	Article 3	Items 6 and 17
(v) Post-termination obligations	Articles 11 and 15	Item 17
(w) Non-competition covenants	Article 11	Item 17
(x) Dispute resolution	Article 19	Items 11 and 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**

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

Before you open your Franchised Business, we will:

(1) Designate your Territory or Territories (Franchise Agreement – Article 2.2). Your Territory for each unit will be designated pursuant to our then current standards for sites and territories;

(2) Provide approved suppliers or minimum standards and specification for the products and services which you need to equip and operate your Franchised Business. (Franchise Agreement – Article 8.1);

(3) Provide an initial training program for the operation of the Franchised Business to you (or your Principal Owner), and your Designated Manager (a total of two owners/managerial employees). (Franchise Agreement – Articles 6.1.B. and 7.1). This training is described in greater detail later in this Item 11. While we provide training to one of your managerial employees it is your responsibility to make all employment-related decisions for your employees, such as whom to hire, and to ensure that all employees are adequately trained in how to fulfill their roles in your Franchised Business;

(4) Provide one representative to provide on-site assistance at the Franchised Business for a period of at least two (2) days around the time you open your Franchised Business for business. (Franchise Agreement – Article 6.1.D.);

(5) Loan to you a single copy of the Confidential Operations Manual described below. (Franchise Agreement – Article 6.1.A.);

(6) Provide you with information about the equipment, required signage, furniture and fixtures, opening inventory and supplies needed to operate the Franchised Business and provide you with certain equipment and inventory that you must purchase from us or our affiliates. We will also provide specifications for the shelving you must install in your Approved Vehicle. While we will provide this information, it will be your responsibility to procure all items that you do not procure from us or our affiliates. In some cases, we will provide you with the names of approved vendors from whom you can purchase these items; in other instances, we will only provide you brand names or required specifications. For items that you do not purchase from us or our affiliates, you will be required to make all such purchases yourself. (Franchise Agreement – Article 6.1.C.); and

(7) Review, provide guidance regarding, and approve of your grand opening advertising (Franchise Agreement – Article 9.2).

## Time to Open

The typical length of time between the signing of the Franchise Agreement and the opening of the Franchised Business is sixty (60) days. Factors affecting the length of time typically include the time necessary to obtain an acceptable location from which to operate your Franchised Business, to obtain financing, to obtain the permits and licenses for operation of the Franchised Business, to complete construction or remodeling (if any) as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, and to complete preparation for operating the Franchised Business, including purchasing any inventory or supplies needed prior to opening. satisfactorily completing initial training, purchasing a vehicle meeting our specifications, having that vehicle outfitted with the necessary equipment and upfitting, and obtaining all necessary equipment and supplies. You must notify us of any delays in opening your Franchised Business promptly. You must open your Franchised Business within ninety (90) days after you sign the Franchise Agreement, or we have the right to terminate the Franchise Agreement. (Franchise Agreement – Article 5.2).

If you will operate your Franchised Business in multiple Territories, you may commence operations upon the execution of the Franchise Agreement, the payment of the applicable Initial Franchise Fee, and the completion of all of your pre-opening obligations under the Franchise Agreement, including but not limited to completion of the Initial Training Program by all individual(s) required to attend.

## During the Operation of your Franchised Business, we will:

(1) Provide to you training for any new Designated Manager who is not initially trained under the Franchise Agreement and also offer mandatory training for new products or procedures. We reserve the right to charge our Additional Training Fee for this additional training. (Franchise Agreement – Articles 7.1 and 7.4);

(2) Provide to you, at your request, continuing advisory assistance. We reserve the right to charge our Additional Training Fee for this additional guidance and assistance. (Franchise Agreement – Article 7.4);

(3) Continue to develop and improve the System as we see fit. We may establish required or suggested operating procedures, including administrative procedures, bookkeeping, and inventory control procedures. (Franchise Agreement – Article 8);

(4) Provide you with a suggested pricing structure for your jobs and provide you with the minimum and/or maximum prices that you may charge for a job, subject to applicable state and federal law (Franchise Agreement – Article 8.8);

(5) Maintain and administer the Brand Development Fund (Franchise Agreement – Article 9.4).

You will at all times ensure that your copy of the Manual is kept current and up-to-date. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by us will be controlling. The table of contents of the Manual, including allocation of pages to each subject, is included as Exhibit F to this Disclosure Document. The current version of the Manual is approximately 158 pages.

## **Advertising**

We may prepare marketing and advertising materials in-house or through outside agencies, national and/or regional. We are not required to spend any amount on advertising in the area in which your Franchised Business will be located. (Franchise Agreement – Article 9.4).

We must approve your use of any advertising and sale promotion materials before you use them. You must submit all of your advertising and sale promotion materials to us or our designee at least 30 days prior to use. If we do not approve or reject these materials within 30 days, we will be deemed to have disapproved your use of them. (Franchise Agreement – Article 9.1).

You may not advertise, or use in advertising or other form of promotion, the Marks without the appropriate copyright, trademark, and service mark symbols (“©”, “®”, “TM” or “SM”) as we direct. (Franchise Agreement – Article 11.2). You may not advertise your products or services or use the Marks on the Internet except with our prior approval. (Franchise Agreement – Article 7.1). All advertising and promotion materials used by you, whether or not created or consented to by us, must comply with applicable law. (Franchise Agreement – Article 9.1).

### **Local Advertising Requirement**

Each month you must spend a minimum amount equal to the greater of (a) 3% of Gross Revenue for the preceding month, or (b) \$1,500 on local marketing and promotion in your Territory. You may spend any additional sums you wish on local advertising activities. All of your local advertising and promotional materials must be approved by us in advance of their use. (Franchise Agreement – Article 9.3).

### **Launch Marketing Package**

At least thirty (30) days prior to the opening of your Franchised Business, you must spend a minimum amount of \$20,000 on the launch marketing services and materials designated by us (the “Launch Marketing Package”) to conduct a comprehensive advertising, marketing, and public relations campaign in your Territory. (Franchise Agreement – Article 9.2). Your grand opening marketing plan must be approved by us prior to its rollout.

### **Advertising Cooperatives**

We do not have any advertising cooperatives or a franchisee advisory council that advises us on advertising policies, but we reserve the right to establish advertising cooperatives or a franchisee advisory council in the future. In such case, we may require you to transfer to a cooperative some or all of your required advertising spending. (Franchise Agreement – Article 9.7).

We and our Affiliates have established an Internet website at [www.recoatrevolution.com](http://www.recoatrevolution.com), which we control. Subject to our right to consent, you may be permitted to create a social-media account from which to advertise your Franchised Business on the Internet (such as on LinkedIn, Facebook, X, or Instagram). Any such permission shall only be for such time as we permit and shall be on the terms and conditions we specify from time to time in the Manual, which may restrict the content that you are permitted to post to such social-media outlet. We have the right to cease granting you permission to operate any such social-media outlet at any time. Except as otherwise provided, you may not maintain a presence on the Internet for your Franchised Business. Any

advertising on the Internet, delivered by telefax, electronic mail or other electronic means must be pre-approved by us and on terms specified by us. (Franchise Agreement – Articles 7.1 and 7.2).

### Brand Development Fund

As part of our System, you are required to contribute to our Brand Development Fund (the “Fund”) each month in an amount equal to two percent (2%) of the Gross Revenues of your Franchised Business from the preceding reporting period (the “Fund Contribution”). The Fund, when established, will pay for advertising, marketing, public relations and promotional activities we deem beneficial to the System. We will use the Fund Contribution received from you for the payment of costs associated with advertising, marketing, public relations and promotional activities, including the researching, creation, production, distribution, media placement, website creation, maintenance and enhancement, of social media, point of sale materials, local direct advertising, marketing strategy materials, market surveys, and administration of local, state, regional or national advertising programs we may develop or have developed, and for any taxes incurred with regard to these funds. The Fund will be intended to maximize recognition of the Marks and the patronage of System businesses generally. We are not required to ensure that the Fund expenditures in or affecting any geographic area will be proportionate or equivalent to the Fund Contributions made by franchisees operating in that geographic area or that any particular System business will benefit directly or in proportion to its Fund Contributions. We will have the right to determine the type of advertising and the media in which it will appear, in our discretion. We will have the sole right to formulate and make policy decisions concerning every aspect of the Fund and its expenditures, consistent with applicable law. We need not spend the Fund Contributions during any specific time period. Advertising may be handled by an outside advertising agency which we select. We will not use Fund Contributions for advertising that principally is a solicitation for the sale of franchises, except that we may use/display the phrase “Franchises Available” on any advertising/marketing that is covered by the Fund. Any affiliate-owned locations may, but will not be required to, contribute to the Fund at the same rate or in the same intervals as franchisees. (Franchise Agreement – Article 9.4).

An unaudited statement of the operations of the Fund will be prepared annually by us. If you submit a written request to us requesting to review the statement on or before March 31, we will provide you with a copy of the statement after its preparation for the most recently completed fiscal year. We may require that the annual statement be reviewed or audited and reported on by an independent certified public accountant at the expense of the Fund, but are under no obligation to do so. If we do not use all Fund Contributions in a particular fiscal year, remaining funds will be carried over to the next fiscal year and be included in that year’s advertising budget. We will be entitled to reimbursement from the Fund to cover our administrative and overhead expenses associated with operating the Fund, such as reasonable salaries, administrative costs, travel expenses, overhead, and similar expenses and costs we incur when administering the Fund and the advertising and promotional programs we may develop or have developed. Fund monies do not constitute our assets. The Fund is not a trust. We will have a contractual obligation to hold all Fund contributions for the benefit of the contributors and to use the contributions only for the purposes described in the Franchise Agreement or summarized above. We will administer the Fund. We will have no fiduciary obligation to you for administering the Fund. Businesses owned by us or our affiliates may, but are not currently required to, contribute to the Fund in the amount required of System franchisees.

During our fiscal year 2024, we did not collect or expend any Fund Contributions.

## **Computer Systems and Software**

You must purchase or lease the computer system we specify in our Manual, including the peripheral equipment and software that we require. Unless we specify the designated supplier for the computer system, you may purchase your computer system from the vendor of your choice. However, the computer system must be an Apple brand system. The mobile phone and other portable devices you will use in the operation of the Franchised Business must use the iOS operating system. If you currently have computer equipment that you believe meets our specifications, you must submit a description of the computer equipment to us and we must approve of your existing computer system before you use it for the Franchised Business. You must at all times maintain a high-speed Internet connection for your computer system, such as a T-1 line, DSL, fiber or cable modem. We expect that the initial cost of your computer system will be approximately \$800 to \$2,000. You must also purchase, lease or otherwise obtain a mobile phone that utilizes Apple's iOS operating system and meets our other specifications.

Consistent with our specifications, the computer system will provide you with the following functions: utilizing the software we designate for operation of the Franchised Business, word processing, email, accounting, reporting and access to the internet. In addition, you must purchase certain software, or subscriptions to online services, we require. Currently, you must purchase subscription accounts to our designated provider of CRM services, management and integration software, measurement and imaging software, phone service software, and accounting software (QuickBooks Online).

You must provide us with view-only access to your QuickBooks Online account. We will have access to the information you enter into QuickBooks Online, though the access to QuickBooks is view-only. QuickBooks Online will collect data associated with your jobs and provide reports to both of us so that we may monitor your progress and help you more efficiently manage your Franchised Business. There are no contractual restrictions on our access to this data. We may require you to provide us with additional information, or reports, beyond what we can view in QuickBooks Online. Compiled sales data regarding all Franchised Businesses in the System may be made available to other franchisees and may be included in our Franchise Disclosure Document.

We do not require you to obtain a maintenance contract for your computer hardware, although you may find it beneficial to have this contract. We estimate that the cost of a maintenance contract for your computer system will be up to \$1,200 per year, although your costs may be higher.

Your computer hardware and software must be kept up to date based on our specifications. We may require you to purchase other updates and/or upgrades for your computer system or the software you use in the Franchised Business. There is currently no contractual limitation on either the frequency or the cost for you to obtain these updates and/or upgrades. Neither we, nor our affiliates, will provide you with any maintenance, repairs, updates or upgrades for your computer system or any required software. Unless you contract with them for maintenance, no third party is required to provide maintenance, repairs, upgrades, or updates.

We will have independent access to the information and data you collect at all times, including data provided using QuickBooks. The information and data we may obtain from your computer will include your revenues, the number of jobs you perform and the products and services provided, customer information, and similar data. There are no contractual limits on our access to the information and data. All data will become our property.

## Credit Card and Gift Card Processing

You are required to accept debit cards, and credit cards, and may be required to accept gift cards or other non-cash payment systems, including participation in loyalty programs, as specified by us to enable customers to purchase authorized services and products. You must also obtain all necessary hardware and/or software used in connection with these non-cash payment systems. (Franchise Agreement – Articles 7.7 and 7.10). You will be required to sign any documents necessary to implement the payment methods described above. You also are required to comply with our standards for processing electronic payments and all other standards, laws, rules and regulations applicable to electronic payments that may be published from time to time by payment-card companies and applicable to electronic payments including the Payment Card Industry (“PCI”) Data Security Standards, Fair and Accurate Credit Transactions Act. (Franchise Agreement – 7.27) All costs of complying with such electronic payment requirements are at your expense. We may negotiate different arrangements with different providers of these services. We will notify you of any change in approved suppliers for these products.

## Pre-Opening Training Program

Pre-opening training will be held remotely and in our St. Louis, Missouri training center over the course of approximately three (3) weeks (two (2) weeks remote, followed by one (1) week in St. Louis, Missouri). You and your Designated Manager, if any, must complete training to our satisfaction before you open your Franchised Business. We expect to conduct the initial training after you have completed pre-opening activities such as: procuring the licensing, vehicles, supplies, and equipment required to operate the business. A pre-opening checklist contained in the Manual, provided after you sign the Franchise Agreement, will help you complete critical steps and prepare for initial training. We intend to provide the initial training program at least once per calendar quarter, but may provide the program more frequently as the need arises. Ideally, you will attend training at least three (3) to five (5) weeks prior to opening your Franchised Business.

Following the three-week program described above, we may, at your request, at our discretion, and subject to the availability of our training personnel, require that you complete one (1) additional week of training at a location we designate, which may be in St. Louis, Missouri, at your Franchised Business, or at the franchised business of another of our System franchisees. If required, such training will occur no later than six (6) months following the opening of your Franchised Business.

Our initial training program is supervised by Janna Bailey, our Director of Training and Customer Success. Ms. Bailey has been with us or our affiliate for three (3) years, and has approximately twenty-eight (28) years of experience in the training curriculum. The Manual will be the basis of our instruction, reinforced with hands-on training including observation and visual instruction. We may employ video and virtual instruction to cover the topics identified on the chart below.

### INITIAL TRAINING PROGRAM

Subject	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
ReCoat Revolution – History, Mission, Vision	1	1	Remote, and at our designated training

			facility in St. Louis, Missouri
Flooring Industry Understanding	6	0	Remote, and at our designated training facility in St. Louis, Missouri
ReCoat Revolution Processes and Equipment	3	18	Remote, and at our designated training facility in St. Louis, Missouri
ReCoat Revolution Marketing, Sales and Systems	15	2	Remote, and at our designated training facility in St. Louis, Missouri
Territory Analysis and Job Site Experience	0	36	Our designated training facility in St. Louis, Missouri
Strategies, Solutions, and Safety	3	11	Remote, and at our designated training facility in St. Louis, Missouri
Discussions and Q&A	10	3	Remote, and at our designated training facility in St. Louis, Missouri
Family Dinner – Launch Event	0	3	Our designated training facility in St. Louis, Missouri
<b>TOTAL HOURS</b>		<b>112</b>	

Note that some subjects may be intermingled and time periods and subject matter may be subject to change. The above itemized time allocations are merely estimates which we reserve the right to change.

We may mandate that you attend certain ongoing training programs, including, but not limited to, weekly calls. You and your designated staff may be required to participate in ongoing training at locations designated by us. This training may include attendance at a franchisee business meeting or an annual convention, trade shows, webinars, phone conferences and/or regional franchisee meetings.

We reserve the right to designate third parties to provide some of our training. You will be responsible for the direct costs of such training, such as salaries of your employees and the trainers, registration fees, travel expenses, and meals and lodging.

We may offer and require you and your management to attend additional training programs and/or refresher courses, as we deem necessary in our sole discretion (“Additional Training”). You will be solely responsible for all expenses incurred in attending Additional Training. We may also provide remedial training to you if you are in default of your Franchise Agreement or if your required trainees fail to complete any Additional Training as described more fully in Item 6 of this Disclosure Document. and we reserve the right to charge you our then-current Training Fee in connection with such remedial training. For any Additional Training, including remedial training, you will be responsible for all expenses incurred in connection with you and your

personnel attending. Additionally, if we provide any Additional Training at your site or within your Territory, we may require you to pay us our then-current applicable Additional Training Fee (which is currently \$750 per trainer per day).

Over the term of your Franchise Agreement we may develop new training programs, revise some training programs and discontinue others. As our training programs change, you and your manager(s) may be required to participate in additional or different ongoing training than what is offered and required as of the issuance date of this disclosure document.

## ITEM 12 **TERRITORY**

You will operate from one site located in your Territory or Territories and you may not relocate the Franchised Business without our prior written consent, which we will not unreasonably withhold, provided: (i) you secure an alternate location for the Franchised Business within the Territory(ies); and (ii) you reimburse us for the reasonable costs and expenses that we incur in connection with evaluating and approving the proposed relocation. If you can no longer use the location due to circumstances beyond your control, including unreasonable lease terms (if applicable) or destruction of the premises, we will not unreasonably withhold our written consent to relocate. Our standard franchise offering does not permit you to operate a Franchised Business within your Territory(ies) unless you have secured a location we approve that is within your Territory(ies) and properly staffed to meet our System standards.

### **Franchise Agreement: Territory**

You will typically receive a territory consisting of up to 275,000 people (the "Territory"). Your Territory(ies) will be listed in Exhibit B to your Franchise Agreement. The size of your Territory(ies) will be determined by reference to the most recently published data from the U.S. Census Bureau, a data mapping software service we engage and/or any other source we decide to use.

Subject to the rights reserved below, and for so long as you are in compliance with the terms of your Franchise Agreement, we will not open or locate, or license any third party the right to open or locate, any other System business that operates under the Marks from a physical location within your Territory(ies). We may establish alternate channels of distribution selling similar services and products, including e-commerce, Internet, mail order or catalogs. We are not required to pay you any compensation for soliciting or accepting orders inside your Territory(ies) obtained through these alternative channels of distribution. Although at this time we have no plans to establish other franchises or company-owned or other channels of distribution selling or leasing similar products or services under a different trademark, there is nothing in the Franchise Agreement that prohibits us from doing so and we expressly reserve the right to do so.

### **Rights within and Outside Territory(ies)**

You may not solicit or advertise for customers outside of your Territory(ies), including: (i) soliciting or advertising within the Territory(ies) of another franchisee without that franchisee's express consent and/or cooperation, or (ii) soliciting or advertising on the Internet without our consent.

You may service customers that reside outside the Territory(ies), provided your advertising and marketing activities are confined solely to your Territory(ies). You may service

customers that reside within the territory(ies) of another System business only with the express prior consent of the owner of that business or us, as applicable. We may revoke such permission at any time in our sole discretion.

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

During the term of the Franchise Agreement, you must meet certain project timeline standards which establish deadlines by which you must provide bids to prospective customers and perform projects ("Project Timeline Standards"). Specifically, the Project Timeline Standards require you to (i) provide prospective customers a bid within two (2) days of the customer requesting a bid, unless the customer requests that the bid process be conducted at a different time, and (ii) perform all projects for which you are hired within four (4) weeks of the date you are hired to perform the project.

In the event you fail to meet the Project Timeline Standards three (3) or more times in any twelve (12) month period, then we may, in our sole discretion: (i) terminate your Franchise Agreement; and/or (ii) reduce the size of your Territory(ies). If we elect to reduce the size of your Territory(ies) as an alternative to terminating your Franchise Agreement, we will provide you with an updated Exhibit reflecting the size and boundaries of your reduced territory. Once your Territory(ies) are reduced, we may own or operate, or license another to operate, additional System businesses anywhere outside your revised Territory(ies). If we reduce the size of your Territory(ies), you do not have the right to nor will you receive compensation for any value of the forfeited portion of your Territory(ies). Except as set forth in this Item 12, we may not modify your Territory(ies) for any reason other than by mutual agreement.

If you operate the Franchised Business in multiple Territories, then you must secure at least one (1) Vehicle in order to open the Franchised Business. If upon the opening of your Franchised Business you wish to commence operations of your Franchised Business within three (3) or more Territories simultaneously, we may require that you lease or purchase an additional Approved Vehicle.

With our prior approval, you may operate your Franchised Business in multiple Territories from the same approved location. If you choose to open and operate from additional premises in additional Territories, then we must approve the location of each premises from which you will operate the Franchised Business in those additional Territories.

### **Reservation of Rights**

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

(1) to establish and operate, and grant rights to other franchise owners to establish and operate, System businesses or similar businesses in any territories outside of the Territory(ies) and on any terms and conditions we deem appropriate;

(2) to sell any floor refinishing services or any other Approved Services identical or similar to, or dissimilar from, those your Franchised Business sells, whether identified by the Proprietary Marks or other trademarks or service marks through any distribution channels we think best (including the Internet), located or operating outside of the Territory(ies);

(3) to purchase or otherwise acquire the assets or controlling ownership of one or more businesses identical or similar to your Franchised Business (and/or franchise, license, and/or enter into similar agreements for these businesses), some or all of which might be located within the Territory(ies). In the event this happens, when feasible and desirable, we may offer a right of first refusal to purchase any part of the newly acquired business to the franchisee who owns the affected territory(ies);

(4) to be acquired (regardless of the form of transaction) by a business identical or similar to your Franchised Business, except that if we are acquired by a competing business that has one or more outlets located within your Territory, the acquired businesses will not operate in your Territory(ies) using the Proprietary Marks;

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

We and our affiliates may sell products under the Proprietary Marks within and outside your Territory(ies) through any method of distribution other than a dedicated Franchised Business, including sales through channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing sales (collectively, "alternative distribution channels"). You will not receive any compensation for solicitation made in your Territory(ies) through alternative distribution channels. You may not use alternative distribution channels to make sales outside or inside your Territory(ies) except as described in the following paragraph and you will not receive any compensation for our sales through alternative distribution channels except as described below.

You may not promote or sell any Approved Services or Approved Products whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system or any interactive electronic document contained in a central computer linked to communications software service providers or any other devices sent or directed to customers or prospective customers; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers without our prior approval.

If we receive a request for services outside the Territory(ies) of any System Business, we will have the right to direct the request to the System Business of our choice, which may or may not be the business that is closest to the customer's property. If a request is forwarded to you and you are not able to provide services to the customer, whether due to time constraints or other factors, we may forward the request to another franchisee or we may perform the services for the customer ourselves and you will not receive any portion of the revenues generated from the provision of these services to the customer. There are no minimum service requests or customer leads that we are required to provide to any Franchised Business. All customer requests, leads and customer data generated through customers contacting us will remain our property.

### **National Accounts**

We intend to maintain a National Accounts program (we may also refer to these accounts as "Key Accounts" or "Strategic Accounts"). A National Account is a customer that has multiple properties across multiple territories and/or states. You may not negotiate any contract terms with a prospective National Account. We will have sole discretion to negotiate terms with all National Accounts. We anticipate that you will participate in the National Accounts program,

which will require you to provide products and services to the National Account’s locations in your Territory according to the agreement we have negotiated with them.

If you choose not to participate in the National Account program, or if you are unable or unwilling to provide products and services to the National Account as requested, we, our affiliate or a third party (which may be another franchisee) may enter your Territory(ies) and service the National Account, and you are not entitled to any portion of the revenue in these circumstances. We also reserve the right to terminate your participation in the National Account program if you are not providing products and services according to the terms we have negotiated or if your participation is not otherwise in compliance with our policies.

### **Additional Disclosures**

The Franchise Agreement does not provide you with any right or option to open and operate additional Franchised Businesses. You must meet our then-current qualifications for new franchises, as set forth in our then-current Franchise Agreement, to qualify to operate in any additional Territories not acquired under your Franchise Agreement. Except as set forth above, and unless otherwise agreed to by you and us, franchisees do not have options, rights of first refusal, or similar rights to acquire additional franchises within the Territory(ies) or in any contiguous territories.

We have not established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. Neither we nor our affiliates have established, or presently intend to establish, any other franchised or company-owned businesses that sell our Approved Services and Approved Products under a different trade name or trademark, but we reserve the right to do so in the future.

### **ITEM 13 TRADEMARKS**

We grant to you the right to use certain trademarks, service marks and other commercial symbols in connection with the operation of your franchise. The primary service marks are listed in the chart below (the “Proprietary Marks”). We have applied to have the Proprietary Marks registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”). The serial/registration numbers are shown below.

<b>Mark</b>	<b>Filing Date/Registration Date</b>	<b>Serial Number/Registration Number</b>
RECOAT REVOLUTION	August 8, 2024	98689102
	March 26, 2024	7338259

We do not have a federal registration for our principal trademark. Therefore, our trademark does not have as many legal rights and benefits as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

The Proprietary Marks are owned by our affiliate, RRIP. On September 26, 2024, we entered into an intellectual property license agreement with RRIP that give us the right to use the Proprietary Marks, and other intellectual property owned by our affiliate, in our business and to license them to our franchisees for use in the operation of ReCoat Revolution businesses. The license agreement can be terminated upon the material breach of either party, or upon our abandonment of the franchise system. If the agreement is terminated, you would have the right to continue using the trademarks until the expiration or termination of any Franchise Agreement you have entered into with us before the termination of the trademark license agreement. Our affiliate intends to file all affidavits and to renew its registration for the Proprietary Marks once the Proprietary Marks are registered, if they are registered, and when the renewals become due.

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

We claim common law rights to our designs, logos and trade dress items including color schemes and appearance. There have been no judicial determinations of the existence, validity, or extent of our rights. We claim and intend to rely on common-law trade secret and unfair competition, and copyright protection of materials and information you are granted the right to use under the Franchise Agreement.

There are no infringing uses actually known to us that could materially affect your use of the Proprietary Marks in this state or elsewhere and we are not aware of anybody having superior rights in the Proprietary Marks.

You must use the names and Proprietary Marks in full compliance with the provisions of the Franchise Agreement and in accordance with our rules. You cannot use any name or Proprietary Mark as a part of any corporate name with any prefix, suffix, or modifying word, term, design, or symbol. In addition, you may not use any name or Proprietary Mark associated with the sale of any unauthorized product or service in any other manner not explicitly authorized in writing by us.

You may not directly or indirectly oppose our right to our trademark(s), trade name(s), trade secrets or business techniques that are a part of our business. You must notify us immediately if you learn about a claim against your use of our trademark(s). We will take whatever action, if any, we deem appropriate, and we will also have the right to control any litigation or proceeding regarding the trademark(s). We have no obligation to defend you or to take any legal action against others with respect to any claim related to your use of our trademark(s), but we will indemnify you against any losses or damages incurred by you as a result of a successful claim of infringement brought by a third party and related your use of the Proprietary Marks in accordance with the terms of the Franchise Agreement.

You must conspicuously post a sign and include on all written materials, including advertisements, stationery, business cards, etc. and on your vehicles the following: "Independently owned and operated."

We reserve the right to modify the Proprietary Marks or substitute different proprietary marks for use in identifying the System and the businesses operating under it, at our sole discretion. If we designate any modified or substituted proprietary mark, you must implement the modified or substituted proprietary mark at your own expense.

ITEM 14  
**PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

**Patents and Copyrights**

There are no patents that are material to the franchise. You do not receive the right to use an item covered by a copyright, except for the Manual, advertising materials and related items. We claim copyrights in the Manual, advertising material and related items used in operating the Franchised Business. Although we have not filed an application for a copyright registration for those items, we claim a copyright and the information is proprietary and confidential. The Manual is described in Item 11 and below. You must also promptly tell us when you learn about unauthorized use of this proprietary and confidential information. We are not obligated to take any action, but we will respond to this information as we think appropriate.

**Confidential Operations Manual**

You must operate your Franchised Business according to the strict standards, methods, policies and procedures specified in the Manual. The Manual is loaned to you by us for the term of the Franchise Agreement after you complete our initial training program to our satisfaction. We currently make the Manual available electronically.

You must treat the Manual, any other of our manuals which are used in the operation of your Franchised Business, and the information in them as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise give them to any unauthorized person. The Manual will remain our sole property and any printed copies and passwords to access the online version and other information necessary to access the online version of the Manual, if kept in writing, must be kept in a secure place at the Franchised Business.

We may revise the contents of the Manual, and you must comply with each new or changed standard. If you print a copy of the Manual you must make sure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy maintained by us at our corporate office will be controlling.

**Confidential Information**

You must not, during the term of the Franchise Agreement or after the term of the Franchise Agreement, communicate, divulge or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to you or which you may learn because of your operation of the Franchised Business. Confidential information includes System standards, market research, advertising and promotional campaigns, approved suppliers, operating results of System businesses, proprietary software (if we choose to develop this or have it developed for us), the terms of your Agreement with us, the Manual, graphic designs and other intellectual property, and the customers you serve. You may divulge this confidential information only to those of your employees who have the need to know it to perform their roles in assisting in the operation of your Franchised Business. Any and all information, knowledge, know-how, techniques and other data, which we designate as confidential, will be deemed confidential for purposes of the Franchise Agreement.

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

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

We require that you personally participate in the actual operation of your Franchised Business. You, if an individual, and certain persons affiliated with you, are required to attend, and successfully complete to our satisfaction, our initial training program (described more fully in Item 11 above). All training must be completed prior to opening the Franchised Business.

Under certain conditions and with our prior approval, we may permit you to appoint a manager (“Designated Manager”) to handle day-to-day management of the Franchised Business. Your Designated Manager must complete all components of our initial training, but we do not require that your manager have an ownership interest in a corporate or other business entity franchisee. The Designated Manager will need to be approved by us and will need to sign the form of Confidentiality and Non-Compete Agreement in a form substantially similar to the form attached to your Franchise Agreement. If you operate your Franchised Business in two (2) or more Territories, then you are required to employ at least one (1) qualified technician for each Territory in which your Franchised Business is operated. Any Designated Manager, including any replacement manager, must attend and complete all required training before assuming any management responsibility in connection with your Franchised Business.

We are not your employer and you will have the right to control all decisions related to recruiting, hiring or firing any personnel, including any managers. Nothing in this Disclosure Document or any agreement you enter into with us will create any type of employer or joint employer relationship between you and/or your personnel, and us.

Each person owning an interest in the franchisee (if an entity) must sign a personal guaranty (attached as Exhibit A to the form of Franchise Agreement attached to this Disclosure Document) assuming and agreeing to discharge all obligations of the “Franchisee” under the Franchise Agreement.

**ITEM 16**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must operate the Franchised Business and perform all services in accordance with the operating guidelines and quality standards that we establish. You must not change the standards, specifications and procedures without our prior written consent. You, your Designated Manager (if any), and/or your employees must be responsive to customer inquiries, and available to customers during the hours set by us, which may vary from territory to territory.

We have the unlimited right to change the types of authorized goods and services you are required, or otherwise permitted, to sell. You are prohibited from selling, or otherwise offering, services or products we have not approved of. You may not solicit business directly from any National Account, as described in Item 12.

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

**ITEM 17  
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

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

<b>Provision</b>	<b>Article in Franchise Agreement</b>	<b>Summary</b>
a. Term of the franchise	Article 3	Ten years
b. Renewal or extension of the term	Article 3	Successive terms of five years each, subject to performance of contractual requirements
c. Requirements for franchisee to renew or extend	Article 3	Provide notice, be in compliance with Franchise Agreement, update vehicles, equipment and inventory, sign new Franchise Agreement, sign release, pay renewal fee  You may be asked to sign a contract with materially different terms and conditions than your original contract, but the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees. We have the right to modify your territorial boundaries on renewal
d. Termination by franchisee	Not Applicable	You may seek to terminate your Franchise Agreement on any ground permitted by law
e. Termination by franchisor without cause	Not Applicable	Not Applicable

Provision	Article in Franchise Agreement	Summary
f. Termination by franchisor with cause	Article 14	We may terminate the Franchise Agreement if you are in default under the Agreement and do not cure the default (if it is curable)
g. "Cause" defined – curable defaults	Article 14	Breach of Franchise Agreement and other grounds, such as failure to pay fees when due, misuse of Proprietary Marks, sale of an unapproved service, unsatisfactory performance, filing false reports, failure to meet minimum Gross Revenues requirements
h. "Cause" defined – non-curable defaults	Article 14	Breach of Franchise Agreement, such as abandoning the Franchised Business, filing for bankruptcy or assignment for the benefit of creditors; receivership; insolvency; foreclosure; if your business is dissolved; repeated defaults; repeated failures to meet Project Timeline Standards requirements; unauthorized transfer of the franchise; defaults under property or vehicle leases; illegal or misleading business acts; you, your owners, officer or directors are convicted of a criminal offense; engaging in conduct that damages the reputation of the System; being in default of another franchise agreement with us

Provision	Article in Franchise Agreement	Summary
i. Franchisee’s obligations on termination/non-renewal	Article 15	Obligations include discontinue operating as a System business; using confidential information and materials and the Proprietary Marks, cease the use of phone numbers, social media accounts or business listings for the business, provide us with an accounting of inventory and equipment, return the Confidential Operations Manual, payment of amounts due and damages
j. Assignment of contract by franchisor	Article 13	No restriction on our right to transfer
k. “Transfer” by franchisee – defined	Article 13	Includes a transfer of all or substantially all of the assets of your business
l. Franchisor approval of transfer by franchisee	Article 13	We have the right to approve transfers in writing
m. Conditions for franchisor approval of transfer	Article 13	Includes payment of money owed, you are not in default, sign release, we approve sales agreement, we have been given a right of first refusal, transferee qualifies and completes training to our satisfaction, transferee signs new agreement and updates the Franchised Business’ Vehicles and payment of the transfer and property inspection fees
n. Franchisor’s right of first refusal to acquire franchisee’s business	Article 13	We can match any offer
o. Franchisor’s option to purchase franchisee’s business	Article 15	Upon expiration or termination, we can buy all or a portion of the assets of your Franchised Business

Provision	Article in Franchise Agreement	Summary
p. Death or disability of franchisee	Article 13	Franchise must be assigned to approved buyer within six months
q. Non-competition covenants during the term of the franchise	Article 11	Includes prohibition on owning or operating business which sells similar services
r. Non-competition covenants after the franchise is terminated or expires	Article 11	Includes prohibition on owning or operating business which sells similar services for two years and located within 25 miles of the territory of any System business.
s. Modification of the agreement	Article 20	Must be in writing by both parties
t. Integration/merger clause	Article 20	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article 19	You are required to mediate any dispute before filing a lawsuit
v. Choice of forum	Article 19	St. Louis County, Missouri, subject to applicable state law
w. Choice of law	Article 19	Missouri, subject to state law

**ITEM 18  
PUBLIC FIGURES**

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

*(Remainder of Page Intentionally Left Blank)*

ITEM 19  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

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

**Historic Financial Performance Representation**

This Item 19 presents certain historical financial performance information of our Affiliate-Owned Business in the St. Louis, Missouri area during the twelve-month period beginning January 1, 2024 and ending December 31, 2024 (the “Measurement Period”). Our Affiliate-Owned Business was the only System Business operating during the Measurement Period.

Our Affiliate-Owned Business commenced operations in March 2021. During the Measurement Period, prior to August 2024, our Affiliate-Owned Business operated under our previous principal mark, “Clean ReCoat.” In August 2024, our Affiliate-Owned Business commenced operating under our current principal mark “ReCoat Revolution.” During the Measurement Period, the Affiliate-Owned Business operated in a substantially similar manner to the way in which our System franchisees will operate, in that the Affiliate-Owned Business provides all Approved Services that System franchisees are authorized to provide. However, our Affiliate-Owned Business is a mature outlet and therefore has more operational history as of the commencement of the Measurement Period than you will have over the first few years you will operate your Franchised Business.

Written substantiation for the financial performance representation stated below will be made available to you upon reasonable request.

*(Remainder of Page Intentionally Left Blank – Item 19 Continues Below)*

**Gross Revenue and Other Disclosed Financial Performance Information of Affiliate-Owned Business Over Measurement Period**

1/1/2024 – 12/31/2024

	Amount	Percentage of Gross Sales
<b>Gross Revenues<sup>1</sup></b>	<b>\$ 824,424.90</b>	<b>100.00%</b>
<b><u>Cost of Goods Sold (COGS)<sup>2</sup>:</u></b>		
Labor <sup>3</sup>	\$ 72,113.85	20.88%
Supplies and Materials <sup>4</sup>	\$ 22,268.16	2.70%
<b><u>GROSS REVENUES LESS COGS<sup>5</sup></u></b>	<b>\$ 630,042.89</b>	<b>76.42%</b>
<b><u>Additional Disclosed Expenses</u></b>		
General Business Expenses <sup>6</sup>	\$ 7,954.71	0.96%
Insurance <sup>7</sup>	\$ 13,358.56	1.62%
Merchant Account Fees <sup>8</sup>	\$ 2,158.91	0.26%
Salaries & Wages <sup>9</sup>	\$ 81,433.84	9.88%
Tools and Equipment <sup>10</sup>	\$ 1,426.09	0.17%
Utilities <sup>11</sup>	\$ 2,066.33	0.25%
Vehicle Expenses <sup>12</sup>	\$ 6,897.72	0.84%
<b><u>Imputed Fees<sup>13</sup></u></b>		
Royalty <sup>14</sup>	\$ 57,709.74	7.00%
Brand Fund Contribution <sup>15</sup>	\$ 16,488.50	2.00%
Local Advertising <sup>16</sup>	\$ 24,732.75	3.00%
Technology Fee <sup>17</sup>	\$ 4,200	0.51%
<b>GROSS REVENUE LESS COGS, ADDITIONAL DISCLOSED EXPENSES AND IMPUTED FEES<sup>18</sup></b>	<b>\$ 411,615.74</b>	<b>49.93%</b>

*(Item 19 Continues Below)*

## **Notes to Item 19:**

### **A. Definitions**

Note 1: "Gross Revenues" means revenues derived from the operation of the Affiliate-Owned Business, including, but not limited to, those derived from floor refinishing services, optional add-on and ancillary services and products provided to customers, and including revenue received through barter and credit transactions, but excluding sales taxes or any other taxes collected by the Affiliate-Owned Business from customers for transmission to taxing authorities.

Note 2: "Cost of Goods Sold (COGS)" means the cost of Direct Labor and Supplies and Materials as reported by the Affiliate-Owned Business during the Measurement Period.

Note 3: "Labor" means expenses incurred by the Affiliate-Owned Business during the Measurement Period in engaging subcontractors and paying compensation to services personnel to provide the Approved Services to customers, as reported by the Affiliate-Owned Business during the Measurement Period.

Note 4: "Supplies and Materials (COGS)" means expenses incurred by the Affiliate-Owned Business in connection with the purchase of floor refinishing products, cleaning products, and other products and materials used for the provision of the Approved Services by the Affiliate-Owned Business during the Measurement Period, as reported by the Affiliate-Owned Business.

Note 5: "Gross Revenue Less COGS" means the the total amount of Gross Revenue reported by the Affiliate-Owned Business during the Measurement Period, minus the total Cost of Goods Sold (COGS) reported by the Affiliate-Owned Business during the Measurement Period.

Note 6: "General Business Expenses" means the general expenses incurred by the Affiliate-Owned Business during the Measurement Period, including but not limited to office supplies, shipping, postage, bank fees, uniforms, printing and photocopying, meals, and certain software expenses, as reported by the Affiliate-Owned Business during the Measurement Period.

Note 7: "Insurance" means the total amount of premiums paid by the Affilifate-Owned Business for Workers' Compensation, General Liability, and Commercial Auto policies during the Measurement Period, as reported by the Affiliate-Owned Business. You may be required to obtain additional policy coverage for the operation of your Franchised Business.

Note 8: "Merchant Account Fees" means the total amount in credit card and other payment processing fees incurred by the Affiliate-Owned Business during the Measurement Period, as reported by the Affiliate-Owned Business.

Note 9: "Salaries & Wages" means the total amount in salaries and wages paid to administrative staff and employees of the Affiliate-Owned Business during the Measurement Period, as reported to us by the Affiliate-Owned Business.

Note 10: "Tools and Equipment" means the amounts that Affiliate-Owned Business expended on surplus inventory of tools and equipment, including rentals, during the Measurement Period, as reported by the Affiliate-Owned Business.

Note 11: "Utilities" means the total amount expended on Internet, television, and phone services during the Measurement Period, as reported by the Affiliate-Owned Business.

Note 12: “Vehicle Expenses” means the total amount expended by the Affiliate-Owned Business for items including gasoline, repairs, and maintenance in connection with the three (3) vehicles in operated by the Affiliate-Owned Business during the Measurement Period, as reported by the Affiliate-Owned Business.

Note 13: “Imputed Fees” means the Royalty, Brand Fund Contribution, Local Advertising, and Technology fees that the Affiliate-Owned Business would have been required to pay during the Measurement Period if the Affiliate-Owned Business operated pursuant to our current form of franchise agreement. The Affiliate-Owned Business did not pay (and is not required to pay) these fees.

Note 14: “Royalty” means the amount of Royalty the Affiliate-Owned Business would have been required to pay during the Measurement Period if the Affiliate-Owned Business operated pursuant to our current form of franchise agreement. Such Royalty is calculated as the greater of (i) seven (7%) of Gross Revenues or (b) the applicable Minimum Royalty (see Item 6 for additional information on the calculation of the Royalty fee). For purposes of this Item 19, Royalty is calculated as seven percent (7%) of the Gross Revenues disclosed above. As disclosed in Note 6 above, the Affiliate-Owned Business is not required to pay a Royalty and did not pay a Royalty during the Measurement Period.

Note 15: “Brand Fund Contribution” means the total contribution to the Brand Fund that the Affiliate-Owned Business would have been required to pay during the Measurement Period if the Affiliate-Owned Business operated pursuant to our current form of franchise agreement. The Brand Fund Contribution is currently two (2%) of Gross Revenues (see Item 6 for additional information on the Brand Development Fund Contribution). As disclosed in Note 6 above, the Affiliate-Owned Business is not required to contribute to the Brand Development Fund and did not make any such contributions during the Measurement Period.

Note 16: “Local Advertising” means the minimum total amount of local advertising expenditures that the Affiliate-Owned Business would have been required to make if the Affiliate-Owned Business operated pursuant to our current form of franchise agreement. The Local Advertising Requirement is calculated as the greater of (i) three percent (3%) of Gross Revenues, or (ii) \$1,500 per month (see Item 6 for additional information on the Local Advertising Requirement). As disclosed in Note 6 above, the Affiliate-Owned Business is not required to expend a minimum amount on local advertising, and may have spent more or less on such advertising during the Measurement Period than the figure disclosed above.

Note 17: “Technology Fee” means the total Technology Fee the Affiliate-Owned Business would have been required to pay during the Measurement Period if the Affiliate-Owned Business operated pursuant to our current form of franchise agreement. The Technology Fee is currently \$350 per month. As disclosed in Note 6 above, the Affiliate-Owned Business is not required to pay a Technology Fee and did not pay a Technology Fee during the Measurement Period.

Note 18: “Gross Revenues Less COGS, Additional Disclosed Expenses and Imputed Fees” means the total amount of Gross Revenues disclosed above, minus the total amount of Cost of Goods Sold (COGS), the total amount of Additional Disclosed Expenses, and the total amount of Imputed Expenses disclosed above.

## **B. Additional Notes to Item 19**

**1. Our Affiliate-Owned Business has earned this amount. Your individual results may differ. There is no assurance that you will earn as much.**

2. The historical financial performance information included in this Item 19 includes certain performance information reported by the Affiliate-Owned Business for the Measurement Period only. It is not a projection of what you can expect to achieve in connection with the operation of a Franchised Business, or a projection of what the Affiliate-Owned Business will achieve in the future.

3. Our Affiliate-Owned Business uses both employees and subcontractors to perform the services it provides. If you, as the franchisee, or your owner (if the franchisee is an entity) intend to operate your Franchised Business yourself, you may incur fewer employment- and labor-related expenses. You are strongly encouraged to develop your own business plan for your franchise, including capital budgets, financial statements, projections, pro forma financial statements, and other elements appropriate to your circumstances before you invest in this franchise opportunity. We encourage you to consult with your own accounting, business, and legal advisors to assist you in preparing your business plan.

4. The information presented in this Item 19 only discloses the specific expenses including in COGS, Additional Disclosed Expenses, and Imputed Fees, the latter of which, as disclosed more fully above, the Affiliate-Owned Business is not required to expend. This Item 19 does not include or reflect all operational expenses, including but not limited to lease- or rent-related expenses, telephone expenses, computer system expenses, accounting fees, repairs and maintenance, meals and entertainment, and other costs and expenses you will incur in operating a Franchised Business. You are encouraged to do your own due diligence before investing in this franchise opportunity. Our Affiliate-Owned Business operates from a rented commercial location, however our standard franchise offering assumes and expects that you will operate your Franchised Business from your home or other non-commercial location during its initial period of operations (3-6 months). If you operate your Franchised Business from your home during this initial period, or otherwise already own suitable property meeting our specifications for an approved location, you may not incur expenses related to the lease or purchase of separate commercial property.

5. The information presented in this Item 19 excludes tax liabilities. You will be responsible for all taxes incurred in connection with the operation of your Franchised Business. You are strongly encouraged to consult with a tax professional before investing in this franchise opportunity.

Other than the preceding financial performance representation, we do not make any financial performance representation. We also do not authorize our employees or representatives to make such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting our Chief Executive Officer, Angela Lauer, c/o ReCoat Revolution Franchise, LLC, 44 Soccer Park Road, Fenton, MO 63026, (314) 270-2707, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20  
**Outlets and Franchisee Information**

**Table No. 1**  
**System-wide Outlet Summary**  
**For years 2022 to 2024**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company-Owned*	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	1	1	0
	2023	1	1	0
	2024	1	1	0

\* The Company-Owned Outlet in the chart above is owned and operated by our affiliate.

**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For years 2022 to 2024**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
<b>Total</b>	2022	0
	2023	0
	2024	0

**Table No. 3  
Status of Franchised Outlets  
For years 2022 to 2024**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termin- ations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Oper- ations – Other Reasons	Col. 9 Outlets at End of the Year
<b>Total</b>	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

**Table No. 4  
Status of Company-Owned and Affiliate-Owned Outlets  
For years 2022 to 2024**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired from Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Missouri	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Florida	2022	0	0	0	0	0	0
	2023	0	1	0	1	0	0
	2024	0	0	0	0	0	0
<b>Total</b>	2022	1	0	0	0	0	1
	2023	1	1	0	1	0	1
	2024	1	0	0	0	0	1

The outlet referenced in the above chart is owned and operated by our affiliate.

**Table No. 5**  
**Projected Openings as of December 31, 2024**

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Texas	0	3	0
Georgia	0	1	0
South Carolina	0	4	0
Total	0	8	0

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

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

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

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

ITEM 21  
**FINANCIAL STATEMENTS**

Attached to this franchise disclosure document as Exhibit G is our audited financial statements for our fiscal years ended December 31, 2024, and December 31, 2023, as well as our unaudited opening balance sheet as of June 30, 2024. We have not been in business for three years or more, and therefore cannot include, and are not required to provide, audited financial statements for our past three fiscal years.

ITEM 22  
**CONTRACTS**

The following agreements are attached to this Franchise Disclosure Document:

Exhibit C – Franchise Agreement and Related Exhibits

Exhibit H – Confidentiality Agreement

ITEM 23  
**RECEIPTS**

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

**EXHIBIT A TO THE DISCLOSURE DOCUMENT**

**AGENTS FOR SERVICE OF PROCESS/STATE ADMINISTRATORS**

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in some or all of these states.

If a state is not listed RECOAT REVOLUTION FRANCHISE LLC has not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed below in which RECOAT REVOLUTION FRANCHISE LLC has appointed an agent for service of process.

There may also be additional agents appointed in some of the states listed.

**CALIFORNIA**

California Commissioner of Financial  
Protection and Innovation  
Department of Financial Protection and  
Innovation  
320 West 4th Street, Suite 750  
Los Angeles, CA 90013  
(213) 576-7500 Toll Free (866) 275-2677

2101 Arena Boulevard  
Sacramento, CA 95834  
(916) 445-7205

1350 Front Street  
San Diego, CA 92101  
(619) 525-4233

One Sansome Street, Suite 600  
San Francisco, CA 94104  
(415) 972-8559

**CONNECTICUT**

State of Connecticut  
Department of Banking  
Securities & Business Investments Division  
260 Constitution Plaza  
Hartford, CT 06103-1800  
(860) 240-8230

Agent: Banking Commissioner

**HAWAII**

(state administrator)

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

(agent for service of process)

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

**INDIANA**

(state administrator)

Indiana Secretary of State  
Securities Division, E-111  
302 Washington Street  
Indianapolis, Indiana 46204  
(317) 232-6681

(agent for service of process)

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

**MICHIGAN**

(state administrator)

Consumer Protection Division  
Antitrust and Franchise Unit  
Michigan Department of Attorney General  
525 W. Ottawa Street, 6<sup>th</sup> Floor  
Lansing, Michigan 48933  
(517) 373-7117

(for service of process)

Corporations Division  
Bureau of Commercial Services  
Department of Labor and Economic Growth  
P.O. Box 30054  
Lansing, Michigan 48909

**ILLINOIS**

Franchise Bureau  
Office of the Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4465

**MARYLAND**

(state administrator)

Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202-2021  
(410) 576-6360

(for service of process)

Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, Maryland 21202-2021  
(410) 576-6360

**MINNESOTA**

(state administrator)

Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 500  
St. Paul, Minnesota 55101-2198  
(651) 296-6328

(for service of process)

Minnesota Commissioner of Commerce

**NEW YORK**

(state administrator)

New York State Department of Law  
Bureau of Investor Protection and Securities  
28 Liberty Street, 21<sup>st</sup> Floor  
New York, New York 10005  
(212) 416-8222

(for service of process)  
Secretary of State of New York  
41 State Street  
Albany, New York 12231  
(518) 474-4750

**OREGON**

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

**SOUTH DAKOTA**

Division of Insurance  
Securities Regulation  
445 East Capitol Avenue  
Pierre, South Dakota 57501  
(605) 773-4823

**NORTH DAKOTA**

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

**RHODE ISLAND**

Division of Securities  
Rhode Island Dept. of Business Regulation  
Bldg. 69, First Floor  
John O. Pastore Center  
1511 Pontiac Avenue  
Cranston, RI 02920  
(401) 462-9500

**VIRGINIA**

State Corporation Commission  
Division of Securities and Retail Franchising  
1300 East Main Street, 9<sup>th</sup> Floor  
Richmond, Virginia 23219  
(804) 371-9051

(for service of process)  
Clerk of the State Corporation Commission  
1300 East Main Street, 9<sup>th</sup> Floor  
Richmond, Virginia 23219  
(804) 371-9733

**WASHINGTON**

(state administrator)

Department of Financial Institutions  
Securities Division  
P.O. Box 9033  
Olympia, Washington 98507-9033  
(360) 902-8760

(for service of process)

Director, Department of Financial Institutions  
Securities Division  
150 Israel Road S.W.  
Tumwater, Washington 98501

**WISCONSIN**

(state administrator)

Division of Securities  
Department of Financial Institutions  
345 W. Washington Ave., 4<sup>th</sup> Floor  
Madison, Wisconsin 53703  
(608) 266-1064

(for service of process)

Administrator, Division of Securities  
Department of Financial Institutions  
345 W. Washington Ave., 4<sup>th</sup> Floor  
Madison, Wisconsin 53703

**EXHIBIT B TO THE DISCLOSURE DOCUMENT**

**STATE ADDENDA TO FDD**

## **ADDENDUM REQUIRED BY THE STATE OF INDIANA**

Neither ReCoat Revolution Franchise, LLC, its Affiliate, nor any person identified in Item 2 has any material arbitration proceeding pending, or has during the ten (10) year period immediately preceding the date of this Disclosure Document been a party to concluded material arbitration proceedings.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under Indiana law.

Indiana law makes unilateral termination of a franchise unlawful unless there is a material violation of the Franchise Agreement and the termination is not done in bad faith.

Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the 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.

## **ADDENDUM REQUIRED BY THE STATE OF WISCONSIN**

The applicable section(s) of the Franchise Agreement are hereby modified to add the following:

Wisconsin Law. The conditions under which this Agreement can be terminated or not renewed may be affected by Wisconsin law, Chapter 135, Wisc. Stats., the Wisconsin Fair Dealership Law.

The applicable section(s) of the Franchise Agreement are hereby modified by adding the following:

“The Wisconsin Fair Dealership Law supersedes any provision of this Agreement which is inconsistent with that law.”

**EXHIBIT C TO THE DISCLOSURE DOCUMENT**

**FRANCHISE AGREEMENT**

**RECOAT REVOLUTION FRANCHISE LLC**  
**FRANCHISE AGREEMENT**

**Franchise #** \_\_\_\_\_

**FRANCHISE AGREEMENT  
SUMMARY PAGES**

**EFFECTIVE DATE:** \_\_\_\_\_

**FRANCHISEE(S):** \_\_\_\_\_

**ADDRESS FOR NOTICES:** \_\_\_\_\_

**TELEPHONE NUMBER:** \_\_\_\_\_

**E-MAIL ADDRESS:** \_\_\_\_\_

**APPROVED LOCATION:** \_\_\_\_\_

**# OF TERRITORIES:** \_\_\_\_\_

**TERRITORY 1:** \_\_\_\_\_

**TERRITORY 2:** \_\_\_\_\_

**TERRITORY 3:** \_\_\_\_\_

**TERRITORY 4:** \_\_\_\_\_

**TERRITORY 5:** \_\_\_\_\_

**INITIAL FRANCHISE FEE:** \$ \_\_\_\_\_

**BRAND DEVELOPMENT FUND CONTRIBUTION:** Currently, 2% of Gross Revenue. Amount is subject to change, but not to exceed 3% of Gross Revenues

**ROYALTY FEE:** 7% of Gross Revenues (subject to Article 4.1B)

**SCHEDULED EXPIRATION DATE:** On the 10 Year Anniversary from the Effective Date.

**FRANCHISOR'S ADDRESS FOR NOTICE:** RECOAT REVOLUTION FRANCHISE LLC  
44 Soccer Park Road  
Fenton, MO 63026  
ATTN: Angela Lauer

\_\_\_\_\_  
Franchisor Initial

\_\_\_\_\_  
Franchisee Initial

**RECOAT REVOLUTION FRANCHISE LLC**

**FRANCHISE AGREEMENT**

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**Exhibits**

Exhibit A	Owners of Franchisee/Franchisee Guaranty
Exhibit B	Territory Map(s)
Exhibit C	Direct Debit Authorization Agreement
Exhibit D	Confidentiality Agreement
Exhibit E	Covenant Agreement
Exhibit F	State Addenda

**RECOAT REVOLUTION FRANCHISE LLC  
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (this "Agreement") is made and entered into at St. Louis, Missouri on \_\_\_\_\_, 20\_\_\_\_ ("Effective Date"), by and between RECOAT REVOLUTION FRANCHISE LLC, a Missouri limited liability company (hereinafter referred to as "**Franchisor**"), and \_\_\_\_\_ (hereinafter referred to as "**Franchisee**"), whose principal business address is \_\_\_\_\_.

**Recitals**

A. Franchisor has developed and owns a concept and distinctive system for the establishment, operation, and image of a floor refinishing business operated under the Proprietary Marks utilizing certain Trade Secrets.

B. Franchisee desires to establish and operate a ReCoat Revolution franchised business ("**Franchised Business**") under the System and wishes to obtain a franchise license from Franchisor for that purpose.

C. Franchisee recognizes the benefits to be derived from being identified with and licensed to use the System and Franchisee understands and acknowledges the importance of operating the Franchised Business in strict conformity with Franchisor's standards and specifications in order to enhance public acceptance of, and demand for, all System Businesses.

D. Franchisor is relying upon the business skill, financial capacity, and character of Franchisee and its principals, and the guarantee of Franchisee's obligations by its principals, if applicable, as attached to this Agreement.

**NOW, THEREFORE**, in consideration of the foregoing and of the promises contained herein, the parties agree as follows:

**Article 1. Acknowledgments and Representations.**

1.1 Franchisee acknowledges and represents to Franchisor, in order to induce Franchisor to enter this Agreement, as follows:

A. Franchisee has read this Agreement and Franchisor's franchise disclosure document and understands and accepts the terms, conditions, and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's standards of quality and service and the uniformity of those standards at each System Business in order to protect and preserve the goodwill of the Proprietary Marks.

B. Franchisee has conducted an independent investigation of the business contemplated by this Agreement. Franchisee recognizes that the nature of the business conducted by Franchisor may evolve and change over time; that an investment in a Franchised Business involves business risks which have been considered by Franchisee; and that the success of the venture depends primarily upon Franchisee's business ability and efforts.

C. Franchisee has not received or relied upon any guarantee, expressed or implied, about the revenues, profits, or success of the business venture contemplated by this Agreement.

D. No representations have been made by Franchisor, its affiliates, or by their respective members, managers, officers, employees, directors, and/or agents, and Franchisee has not relied on any representations that are contrary to or not contained in the terms of this Agreement.

E. In all of its dealings with Franchisee, the members, managers, officers, employees, directors, and/or agents of Franchisor act only in a representative capacity, not in an individual capacity, and that this Agreement and all business dealings between Franchisee and such individuals as a result of this Agreement are solely between Franchisee and Franchisor.

F. All information contained in the application made by Franchisee to Franchisor is true, correct, and complete. Franchisee has made no incorrect statement in the application or failed to make any statement that would be necessary to make the statements in the application not misleading.

1.2 The definitions applicable throughout this Agreement are set forth below:

A. **“Affiliate”** means (i) a person (including any legal person) or entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such person; and (ii) any parent, spouse, lineal descendant or adopted child of such person, any spouse or adopted child of any such descendant or any child of such spouse, the executors, administrators, conservators or personal representatives of any such person or any person referred to in this clause or the shareholders, directors, officers, members, partners or any entity (ii) and any person which, directly or indirectly, is owned or controlled by one or more of the persons referred to in this clause (ii).

B. **“Agreement”** has the meaning set forth in the introductory paragraph hereof.

C. **“Alternative Products & Services”** has the meaning set forth in Article 8.1.D.

D. **“Alternative Suppliers”** has the meaning set forth in Article 8.1.D.

E. **“Approved Products & Services”** has the meaning set forth in Article 8.1.C.

F. **“Approved Suppliers”** has the meaning set forth in Article 8.1.C.

G. **“Brand Development Fund”** means the Brand Development Fund provided for in Article 9.4.

H. **“Brand Development Fund Contribution”** means the contribution to the Brand Development Fund provided for in Article 4.1.C.

I. **“Change in Control”** means (i) the acquisition, directly or indirectly, in one transaction or a series of related transactions, by any person or affiliated group of the

beneficial ownership of an ownership interest in Franchisee representing 50% or more of the equity interest in Franchisee, (ii) any merger or consolidation of Franchisee other than a merger or consolidation where fifty one percent (51%) or more of the total combined voting power of all outstanding ownership interest of the surviving entity or the acquiring entity, as the case may be, shall be received by and/or held immediately after the consummation of such transaction by one or more holders of the outstanding ownership interest of Franchisee, immediately prior to such transaction, or (iii) the sale, transfer, license or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of Franchisee to which this Agreement relates.

J. **“Competing Business”** means any business that offers any hard surface flooring cleaning, finishing, refinishing, repair or replacement.

K. **“Controlling Interest”** means more than 50% of the voting interest in an entity, or such other ownership or voting interest that allows the holder thereof to control significant decisions in such entity.

L. **“Dispute”** or **“Disputes”** has the meaning set forth in Article 19.2.

M. **“E&I”** means the equipment, inventory, telephone system, computer systems, branded apparel, signs, supplies and other items used in the operation of the Franchised Business other than the Vehicle.

N. **“Extra-Territorial Customer”** means a customer or potential customer that hires, or inquires about hiring, a System Business to service a property that is not in the Territory of any System Business.

O. **“Franchised Business”** means the business franchised to, developed and operated by Franchisee pursuant to this Agreement.

P. **“Franchised Interests”** has the meaning set forth in Article 13.2.

Q. **“Franchisee”** has the meaning set forth in the introductory paragraph of this Agreement.

R. **“Franchisor”** means RECOAT REVOLUTION FRANCHISE LLC, a Missouri limited liability company.

S. **“Gross Revenues”** means revenues attributable to or derived from the operation of the Franchised Business, including, but not limited to, those derived from floor refinishing services, optional add-on and ancillary services and products provided to customers, and including revenue received through barter and credit transactions (before commissions and discounts for credit cards) whether or not collected, proceeds from any business interruption insurance or other loss of income insurance applicable to loss of revenues due to the non-availability of the Franchised Business or Franchisee to serve customers, the Franchised Business' crew or its equipment, but excluding sales taxes, or any other taxes collected by Franchisee and/or the Franchised Business from customers for transmittal to appropriate taxing authorities. Gross Revenues shall be accounted for in accordance with the accounting procedures set forth in this Agreement and the Manual from time to time.

T. **“Incapacitated”** or **“Incapacity”** means, in the reasonable opinion of Franchisor, the inability of Franchisee, or an owner with a Controlling Interest in Franchisee if

Franchisee is an entity, to operate the Franchised Business in the ordinary course of business for 14 days or more in any consecutive 90-day period.

U. **“Indemnitees”** means collectively Franchisor and its members, shareholders, other equity owners, its Affiliates, and each of their respective owners, managers, agents, representatives, officers, directors, employees, partners, and other Affiliates.

V. **“Initial Franchise Fee”** means the fee due upon execution and delivery of this Agreement as provided in Article 4.

W. **“IP Owner”** means Franchisor’s Affiliate, ReCoat Revolution IP LLC.

X. **“Liquidated Damages”** means the damages to be paid by Franchisee pursuant to Article 15.2 for premature termination of this Agreement.

Y. **“Manual”** means, collectively, the Operations Manual and other System standards, manuals, and directions (whether in written, machine readable, electronic, or any other form), as they may be modified, amended or supplemented by Franchisor in its sole discretion, setting out the standards, methods, procedures, techniques and specifications of the System.

Z. **“Online Presence”** means the Website, other websites, social media accounts, mobile applications, or other media or online presence (in any form and in any medium now existing or later developed) relating to the System, the Franchised Business or using the Proprietary Marks including Franchisee’s or any other individual franchisee’s online presence as permitted or required by Franchisor. Franchisor will determine the content and use of all Online Presence and may establish any rules and guidelines under which Franchisee will participate in such Online Presence, which may be modified by Franchisor from time to time.

AA. **“Opening”** means the date on which the Franchised Business first opens for business.

BB. **“Operations Data”** has the meaning set forth in Article 10.6.

CC. **“Payment”** or **“Payments”** has the meaning set forth in Article 4.2.

DD. **“Payment Non-Compliance Fee”** has the meaning set forth in Article 4.2.

EE. **“Proprietary Marks”** means the mark “RECOAT REVOLUTION” and such names and any other trade names, service marks, trademarks, logos, emblems, or other indicia of origin as are now or hereafter designated by Franchisor as part of the System.

FF. **“Royalty Fee”** means the continuing royalty fee set forth in Article 4.1.B.

GG. **“Services”** or **“Service”** means collectively any service or product authorized by Franchisor to be offered and sold through the Franchised Business.

HH. **“System”** means the method of operating a floor refinishing business utilizing Franchisor’s unique cleaning and refinishing method for residential and commercial properties that requires less time to perform the refinishing work than traditional floor finishing processes, less wait time before the floor is usable than traditional floor finishing processes, and no dust or unwanted odors, and including, but not limited to the Services; Franchisor’s distinctive design, décor, color scheme, and furnishings; the Proprietary Marks; standards,

specifications, programs, methods and procedures for operations and quality control; training and assistance; advertising, direct sales, and promotional programs developed by Franchisor for the operation of a System Business under the Proprietary Marks utilizing the Trade Secrets; trade dress and layouts; distinctive vehicle wrapping color scheme and other markings; and methods, procedures, standards, specifications and other requirements as stated or referred to in this Agreement and from time to time in the Manual, or otherwise in writing by Franchisor and designated as part of the standards for the System. Franchisor may add, change, modify, withdraw, or otherwise revise any element of the System in its sole discretion.

II. **“System Businesses”** means all businesses operating under the Franchisor’s Proprietary Marks, including those owned by franchisees, by Franchisor or by Franchisor’s Affiliates.

JJ. **“System Operations Data”** has the meaning set forth in Article 10.6.

KK. **“Technology Fee”** means the continuing fee provided for in Article 4.1.E.

LL. **“Territory(s)”** means the specific territory or territories franchised to Franchisee.

MM. **“Trade Secrets”** means confidential information, including, without limitation, (i) methods, proprietary products, formulas, customer and supplier lists, and product specifications, (ii) methods of service and operations at all System Businesses, (iii) knowledge of sales and profit performance at any one or more System Businesses, (iv) knowledge of test programs, concepts, or results relating to operations, new advertising and promotional programs, (v) sources of suppliers of products, ingredients, and equipment, (vi) advertising, promotion, and marketing techniques, (vii) methods and information regarding the selection and training of managers and other employees for all System Businesses; and (viii) the Manual.

NN. **“Transfer by Franchisee”** means the voluntary, involuntary, direct or indirect assignment, sale, gift, or other transfer of any Franchised Interest, including, without limitation, the following events: (i) the transfer of ownership of the stock or partnership or limited liability company ownership interest of Franchisee; (ii) any merger, reorganization, consolidation, or issuance of additional securities representing a direct or indirect ownership interest in Franchisee or the Franchised Business; (iii) any sale of a Controlling Interest in Franchisee in a single transaction or a related series of transactions; (iv) transfer of a Franchised Interest by declaration, division, or otherwise in a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; (v) transfer of a Franchised Interest in the event of Franchisee’s death or the death of one of its owners with a Controlling Interest, by will, declaration of or transfer in trust, or under the laws of intestate succession; (vi) any change in ownership or control of any or all of the Franchised Interest by sale, gift, assignment, or otherwise; (vii) if Franchisee or any owner with a Controlling Interest is a trust, any change in the trustees or the beneficial owners of the trust; or (viii) a pledge, hypothecation, or encumbrance of any Franchised Interest intended as security for an obligation.

OO. **“Vehicle”** means the van meeting the specifications established by Franchisor in which Franchisee will store and transport the E&I needed to provide the Services offered by the Franchised Business and which will be wrapped or otherwise marked with the Proprietary Marks and any other designs or marks as required by Franchisor. **“Vehicles”** means all of the vans used by the Franchised Business if the Franchised Business purchases and operates multiple Vehicles.

PP. **“Website”** means Franchisor’s home pages and any other internet and web pages or sites established by Franchisor, including any individual franchisee webpages on such Website permitted or required by Franchisor, and any Online Presence established by Franchisor or its Affiliates for the sale of Services and/or promotion of System Businesses or the System.

## **Article 2. Grant of Franchise License.**

2.1 **Grant.** Subject to the terms and conditions of this Agreement, and to the continuous compliance by Franchisee with the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee the nonexclusive right, and Franchisee undertakes the obligation, to operate a Franchised Business in accordance with Franchisor’s standards and specifications, including the operational standards procedures and techniques as prescribed in the Manual, and to use the System (as it may be changed, improved, and further developed by Franchisor) and the Proprietary Marks in connection therewith.

### **2.2 TERRITORY**

A. **Territory.** During the term of this Agreement, Franchisor will not, without Franchisee’s consent, operate itself or through an Affiliate or grant a license or franchise to, or otherwise authorize, any other person or entity to establish a System Business using the System and the Proprietary Marks from a physical location within Franchisee’s Territory(ies) as set forth in **Exhibit B**, attached hereto, unless Franchisee is not in full compliance with the terms and conditions of this Agreement. If Franchisee is not in full compliance with the terms and conditions of this Agreement, Franchisor shall be free to operate, directly or indirectly, or to authorize or license another person or entity to operate a System Business within the Territory(ies).

B. **Marketing; Sales of Services.** Franchisee agrees that it will only offer and sell Services in accordance with the requirements of this Agreement and the procedures set forth in the Manual. Except as otherwise provided in this Agreement, Franchisee may market, advertise, and offer Services only in the Territory(ies). Franchisee may not (i) solicit or advertise for customers within the Territory(ies) of another franchisee without that franchisee’s express consent and/or cooperation, or (ii) solicit or advertise on the Internet without Franchisor’s express written consent. Franchisee shall be permitted to service customers that reside outside the Territory(ies), provided Franchisee’s advertising and marketing activities are confined solely to the Territory(ies). Franchisee may service customers that reside within the territory(ies) of another System business only with the express prior consent of the owner of that business or Franchisor, as applicable. Franchisor may revoke such permission at any time in its sole discretion. Franchisee agrees not to offer or sell Services through any means other than those provided above, or as otherwise permitted by the terms of this Agreement, without Franchisor’s prior written approval. For example, Franchisee agrees not to offer or sell Services by use of catalogs, any Online Presence, or through any other digital format or print media without Franchisor’s prior written approval. In addition, Franchisee agrees not to sell Services to retail establishments for re-sale without Franchisor’s prior written consent.

2.3 **Franchisor’s Reserved Rights.** Except as otherwise expressly provided in this Agreement, Franchisor and all of its Affiliates (and its and their respective successors and assigns, by purchase, merger, consolidation or otherwise) retain all of its and their rights with respect to the Proprietary Marks and the System anywhere in the world, and the right to engage in any business whatsoever, including the right to:

- A. operate, and grant to others the right to operate System Businesses outside the Territory(ies) at such locations and on such terms and conditions as Franchisor deems appropriate; and
- B. develop, merchandise, offer, sell, and license others to sell products or services under the Proprietary Marks through other channels and methods of distribution including wholesale, retail stores, grocery stores, online, print catalogues, direct marketing media and any other outlets, and promote and sell products bearing the Proprietary Marks at special events, such as athletic contests, through temporary locations and mobile units; and
- C. acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), flooring businesses or contractors located anywhere. These transactions may include arrangements involving competing businesses or outlets and dual branding or brand conversions; and
- D. sell themselves, their assets, the Proprietary Marks, its systems and/or the System to a third party; may go public; may engage in a private placement of some or all of their securities; may merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and
- E. assign projects requested by Extra-Territorial Customers that contact Franchisor, or the Call Center (if any), to any System Business Franchisor chooses, including company- or Affiliate-owned Businesses, in its sole discretion.

**2.4 No Claims for Changes.** With regard to any of the above transactions identified in Article 2.3, Franchisee and its owners expressly and specifically waive any claims, demands or damages arising from or related to the loss of Franchisor's name, the Proprietary Marks (or any variation thereof), the System and/or the loss of being identified as a franchisee under this Agreement. If Franchisor assigns its rights in this Agreement, nothing will be deemed to require Franchisor to remain in the floor refinishing business or to offer or sell any products or services to Franchisee.

**2.5 National Accounts.** Franchisor also reserves the right to maintain a National Accounts program (which may also be referred to as "Key Accounts" or "Strategic Accounts"). A National Account is a customer that has multiple properties across the territories of multiple System Businesses and/or states. Franchisee may not negotiate any contract terms with a prospective National Account. Franchisor will have sole discretion to negotiate terms with the National Account. Franchisor anticipates that Franchisee will participate in the National Accounts program, if any, which will require Franchisee to provide services and potentially products to the National Account according to the agreement Franchisor has negotiated with them.

If Franchisee chooses not to participate in the National Account program, or if Franchisee is unable or unwilling to provide services and products to a National Account as requested, Franchisor, its Affiliate or a third party (which may be another franchisee) may enter Franchisee's Territory and service the National Account, and Franchisee will not be entitled to

any portion of the revenue in these circumstances. Franchisor also reserves the right to terminate Franchisee's participation in the National Account program if Franchisee is not providing services and products, if any are required, according to the terms Franchisor has negotiated or if Franchisee's participation is not otherwise in compliance with Franchisor's policies.

### **Article 3. Term**

3.1 **Initial Term.** Unless sooner terminated or modified as hereinafter provided, the term of this Agreement shall be 10 years from the Effective Date of this Agreement, and this Agreement will expire without notice on the Scheduled Expiration Date.

3.2 **Successor Agreement.** Franchisee may be granted successor franchise rights for additional five-year term(s) if, at the end of the Initial Term, each of the following conditions have been satisfied:

A. Franchisee has notified Franchisor of its intent to renew the franchise at least twelve (12) months (but no more than twenty-four (24) months) before the Initial Term expires;

B. Franchisee is not in default of any material provision of this Agreement, and Franchisee has complied with the material terms and conditions of this Agreement throughout the Initial Term;

C. all amounts owed to Franchisor and its Affiliates and third party suppliers have been paid;

D. the Franchised Business' Vehicle(s) and E&I has been updated, repaired, refurbished or replaced so that they reflect Franchisor's then-current image, trade dress, equipment specifications, and other standards;

E. Franchisee executes Franchisor's then current form of franchise agreement for successor franchises;

F. Franchisee pays a successor agreement fee equal to \$5,000; and

G. Franchisee and each person who has guaranteed Franchisee's obligations under this Agreement signs a general release in a form Franchisor prescribes.

3.3 **Evaluation of Territory(ies) in Successor Agreement.** When Franchisee provides Franchisor with notice that Franchisee would like to be granted successor franchise rights pursuant to Article 3.2.A., Franchisor will re-evaluate Franchisee's then-current Territory(ies) to determine whether there have been any shifts in demographics that would warrant modifying the Territory(ies). Such demographic shifts include, but are not limited to, changes in population and median income. Franchisor's intent in doing such re-evaluation of the Territory(ies) is to make the target demographics of the Territory(ies) upon renewal similar to the target demographics of the original Territory(ies). Franchisee understands and acknowledges that although Franchisor will use its best efforts to ensure that the demographics included in the successor agreement's Territory(ies) are similar to those of the original Territory(ies), (a) Franchisee's total Territory(ies) size in the successor agreement may be smaller or larger than the original Territory(ies); (b) Franchisor cannot guaranty that Franchisee's renewal Territory(ies) will provide Franchisee with the same or similar results as with the original

Territory(ies); and (c) Franchisor makes no guaranty that the demographics included in the renewal Territory(ies) will earn Franchisee any particular level of success.

3.4 **Hold-Over.** If Franchisee continue to operate the Franchised Business with Franchisor's express or implied consent following the expiration of the Initial Term of this Agreement, the continuation will be deemed to be a month-to-month extension of this Agreement, unless otherwise set forth in writing. All provisions of this Agreement will apply while Franchisee continues to operate the Franchised Business. This Agreement will then be terminable by either party on 30 days' written notice to the other party, or such longer notice period as may be required by applicable law. Any such hold-over period shall be deemed a part of the term of this Agreement so that when this Agreement places obligations on Franchisee through language such as "during the term of this Agreement," or similar language, those obligations shall continue during such hold-over period. For the avoidance of doubt, this provision does not apply in the case of Franchisee's continued operation of the Franchised Business after the Agreement has been terminated, or after expiration without Franchisor's consent.

#### **Article 4. Fees and Royalties.**

4.1 In consideration of the rights and license granted herein, Franchisee shall pay to Franchisor each of the following:

A. **Initial Fee.** Upon the execution and delivery of this Agreement by Franchisee, Franchisee shall pay an Initial Franchise Fee in an amount equal to \$\_\_\_\_\_ (the "Initial Franchise Fee"), which is deemed fully earned and non-refundable upon payment, in consideration of administrative and other expenses Franchisor incurs in granting the franchise and for Franchisor's lost or deferred opportunity to franchise others. The Initial Franchise Fee is calculated as follows: (i) \$50,000 for one Territory; (ii) \$90,000 for two Territories; (iii) \$120,000 for three Territories; (iv) \$150,000 for four Territories; and (v) \$180,000 for five Territories. For Territories in excess of five (5), the Initial Franchise Fee shall be an additional \$30,000 for each such Territory. If Franchisee, or one of Franchisee's owners with a Controlling Interest, is a qualified military veteran, or a qualified former first responder, Franchisor may offer Franchisee a discount on the Initial Franchise Fee of 5%.

B. **Royalty Fee.** A continuing monthly Royalty Fee in the amount of seven percent (7%) of Franchisee's Gross Revenues, during the term of this Agreement. Commencing in the eighteenth (18<sup>th</sup>) month of operations of the Franchised Business, Franchisee shall pay to Franchisor a minimum royalty in the amount of at least \$1,400 per Territory per month (the "Minimum Royalty").

C. **Brand Development Fund Contribution.** A Brand Development Fund Contribution to the Brand Development Fund of up to 3% of Franchisee's Gross Revenues. As of the Effective Date of this Agreement, the Brand Development Fund Contribution is currently 2% of Franchisee's Gross Revenues.

D. **Technology Fee.** A continuing Technology Fee of up to \$500 per month to cover Franchisor's costs related to enabling Franchisee's use of certain technology including in relation to a point-of-sale system, the System's customer management system, technology enabling communications and collaboration with Franchisor and other franchisees. The Technology Fee shall be due to Franchisor at the same time and in the same manner as the Royalty Fee. The Technology Fee is currently \$350 per month.

E. **Initial Inventory Package Fee.** A fee in an amount between \$20,000 to \$27,500, as designated by Franchisor, for equipment, tools, PPE/safety equipment, and initial inventory of cleaning and refinishing products that will be used in the initial operation of the Franchised Business.

F. **Launch Marketing Package Fee.** A fee in the amount of \$20,000 for (i) the setup and integration of Franchisee's local business's website on Franchisor's primary System Website; (ii) approximately three (3) months of social media setup and implementation, print marketing production and implementation, and the production and distribution of press releases timed to the opening of the Franchised Business; and (iii) assistance with content production and placement of local advertising in Franchisee's Territory during the first three (3) months of the operation of the Franchised Business.

G. **Initial Training Fee.** A fee in the amount of \$2,500 for up to two (2) total individuals, including (if applicable) Franchisee's Designated Manager, to attend Franchisor's Initial Training Program.

H. **Other Fees.** Such other fees that are set forth in other articles of this Agreement or otherwise imposed. Such fees shall be due as set forth in Article 4.2 of this Agreement unless different payment terms are expressly stated for such fees at the time they are imposed or thereafter.

4.2 **Payment of Fees and Late Fees.** Unless payment terms to the contrary are expressly stated in this Agreement or otherwise, all payments required by Article 4, and all other payments due to Franchisor on a continuing basis (collectively "**Payments**"), shall be due to Franchisor monthly on the fifth (5<sup>th</sup>) of each month for the preceding calendar month, provided that, Franchisor may, upon notice to Franchisee, collect such payments less or more frequently than monthly. If any payment due Franchisor under this Agreement is overdue, Franchisee shall pay to Franchisor immediately upon demand the overdue amount together with a Payment Non-Compliance Fee in the amount stated in the Manual and interest on such amount from the date it was due until paid, at the rate of 1.5% per month, or the maximum rate permitted by law, whichever is less. All Payments shall be made by wire transfer, electronic funds transfer, or such other payment method as Franchisor may indicate from time to time. In its sole discretion, Franchisor may collect Payments by direct debit withdrawal by Franchisor from a designated bank account of Franchisee or by using such other payment technology as is or may become available during the Term. Franchisee will cooperate with Franchisor to set up payment through such methods and channels as may be determined by Franchisor from time to time including by completing the form attached hereto as **Exhibit C**. Franchisee acknowledges that nothing contained in this Article 4 shall constitute an agreement by Franchisor to accept such payments after the same are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of, the Franchised Business. If Franchisee pays fees by check, and the payment is returned for insufficient funds, or if Franchisor attempts to collect fees by direct debit, wire transfer, electronic funds transfer or any other method, and the attempt is denied due to insufficient funds, Franchisor has the right to charge a NSF Fee of \$50 per failed payment, in addition to the other fees and interest referenced in this Article. Franchisee acknowledges that Franchisee's failure to pay all such amounts when due shall constitute grounds for termination of this Agreement, as provided in Article 14 of this Agreement, notwithstanding the provisions of this Article. The entitlement to such late charges as are authorized herein shall be in addition to any other remedies Franchisor may have.

## **Article 5. Opening the Franchised Business.**

5.1 **Opening Marketing Plan.** No later than thirty (30) days prior to the expected opening of the Franchised Business, Franchisee shall submit to Franchisor, for its prior approval, Franchisee's direct sales and marketing plan unless such obligation is waived by Franchisor.

5.2 **Opening of Franchised Business.** The Franchised Business shall be opened for business immediately upon satisfaction of all of the requirements set forth in the subsections of this Article 5.2. Franchisee may not open the Franchised Business until the requirements stated below have been satisfied to Franchisor's satisfaction. Franchisee acknowledges and understands that time is of the essence in the opening of the Franchised Business, and except for the occurrence of any events constituting *force majeure*, the Franchised Business must be made ready to open for business under the System within 90 days of Franchisee entering into this Agreement. Any extensions shall be granted only in Franchisor's sole discretion and upon payment of such additional extension fees as Franchisor deems appropriate in its sole discretion.

A. All E&I required for the opening of the Franchised Business shall have been acquired and, if necessary, installed in accordance with this Agreement and the standards of Franchisor or Franchisee shall have submitted to Franchisor, pursuant to Article 8.1.D., a request for approval of any alternate E&I products, if any, including standards and specifications for the E&I, which, if approved by Franchisor, shall not be materially modified without the prior written consent of Franchisor. Unless alternate E&I products are approved by Franchisor, Franchisee must use only such E&I products that are specified by Franchisor in the Manual and other documents containing E&I specifications current at the time that the E&I is obtained. Notwithstanding the foregoing, upon request, Franchisor may, in its discretion, alter E&I requirements for the Franchised Business due to local market conditions, custom or practice. Franchisee agrees that Franchisor and its agents shall have the right (without, however, any duty or obligation to do so) to inspect the Franchised Business' Vehicles and E&I at all reasonable times. If Franchisor chooses, in its sole discretion, to inspect the Franchised Business' Vehicle(s) and E&I, Franchisor must be satisfied as to Franchisee's compliance with the obligations stated in this Agreement and the standards of Franchisor. If Franchisee fails to pass an initial pre-opening inspection, Franchisor reserves the right to charge and collect a re-inspection fee equal to the expenses Franchisor incurs for each additional inspection required to approve the Franchised Business for opening. The re-inspection fee and related expenses shall be due and payable within thirty (30) days of receipt of an invoice therefor, or Franchisor may, in its discretion, collect payment thereof by direct debit withdrawal by Franchisor from a bank account designated by Franchisee.

B. Franchisee must purchase a Vehicle meeting Franchisor's specifications and/or from a supplier designated by Franchisor. Franchisee shall have the Vehicle wrapped, and have the requisite shelving installed, by an approved supplier, and Franchisee is required to pay for the wrapping, the shelving and the installation of the shelving.

C. Franchisee's owner and Designated Manager (if any) shall each have completed to Franchisor's satisfaction a training program approved or conducted by Franchisor, and Franchisee shall have employed qualified personnel sufficient to operate the Franchised Business.

D. Franchisee shall have paid all sums due Franchisor and/or its Affiliate(s).

E. Franchisee is not in default under this Agreement, or any existing Franchise Agreement or other agreement with Franchisor or any of its Affiliates.

F. Franchisee must provide to Franchisor satisfactory evidence that all permits and licenses required for the lawful operation of the Franchised Business, if any, have been obtained.

G. Franchisee must provide to Franchisor insurance certificates satisfying the applicable requirements set forth in Article 12 of this Agreement.

H. Franchisee provides such other information as Franchisor may reasonably request.

**5.3 Review for System Compliance Only.** Franchisor's exercise of its rights to approve the appearance and technical specifications of the Franchised Business' vehicles shall be solely for the purpose of assuring compliance with System standards and with the terms and conditions of this Agreement, and Franchisor shall have no liability or obligation to Franchisee or any other person with respect to the maintenance of, the operability of or the condition of the Vehicle(s).

**5.4 Development Expenses.** Franchisee acknowledges and understands that Franchisee shall bear the entire cost of the development of the Franchised Business, including, without limitation, all costs applicable to design, equipment acquisition, and other professional services, contractors, financing, licenses, permits, furnishings, and supplies.

**5.5 Approved Vehicle(s) in Multiple Territories.** Franchisee shall secure at least one (1) Vehicle prior to opening the Franchised Business. In the event that upon the opening of the Franchised Business, Franchisee wishes to immediately commence operating the Franchised Business in three (3) or more Territories simultaneously, then Franchisor shall have the right to require that Franchisee lease or purchase one (1) additional approved vehicle for use in the operations of the Franchised Business.

## **Article 6. Duties of Franchisor.**

6.1 In addition to the other obligations and duties set forth in this Agreement, Franchisor agrees as follows:

A. **Access to Manual.** Franchisor shall provide Franchisee access to the Manual in a format determined by Franchisor, such as via the intranet, or through loan of one (1) hard copy of the Manual, or in any such other way as Franchisor determines to be most appropriate, for the term of the Agreement setting forth standards of operation for the System and standards of quality, cleanliness, and service for the Franchised Business. Franchisor shall have the right to add to and otherwise modify the Manual to reflect changes in the business, the System, authorized products or services (or specifications therefor), E&I requirements, quality standards, and operating procedures of the Franchised Business as determined by Franchisor. Such additions or modifications may be made through various communications by Franchisor, including policy statements, memoranda, bulletins, directives, instructions, intranet, electronic communications, or other material prepared by or on behalf of Franchisor. The Manual and any additions or modifications may be provided in printed, machine readable, electronic, or any other form chosen by Franchisor.

**B. Training.** Franchisor shall make available to Franchisee, and Franchisee's employees, such required and optional training courses, programs, conferences, seminars, and materials as Franchisor deems appropriate. All training shall be conducted at such physical or virtual locations and at such times as Franchisor may designate and shall be subject to the terms and conditions set forth in this Agreement.

**C. Opening Assistance.** Subject to the availability of its trainers and in its sole discretion, Franchisor may send one representative to provide on-site assistance in the Territory(ies) for a period of up to five (5) days around the time Franchisee opens the Franchised Business to the public. Franchisee will be responsible for reimbursing Franchisor for the expenses the representative incurs during his or her time providing the opening assistance, including, but not limited to the representative's travel, lodging and meals.

**D. Inspections.** Franchisor shall endeavor to maintain high standards of quality, cleanliness, appearance, and service for the Franchised Business, and to that end shall conduct inspections of the Franchised Business and other System Businesses, evaluations of the services rendered therefrom, and interviews of employees, agents, and customers of System Businesses, all as Franchisor deems advisable and appropriate.

**E. Customer Surveys.** Franchisor has the right to conduct customer surveys, with or without Franchisee's involvement or knowledge, from time to time in order to help determine compliance with the terms of this Agreement.

**F. Business Directory.** Franchisor will make available in electronic and/or printed format to all System Businesses a Business Directory subject to the terms and conditions of Article 9 of this Agreement.

**6.2 Obligations to Franchisee Only.** All of the obligations of Franchisor under this Agreement are to Franchisee only, and no other party is entitled to rely on, enforce, or obtain relief for breach of such obligations either directly or by subrogation.

**6.3 Delegation.** Franchisee acknowledges and agrees that Franchisor has the right to delegate the performance of any portion or all of its obligations under this Agreement to third parties, and exercise any of its rights under this Agreement through third parties, whether those third parties are Franchisor's agents or independent contractors with whom Franchisor has contracted to perform these obligations, as Franchisor may direct. If Franchisor does so, such third parties will be obligated to perform all functions for Franchisee in compliance with this Agreement and/or a separate signed agreement between Franchisee and such third party as approved by Franchisor.

## **Article 7. General Duties of Franchisee.**

In addition to the other obligations and duties set forth in this Agreement, Franchisee agrees as follows:

**7.1 Initial Training.** Franchisee, or if Franchisee is an entity, at least one of its owners with a Controlling Interest, shall complete the new franchisee training prior to Opening. Franchisee shall employ or retain qualified management personnel as prescribed in the Manual. All personnel employed or retained by Franchisee in the position of Designated Manager shall attend and successfully complete, to Franchisor's satisfaction, Franchisor's training program. Franchisee shall pay the Initial Training Fee as set forth in this Agreement prior to it and its representative's attending the Initial Training Program. If Franchisor has

approved of Franchisee delegating management of the Franchised Business to a Designated Manager, the Designated Manager shall complete the training program prior to Opening. Any subsequent Designated Manager, or any Designated Manager hired after Opening, shall sign up for training within fourteen (14) days of employment and complete the training program within one hundred and twenty (120) days of employment. The 120-day period may be extended if space in the training program is not available to Franchisee's Designated Manager during the specified periods. If Franchisee wishes to send more than two people to the initial training program, it must pay Franchisor's then-current training fee. Notwithstanding Franchisor's assistance in training Franchisee's management personnel, Franchisee is exclusively responsible for the terms of employment, compensation, scheduling, benefits, discipline and all other personnel decisions respecting Franchisee's employees without any influence or advice from Franchisor.

**7.2 Day-to-Day Operations of the Franchised Business.** Franchisee, or if Franchisee is an entity, one or more owners with a Controlling Interest, must be responsible for the day-to-day operations of the Franchised Business unless Franchisor has given written approval for Franchisee to delegate responsibility for day-to-day operations of the Franchised Business to a designated manager (the "Designated Manager"). Franchisee agrees that notwithstanding anything to the contrary in this Agreement, the Franchised Business must be staffed at all times by at least one (1) individual who has completed Franchisor's initial training program for new franchisees. If Franchisor approves of Franchisee retaining a Designated Manager, Franchisee will remain solely responsible for all employment decisions and functions of the Franchised Business, including those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision and discipline of employees. If Franchisee retains a Designated Manager, Franchisee will remain solely responsible for Franchisee complying with all obligations stated in this Agreement, and therefore responsible for supervising the general manager to ensure that the Franchised Business is operated consistent with the terms of this Agreement and consistent with the System including the standards, policies and procedures stated in the Manual.

**7.3 Franchisee Meetings.** Franchisee, or if Franchisee is an entity, one or more of Franchisee's owners with a Controlling Interest, shall participate in franchisee meetings hosted by Franchisor at such regular times as established by Franchisor, attend Franchisor's Franchisee conference at times and locations designated by Franchisor (but no more often than once a year) and pay the non-refundable conference registration fee as the same may be designated by Franchisor.

**7.4 Ongoing Training and Assistance.** Franchisor may periodically make available other required or optional training courses to Franchisee and Franchisee's personnel, as well as other programs, conferences, seminars, and materials, and Franchisee shall ensure that such personnel, as Franchisor may direct, satisfactorily complete any required training within the time specified. Franchisor may also offer Franchisee optional additional support and assistance in the operation of the Franchised Business. Franchisee and Franchisee's Designated Manager may each be required to participate in required training beyond the initial training as designated by Franchisor. All training shall be provided at such locations as Franchisor may designate and Franchisee shall be responsible for Franchisee's and Franchisee's employees' travel expenses and room, board, and wages during the training. Franchisee will be charged reasonable tuition for training of Franchisee and Franchisee's personnel and such tuition shall be payable per the terms of the invoice therefor. Franchisee will also be charged a reasonable fee for any additional support and assistance requested by Franchisee. As of the Effective Date, Franchisor charges \$750 per day per trainer for ongoing training and additional support and assistance, plus travel and accommodation expenses for

such trainer, provided that Franchisor reserves the right to adjust such fees throughout the term of this Agreement. Franchisor reserves the right to require, as a condition of providing training, that personnel employed or retained by Franchisee execute confidentiality agreements prepared by Franchisor. Franchisor reserves the right to limit the availability of any optional training programs.

**7.5 Adherence to System Requirements.** Franchisee expressly acknowledges that adherence to each and every provision of the System is reasonable, necessary, and essential to maintain the uniform image and favorable reputation of each System Business and the System and the success of Franchisor's franchise program, and not to control the day-to-day operation of the Franchised Business. Accordingly, Franchisee expressly agrees to comply with each and every requirement of the System during the term hereof, as the same may be modified or supplemented by Franchisor in its sole discretion. Such modifications and supplementations may relate to, without limitation, changes in the business, authorized products and services, E&I requirements, quality standards, operating procedures, compliance with any requirements for computer systems or technology programs, and to pay any fees or charges associated with any such System modifications or supplementations and any other changes reflected in the Manual. Franchisee at all times remains responsible for the operation of the Franchised Business and all activities occurring in the Franchised Business, including, but not limited to the hiring, training, discipline, and staffing of the Franchised Business.

**7.6 Vehicles.** It is Franchisee's responsibility to ensure that all Vehicle(s) comply with all legal and safety standards at all times. Franchisee must properly maintain the Vehicle(s) so that they are, at all times, clean, safe, reliable, in good condition with no material body damage or mechanical issues, functional for their intended use and purpose and in accordance with applicable law. If at any time a Vehicle does not meet these requirements for any reason, it must be returned to its required condition as herein provided as soon as reasonably practicable. Franchisee must not transfer any Vehicle without first removing all of the Proprietary Marks and wrap.

**7.7 Quality of Service and Staffing.**

A. Franchisee shall provide efficient, courteous, and high-quality service to the public and shall operate the Franchised Business pursuant to the mandatory terms and provisions outlined in the Manual except as otherwise permitted by Franchisor in writing. Franchisee shall cause the Franchised Business to honor all credit cards specified by Franchisor and enter into such credit card arrangements with the issuers of such cards as may be necessary to do so. Franchisee must keep the Franchised Business' vehicles clean, and in good working order, must treat each customer's home like it is Franchisee's home (or the home of Franchisee's owners) which means, without limitation, that Franchisee and its employees, if any, must take the greatest care to ensure that the cleanliness, and security, of each property that they enter upon is maintained and is free of damage, and provide courteous and efficient service to customers. Franchisee agrees to, and will take all steps as are necessary to, ensure that all its employees treat each customer fairly and provide services in an honest, ethical and non-discriminatory manner.

B. Franchisee will maintain a competent, conscientious and trained staff. Franchisee will be solely responsible for all employment decisions and functions of the Franchised Business, including those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision and discipline of employees. All personnel employed by Franchisee shall maintain such standards of cleanliness, professionalism and care for the

properties the Franchised Business works in as set forth in the Manual or specified in writing by Franchisor from time to time. None of Franchisee's employees will be considered to be Franchisor's employees and Franchisee will never contend otherwise. Franchisee expressly agrees, and will never contend otherwise, that Franchisor does not have the direct or indirect power to hire, fire or control any of Franchisee's employees. Neither Franchisee nor any of its employees whose compensation Franchisee pays may in any way, directly or indirectly, expressly or by implication, be construed to be Franchisor's employees for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. Franchisee expressly agrees, and will never contend otherwise, that Franchisor's authority under this Agreement does not directly or indirectly vest in Franchisor the power to hire, fire or control any of Franchisee's employees.

C. In addition to its other obligations stated in this Agreement, Franchisee agrees to meet the following service timelines (the "**Project Timeline Standards**") at all times during the term of this Agreement:

- (1) Unless a customer requests that the bid process be conducted at a different time, within two (2) business days of Franchisee being contacted by a customer regarding a new project, or Franchisee receiving a notice of a new project from the Call Center, Franchisee will take all actions necessary to prepare a bid and deliver the bid to the customer. If a customer requests that the bid process be conducted at a different time, Franchisee must provide the bid within two (2) business days of the date the customer is available to start the bid process;
- (2) Unless a customer requests that the project be performed at a different time, Franchisee will schedule each floor refinishing or other customer project within four (4) weeks of the date that Franchisee is hired by the customer to perform the project.

D. If during any 12-month period during the term of this Agreement, Franchisee fails to meet the Project Timeline Standards three (3) or more times, Franchisor shall have the right to take one, or more, of the actions listed in this subsection D below. The decision of which action, or actions, to take shall be determined by Franchisor in its sole discretion.

- (1) Franchisor may stop referring Extra-Territorial Customers to Franchisee and/or cause the Franchised Business to no longer appear as an available System Business option for Extra-Territorial Customers that utilize the Website directory; and/or
- (2) Reduce the size of Franchisee's Territory(ies); and/or
- (3) Terminate this Agreement.

7.8 **Call Center.** Franchisor reserves the right at any time during the term of this Agreement to establish a Call Center, and if established, Franchisee shall participate in the Call Center and shall observe all terms and conditions of participation in the Call Center specified by Franchisor. Franchisee shall purchase, install, maintain and utilize all equipment necessary for participation in the Call Center required by Franchisor, including related

equipment and software and any future enhancements, additions, substitutions or other modifications to that equipment and/or software, specified by Franchisor in the Manual or otherwise in writing. Franchisee shall also be responsible for the cost of supplies used in the operation of the equipment and software.

**7.9 Authorized Services.** Franchisee must offer and sell all Services that Franchisor requires, and only those Services that Franchisor has approved. Franchisor may add, eliminate and change authorized Services, in its sole discretion, and Franchisee must comply with all such directives (which may require purchasing and installing additional equipment). Franchisee shall provide all Services in accordance with Franchisor's standards and procedures as communicated to Franchisee from time to time via the Manual or other written directives. Such standards and procedures may include, without limitation exact implementation of the ReCoat Revolution method on which Franchisee will be trained. Franchisee shall participate in all market research programs that Franchisor requires, which include test-marketing new services or products, purchasing a reasonable quantity of new products, equipment or inventory for test-marketing, and promoting the sale of the new Services. Franchisee shall provide Franchisor with timely reports and test results for all such programs.

**7.10 Gift Cards and Loyalty Programs.** Franchisor may require that Franchisee, if permitted by applicable law, participate in a gift card or other customer loyalty program in accordance with the provisions either set forth in the Manual or otherwise disclosed to Franchisee. In order to participate, Franchisee may be required to purchase additional equipment and pay any fees applicable to the use of that equipment. If Franchisor establishes a gift card or loyalty program, it has the right to determine how the amount of the gift cards or loyalty cards will be divided or otherwise accounted for, and Franchisor reserves the right to retain the amount of any unredeemed gift cards.

**7.11 Upkeep and Maintenance.** Franchisee shall perform such maintenance of the Vehicle(s) and E&I as is required by Franchisor to maintain the condition, appearance, and safe and efficient operation of the Franchised Business, including, without limitation, (a) continuous and thorough cleaning and sanitation of the Vehicle(s), (b) repair or replace as necessary all Vehicles, and each Vehicle's wrap, (c) maintenance of equipment at peak performance, and (d) replacement of worn out or obsolete equipment, Vehicles, improvements, fixtures, computer systems, inventory, software, and signs with approved equipment, vehicles, improvements, fixtures, furnishings, computer systems, inventory, software, and signs. At Franchisor's request, Franchisee shall update the Vehicle(s) and the E&I within the time specified by Franchisor at Franchisee's expense to conform to the appearance and presentation of the Proprietary Marks and standards consistent with Franchisor's then-current public image and processes as may be deemed necessary by Franchisor, as long as those same upgrading requirements apply to a majority of System Businesses operated by franchisees or by Franchisor or its Affiliates, or are necessary to bring the Vehicles and E&I into compliance with requirements already adopted or being adopted by a majority of System Businesses. Except as described above, Franchisee shall make no additions, alterations, or replacements to the Vehicle(s) without the prior written consent of Franchisor.

**7.12 Compliance with Law.** Franchisee shall, at Franchisee's expense, comply with all federal, state, and local laws, rules, ordinances, and regulations, and shall timely obtain, and keep in force as required throughout the term of this Agreement, any and all permits, certificates, licenses, and approvals necessary for the full and proper conduct of the Franchised Business.

**7.13 Notification of Legal Action.** Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any inquiry, subpoena, order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, arising out of, concerning, or which may affect the operation or financial condition of the Franchised Business, including, without limitation, any criminal action or proceeding brought by Franchisee against employees, customers, or other persons.

**7.14 Payment of Taxes.** Franchisee shall pay when due all taxes levied or assessed in connection with the possession, ownership, or operation of the Franchised Business and all taxes payable on royalties and other payments made to Franchisor or to any of its Affiliates (excluding income taxes payable by Franchisor or any of its Affiliates). In the event of any bona fide dispute respecting any tax assessed against Franchisee, the Franchised Business, any personal property used or owned by the Franchised Business, or any payments due to Franchisor or any of its Affiliates, Franchisee may contest the validity or amount of the tax in accordance with procedures of the taxing authority; provided, however, that Franchisee shall act with all due diligence and shall in no event permit a tax sale or seizure against the Franchised Business or any equipment, goods, vehicles or property thereof, or any impoundment of payments due to Franchisor. Franchisee must pay to Franchisor the amount of any state or local sales, use, gross receipts, or similar tax that Franchisor may be required to pay on payments which Franchisee makes to Franchisor under this Agreement, regardless of whether the state or local tax is imposed directly on Franchisor, is required to be withheld by Franchisee from amounts due to Franchisor under this Agreement, or is otherwise required to be collected by Franchisee from Franchisor. Franchisee's obligations under this Article shall not be reduced or offset by any type of claim, credit or deduction of any kind. This provision does not apply to income taxes or comparable taxes measured by income to which Franchisor may be subject.

**7.15 Timely Payments.** Franchisee recognizes that Franchisee's failure or repeated delays in making prompt payment in accordance with the terms of any agreements, leases, invoices, or statements for purchase or lease of E&I, inventories, supplies, travel agent services, or other goods and services will be detrimental to the reputation of Franchisee, Franchisor, and other System franchisees. Franchisee shall timely pay when due all amounts owed by Franchisee in connection with the operation of the Franchised Business. In its sole discretion, Franchisor may collect all payments and amounts due or payable under this Article 7 by direct debit withdrawal from a bank account designated by Franchisee.

**7.16 Project or Customer Management System.** Franchisor may make available to System Businesses a project and/or customer management system, and Franchisee agrees to use and to pay any fees due in connection with the project and/or customer management system that Franchisor designates. Franchisor may change the system provider or eliminate the use of a project or customer management system, in its sole discretion. If required by Franchisor, Franchisee shall install, maintain, and use the automated project and/or customer management system as developed and promulgated (in the Manual or otherwise in writing) by Franchisor. If Franchisor develops a project and/or customer management system for the System, Franchisee agrees to pay such fee as Franchisor may determine to charge for use of such project and/or customer management or related system. Without regard to the actual capabilities of any project/customer management system or other computer hardware or software that Franchisee installs and that Franchisor has access to directly or indirectly, Franchisor does not have the right to use such technology or tools to direct or assert control over Franchisee's employees' working conditions, except to the extent the

control relates to Franchisor's legitimate interest in protecting the quality of the System brand and protecting the System or the Services offered by the Franchised Business.

**7.17 Access to Data.** Franchisor will be given direct, administrative access to the project and/or customer management systems software and/or point-of-sale systems used by Franchisee for the purpose of determining compliance with this Agreement and to allow for audits and inspections of Franchisee's financial statements, reports and all other data pertaining to the Franchised Business, whether maintained by Franchisee or by third parties.

**7.18 Authority of Franchisee Representatives.** If Franchisee is at any time a corporation, limited liability company, partnership or other business entity, Franchisee agrees and represents that:

A. Franchisee has the authority to execute and deliver this Agreement and to perform its obligations thereunder and is duly organized or formed and validly existing in good standing under the laws of the state of its formation or organization.

B. Franchisee's organizational documents or partnership agreement will at all times state that the issuance and transfer of the ownership interests of Franchisee are restricted by the terms and conditions of this Agreement, and all certificates and other documents representing an ownership interest in Franchisee will bear a legend referring to the restrictions of this Agreement in form and language satisfactory to Franchisor.

C. **Exhibit A** to this Agreement will at all times completely and accurately describe all of the owners of Franchisee and their beneficial ownership interests in Franchisee.

D. Franchisee and its owners will sign and deliver to Franchisor such revised Exhibit A as may be necessary to reflect any permitted changes in the information contained therein within five (5) days following the occurrence thereof and to furnish such other information about Franchisee's organization or formation as Franchisor may request.

E. Franchisee shall furnish Franchisor with its articles or certificate of incorporation, bylaws, and partnership or limited liability documentation or similar organization documents, and any other documents Franchisor may reasonably request, and any amendments thereto or restatements thereof.

**7.19 Casualty.**

A. If the Franchised Business' E&I or Vehicle(s) are damaged or destroyed by collision, theft, fire or other casualty, Franchisee shall repair the damage and replace the inventory without delay. If the casualty requires closing the Franchised Business, Franchisee shall (i) immediately notify Franchisor, (ii) commence repair and/or replacement in accordance with the then-current System standards and specifications as soon as practicable, but in any event within thirty (30) days after the closing of the occurrence of the casualty, and (iii) reopen the Franchised Business for continuous operations under the System as soon as practicable, but in any event within sixty (60) days after the casualty, provided that the Franchised Business may reopen only after Franchisor's express written approval of the same for opening. Franchisee shall give Franchisor at least ten (10) days advance written notice of the desired date of such reopening.

B. The closing of the Franchised Business due to a casualty shall not extend the term of this Agreement.

**7.20 Use of Customer Data.** Franchisee acknowledges and agrees that all customers served by Franchisee are Franchisor's customers and Franchisee obtains no right to the customers or their data beyond the right to provide Services to them per the terms of this Agreement; in addition to the rights granted Franchisor under Article 10.6 hereof, Franchisor may use the names of customers served by the Franchised Business for any purpose, and agrees that Franchisor may have access to Franchisee's records for that purpose.

**7.21 Website and Online Presence.**

A. Franchisor has established an internet Website that provides information about the System to the public and that will receive submissions from potential customers. Franchisor will have sole discretion and control over the Website and any other Online Presence (including timing, design, contents and continuation) including other websites. Franchisor may use part of the Brand Development Fund Contributions collected under Article 4.1.C to pay or reimburse the costs associated with the development, maintenance and update of their Online Presence and the Website. At Franchisee's expense, Franchisor will include a link to the Franchised Business' specific pages from its Website. Franchisor shall have the only System Website. Franchisee may not have any individual website other than the page(s) or website accessed and linked through Franchisor's primary Website. Franchisor may require Franchisee to prepare all or a portion of such individual pages associated with the Website, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's prior written approval prior to posting. Except for this interior page, Franchisee may not maintain any Online Presence or other website in connection with Franchisee's ownership or operation of the Franchised Business without Franchisor's prior written approval. If Franchisee is permitted or required to have an individual Online Presence, Franchisee must provide Franchisor with administrator-level access credentials, usernames, passwords, tokens and all other information and items required for complete access to, and control over, any Online Presence including social networking activities. If Franchisee fails to comply with the requirements set for Online Presence, Franchisor or its designees may use the access credentials to access Franchisee's accounts and resources to correct them to comply with Franchisor's requirements, without being guilty of trespass, conversion, infringement, or any similar tort. Franchisee will pay Franchisor, upon demand, all charges Franchisor incurs by taking such corrective action.

B. Franchisor may include a directory of System Businesses on the Website and may enable that directory to allow customers to schedule bid appointments with the System Business whose Territory includes the property the customer would like serviced. If an Extra-Territorial Customer accesses the directory, the directory may either display System Businesses available and operating near the property and allow the customer to schedule a bid appointment with the System Business that they choose from those displayed options, or the directory may direct the customer to contact the Call Center (if established) to schedule a bid appointment. If Franchisor chooses to have the Website directory show Extra-Territorial Customers System Businesses that are available and operating near the Extra-Territorial Customers' properties, and Franchisee is not in full compliance with its obligations under this Agreement, Franchisor will have the right to: not display the Franchised Business to nearby Extra-Territorial Customers; or otherwise show through the Website directory that the Franchised Business is not available.

**7.22 Inappropriate Online Presence or Content.** Franchisor reserves the right to require Franchisee to remove any content in its Online Presence, including videos, advertising or other material or content posted that Franchisor, in its sole discretion, deems inappropriate. Franchisor reserves the right to develop additional profiles or accounts in its Online Presence on websites designated for social networking, social media sites, or on

websites otherwise commonly used by flooring companies, restoration companies or residential or commercial contractors, or by the franchise industry in general. Franchisor may, in its sole discretion, require Franchisee to participate in its Online Presence in Franchisee's individual capacity by preparing and maintaining all or a portion of a profile or account for Franchisee, at Franchisee's expense.

**7.23 Intranet.** Franchisor may develop an Intranet network through which confidential brand standards and other materials may be posted and where Franchisor and its Franchisees can communicate by e-mail, instant messaging, or similar electronic means. Franchisee agrees to use the facilities of the Intranet in strict compliance with the standards, protocols and restrictions that Franchisor includes in the Manual (including, without limitation, standards, protocols and restrictions relating to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements).

**7.24 Reimbursement.** Franchisee shall reimburse Franchisor for all costs and expenses (including attorneys' fees), incurred by Franchisor in connection with any legal action (including actions for injunctive relief, arbitration and mediation) in which Franchisee, its Affiliates, or their respective owners, directors, officers or managers is a named party, including but not limited to, reimbursement for costs and expenses incurred in connection with Franchisor's counsel entering an appearance, responding to discovery requests in such matters, and preparation by Franchisor and its counsel therefor.

**7.25 Co-branding.** Franchisor may determine from time to time to incorporate in the System programs, products or services which Franchisor either develops or otherwise obtains rights to, which are offered and sold under names, trademarks and/or service marks other than the Proprietary Marks and which the Franchised Business, along with other businesses, will be required to offer and sell. This activity, referred to as "co-branding", may involve changes to the Proprietary Marks and may require Franchisee to make modifications to Vehicles, fixtures, equipment, signs, and trade dress associated with the Franchised Business. Franchisee agrees to promptly implement such programs at the Franchised Business at the earliest commercially reasonable time and to execute any and all instruments required to do so.

**7.26 Privacy and Data Protection.** Franchisee must: (i) comply with all applicable international, national, federal, provincial, state, or local laws, codes or regulations that regulate the processing of information that can be used (alone or when used in combination with other information Franchisee controls) to identify, locate or contact an individual or pertains in any way to an identified or identifiable individual ("**Personal Information**") in any way, including, but not limited to, national data protection laws, laws regulating marketing communications and/or electronic communications, information security regulations and security breach notification rules ("**Privacy Laws**"); (ii) comply with all standards, specifications, requirements, criteria, and policies that have been and are in the future developed and compiled by us that relate to Privacy Laws and the privacy and security of Personal Information; (iii) refrain from any action or inaction that could cause Franchisor to breach any Privacy Laws; (iv) do and execute, or arrange to be done and executed, each act, document and thing Franchisor deems necessary in Franchisor's business judgment to keep Franchisee in compliance with the Privacy Laws; and (v) immediately report to Franchisor the theft or loss of Personal Information (other than the Personal Information of Franchisee's own officers, directors, owners, employees or service providers). Franchisee must also comply with payment card industry ("PCI") standards, norms, requirements and protocols, including PCD Data Security Standards.

## **Article 8. Quality Control and Supervision.**

**8.1 System Conformity.** Franchisee agrees that substantial uniformity of quality at all System Businesses is necessary and desirable for purposes of establishing and protecting the shared identity, reputation, and goodwill associated with the System and the Proprietary Marks. In order to better accomplish these objectives, Franchisee agrees that:

A. The Franchised Business shall be operated in strict conformity with such mandatory standards, specifications, methods, and techniques as Franchisor may prescribe in the Manual (as opposed to best practices and suggestions included in the Manual), and Franchisee shall refrain from deviating therefrom and from otherwise operating in any manner which adversely reflects on the System, the Proprietary Marks, the goodwill associated therewith, or Franchisor's rights therein. Franchisee is responsible for the day-to-day operation of the Franchised Business. While Franchisor intends to impose the System, and any changes and modifications thereto generally uniformly among all System Businesses, complete and detailed uniformity under many varying conditions may not be possible or practical, and Franchisor specifically reserves the right and privilege, in its sole discretion and as it may deem to be in the best interests of the System in any specific instance, to vary standards for any particular franchisee or region based upon the specificities of a particular territory, density of population, business potential, business practice, or other condition important to the successful operation of a particular System Business. Franchisor may grant variations from standard specifications and practices as Franchisor determines in its discretion, and Franchisor will have no obligation to grant Franchisee or any other franchisee like or similar variations and Franchisor's failure to require a change from any particular franchisee will not affect Franchisee's obligations under this paragraph.

B. Franchisee shall, at Franchisee's expense, purchase or lease all E&I, software systems, including point of sale systems, and other systems and technology programs specified by Franchisor. Without regard to the actual capabilities of any customer and/or project management system or other computer hardware or software that Franchisee installs and that Franchisor has access to directly or indirectly, Franchisor does not have the right to use such technology or tools to direct or assert control over Franchisee's employees' working conditions, except to the extent the control relates to Franchisor's legitimate interest in protecting the quality of the System brand or the Services offered by the Franchised Business. The size, form, color scheme, content (except for prices or charges which are subject to Article 8.8 below), of all signs, vehicle wraps, advertisements and graphic materials displayed by the Franchised Business shall be as prescribed in the Manual or otherwise approved in writing by Franchisor. Notwithstanding the foregoing, Franchisor does not have the right to direct or assert control over Franchisee's employees' working conditions, except to the extent the control relates to Franchisor's legitimate interest in protecting the quality of the System brand or the Services offered by the Franchised Business.

C. Franchisee is required to purchase products, services, supplies, E&I items, and materials required for the operation of the Franchised Business, pursuant to specifications set forth in the Manual ("**Approved Products & Services**"). In some cases, Franchisee may be required to buy only specific Approved Products & Services. Franchisor may designate manufacturers, suppliers or distributors who meet Franchisor's specifications or are subject to Franchisor's specifications ("**Approved Suppliers**") and if such Approved Suppliers have been designated as the only source for any Approved Products & Services, Franchisee agrees to only purchase such Approved Products & Services from the Approved Suppliers. In some cases, Franchisor or Franchisor's Affiliates may be the only Approved Supplier for some or all of the Approved Products & Services. Specification of a supplier may

be conditioned on various requirements, including, but not limited to, those relating to quality and consistency of products, and services, frequency of delivery, standards of services, prompt attention to complaints, payments, contributions, or other consideration paid to Franchisor, Franchisor's Affiliates or the Brand Development Fund, and may be temporary. Franchisor may from time to time withhold, condition and/or revoke Franchisor's approval of particular items or suppliers in Franchisor's reasonable discretion, and Franchisor's approvals may be temporary. Franchisor or Franchisor's Affiliates may receive marketing allowances, rebates, commissions, and other benefits from suppliers in relation to items purchased by Franchisee and other franchisees. Such marketing allowances, rebates, commissions, and other benefits are based on System-wide purchases. Franchisee assigns to Franchisor or its designee all right, title and interest in any such marketing allowances, rebates, commissions, and other benefits and authorizes Franchisor or its designee to collect and retain any such allowances without restriction (unless otherwise instructed by the supplier), provided that Franchisor's current policy is to utilize such funds for purposes Franchisor believes may enhance the System and public awareness of the System. Franchisor has the right to condition or revoke Franchisee's right to participate in any supplier programs if Franchisee is in default under this Agreement.

D. Franchisee may propose alternative manufacturers, suppliers or distributors ("**Alternative Suppliers**") of Approved Products & Services, as well as alternative products, services, supplies, suppliers, materials and E&I items to Approved Products & Services ("**Alternative Products & Services**"). If Franchisee would like to use Alternative Suppliers, or Alternative Products & Services, Franchisee must first request in writing that Franchisor approve the alternate. Franchisee must submit whatever information, specifications, or samples Franchisor requires and must reimburse Franchisor for any actual costs Franchisor incurs in evaluating the Alternative Suppliers and/or Alternative Products & Services. If, based on the review, Franchisor decides to approve the Alternative Products & Services, or Alternative Supplier, as the case may be, for all franchisees in the System, then Franchisor will reimburse Franchisee for the testing fee. Franchisor reserves the right to approve or disapprove proposed Alternative Products & Services or Alternative Supplier, as the case may be, in its sole discretion. Franchisor will notify Franchisee within forty-five (45) days of its approval or rejection of the Alternate Products & Services or Alternative Supplier. Franchisor may revoke an approval previously given at any time in its discretion, upon notice to Franchisee. Notice will be given in a manner that Franchisor deems appropriate. Franchisor may require Franchisee's proposed Alternative Supplier to sign a confidentiality agreement acceptable to Franchisor, and Franchisor may require that samples of or from the proposed Alternative Products & Services (or of Approved Products & Services requested to be purchased from an Alternative Supplier) be delivered to Franchisor for testing prior to approval and use. Further, all proposed Alternative Suppliers must agree to permit Franchisor's agents or representatives to inspect their facilities regularly, both initially and from time to time as may reasonably be required by Franchisor to be assured of the proper production, processing, packaging, storing and transportation of the products, ingredients, services, supplies or E&I items and materials to be purchased by Franchisee, and with respect to Alternative Products & Services, that they comply with Franchisor's standards and requirements. The foregoing will not be construed as an attempt to unreasonably limit the sources from which Franchisee may procure products, services, supplies and materials. Rather, it is Franchisor's intention that such items conform to Franchisor's strict standards and strict specifications as to consistent quality, uniformity and reliability. Further, Franchisor will not be required to approve an inordinate number of Alternative Suppliers of a given item which in Franchisor's reasonable judgment would prevent Franchisor's effective supervision of suppliers. Notwithstanding the foregoing, Franchisor may designate certain Approved Products & Services as proprietary, and not permit Alternative Suppliers, or Alternative Products & Services for such items. Nothing in this Article 8.1.D. requires Franchisor to disclose any Trade Secrets to any third party.

E. FRANCHSOR AND ITS AFFILIATES MAKE NO WARRANTY WITH RESPECT TO ANY PRODUCTS, SERVICES, E&I ITEMS, SUPPLIES OR OTHER ITEMS FRANCHISOR APPROVES AND FRANCHISOR EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS AND IMPLIED, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ANY SUCH PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, OR OTHER APPROVED ITEMS.

**8.2 Compliance with Manual.** The Franchised Business shall be conducted in accordance with the provisions contained in the Manual, as updated, supplemented, and modified. Franchisee further acknowledges that establishing, maintaining, and protecting the goodwill, reputation, and uniformity of the System requires strict adherence to this Agreement and the Manual in all respects, it being agreed that every detail is significant and material. Franchisee shall at all times ensure that Franchisee's copy of the Manual is kept current and up-to-date, and in the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's headquarters shall be controlling. Franchisee shall maintain the Manual in a safe and secure location (including with appropriate password protection, if the Manual is kept electronically) and shall report the theft or loss of the Manual, or any portion thereof, immediately to Franchisor.

**8.3 Inspections.** Franchisee hereby grants to Franchisor and its agents the right to enter upon the premises of the Franchised Business, including, but not limited to, the Vehicle(s), even if the premises is the home, or at the home, of Franchisee or of one of Franchisee's owners, at any reasonable time for the purpose of conducting inspections. Franchisee shall cooperate fully with Franchisor's agents during the inspections and take such steps as may be reasonably necessary to correct any deficiencies detected during such an inspection, upon the written request of Franchisor or its agents, within such reasonable time as may be specified. Franchisee shall provide all information requested by Franchisor for the purpose of Franchisor conducting customer satisfaction audits and surveys, and permit Franchisor and its agents access to test, sample, inspect and evaluate Franchisee's E&I, and products. If Franchisor determines that the condition of any Vehicle, or the location at which a Vehicle is stored, or from which the Franchised Business operates presents a threat to customers or public health and safety, Franchisor may take whatever measures it deems necessary, including requiring Franchisee to immediately close the Franchised Business until the situation is remedied to Franchisor's satisfaction. Franchisor reserves the right to charge Franchisee for the actual expense of the audit, which expenses may include the hiring of a third party to perform the audit. If imposed, Franchisee shall pay such expenses within fifteen (15) days of receipt of an invoice therefor. Franchisor may, in its sole discretion, collect any payments or amounts due or payable under this Article by direct debit withdrawal from a bank account designated by Franchisee.

**8.4 Franchisee Inventions.** If Franchisee or its Affiliates, owners, or employees, develop any products, services, procedures, or inventions, or improvements on products, services, or procedures already part of the System, and whether or not protectable intellectual property ("**Inventions**"), such Inventions must be promptly disclosed to Franchisor, and if deemed by Franchisor to be appropriate for use in the Franchised Business and other System Businesses, such Inventions will be deemed to be Franchisor's sole and exclusive property, part of the System and works made-for-hire for Franchisor. To the extent any such Invention does not qualify as work-made-for hire, it must be assigned to Franchisor. Franchisee agrees to take, or direct its affiliates, owners, or employees, to take all necessary steps and action such assignment may require.

**8.5 Integrity in Promotion and Business.** All marketing and promotion by Franchisee shall be factual, ethical, and in good taste in the judgment of Franchisor and shall be subject to Franchisor's approval as provided in Article 9.1 of this Agreement. Franchisee shall in all dealings with its customers, suppliers, Franchisor, and the public adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. Franchisee agrees to refrain from any business or advertising practice which, in the subjective opinion of Franchisor, may be injurious to the business of Franchisor and the goodwill associated with the Proprietary Marks and other System Businesses.

**8.6 Notification of Agency Reports.** Immediately upon receipt by Franchisee of any report from any regulatory department or agency, Franchisee shall send a complete copy of such report to Franchisor by email or overnight courier service. Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of Franchisee or the Franchised Business or of any notice of violation of any law, ordinance, or regulation.

**8.7 Product Pricing and Discounts.** Franchisor and Franchisee recognize the value of pricing and marketing programs that facilitate the marketing of the System, the good will, reputation, and uniformity of the System and consumer acceptance and recognition of System Businesses. Franchisee and Franchisor agree that, in order to better accomplish these objectives, Franchisor may from time to time in its sole judgment (a) require prices for Services to start at levels no higher than those determined by Franchisor and (b) otherwise establish rates and prices to the extent permitted by applicable law. Unless expressly permitted by Franchisor in prior writing, Franchisee will not offer coupons, discounts, gift cards, gift certificates, loyalty programs, or similar promotions.

## **Article 9. Advertising.**

Franchisee and Franchisor recognize the value of advertising and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System. In order to better accomplish these objectives, the parties agree as follows:

**9.1 Conformance with System Standards.** All advertising, marketing, and sales materials used by Franchisee in any medium shall be conducted in such manner, and shall conform to such standards and requirements, as Franchisor may specify from time to time. Franchisee must submit to Franchisor for its prior written approval samples of all advertising, marketing, and sales plans and materials and all other materials displaying the Proprietary Marks that Franchisee desires to use which have not been prepared or previously approved by Franchisor; provided, however, that no such deemed approval shall relieve Franchisee from complying with the requirements of Article 8.7 of this Agreement.

**9.2 Launch Marketing and Advertising** Upon execution of this Agreement, Franchisee shall pay to Franchisor the Launch Marketing Package Fee as set forth in Article 4(F) in connection with the initial advertising and marketing of the Franchised Business. Franchisee must submit its proposed launch marketing (and any grand opening marketing) plan and proposed budget to Franchisor for review and approval.

**9.3 Local Advertising Requirement.** Throughout the term of this Agreement, Franchisee shall spend the greater of (i) three percent (3%) of its Gross Revenues or (ii) one thousand five hundred dollars (\$1,500) each month on local marketing and

advertising in the Territory. Franchisor may from time to time specify in the Manual the types of expenses that will be counted towards the required minimum spend. Each month, or at such other frequency as Franchisor designates, Franchisee will provide Franchisor with records showing the expenditures it has made for local marketing and advertising. If Franchisee does not demonstrate that it has spent the required amount on local marketing and advertising, Franchisor may collect the difference between the required amount, and the amount actually spent, and direct the amount collected to the Brand Development Fund. Notwithstanding the foregoing, if Franchisee contributes funds toward an Advertising Cooperative, such funds actually contributed to the Advertising Cooperative will off-set the local advertising expenditures required by this Article 9.3 for the same time period as for which the Advertising Cooperative contributions were made. Franchisee may not direct advertising regarding its Franchised Business into the Territory of another System Business.

**9.4 Brand Development Fund.** Franchisor has established a Brand Development Fund (“**Brand Development Fund**”). The Brand Development Fund will be administered by Franchisor, provided that Franchisor may, in its sole discretion, consult with an Advisory Franchisee Council on matters relating to the Brand Development Fund. The Brand Development Fund may be used to meet any and all costs of researching, developing and preparing national, regional, point of sale, and local direct sales advertising and marketing strategy materials for use within the System, including, without limitation, costs associated with developing, preparing, directing, administering, maintaining, and disseminating advertising, marketing, promotional, and public relations materials; conducting marketing research and new product development; in-store promotions, point-of-sale advertising, and other sales aids; maintaining a national sales and marketing staff and related expenses or hiring outside agencies; development, maintenance and updates to the Website and Online Presence; joint promotional programs for all Franchisor brands; and preparing, producing, broadcasting, and disseminating advertising and promotions, including, without limitation, radio, television, newspaper, magazine and Internet advertising, market surveys, public relations activities, and employment of advertising agencies. Franchisor shall choose and determine the nature, theme, and timing of advertising and the kind and quality of advertising materials to be provided to franchisees through the Brand Development Fund. All payments, plus income earned therefrom, shall be used exclusively for the above-stated purposes, shall be maintained in an account separate from Franchisor funds, and shall not be used to defray any of Franchisor’s general operating expenses, except for reasonable salaries, administrative costs, travel expenses (including collections), overhead, and similar expenses Franchisor may incur in activities related to the administration of the Brand Development Fund and all costs of development and preparing national, regional, point of sale, and local advertising materials for use within the System. Franchisor, or its designee, shall direct all advertising, marketing, and direct sales promotional programs and activities, with sole discretion over the concepts, materials, and media used in such programs and activities and the placement and allocation thereof. Franchisee acknowledges that the intent of the Brand Development Fund shall be to maximize general public recognition, direct sales programs, and acceptance of the Proprietary Marks for the benefit of the System, and Franchisor shall have no obligation in administering the Brand Development Fund to make expenditures for Franchisee which are equivalent or proportionate to any payments by Franchisee, or to ensure that any particular Franchisee or any particular System Business benefits directly or pro rata from advertising or promotion conducted with the funds of the Brand Development Fund. The Brand Development Fund is not a trust or escrow account, and Franchisor has no fiduciary obligation to franchisees with respect to the Brand Development Fund; provided, however, that Franchisor will make a good faith effort to expend such fees in a manner that Franchisor determines is in the general best interests of the System. In any fiscal year Franchisor may spend more or less than the aggregate contribution to the Brand Development Fund in such fiscal year. Franchisor has the right to advance monies

to the Brand Development Fund and subsequently obtain reimbursement of such advances out of Brand Development Fund fees collected. Except as expressly provided in this Article 9.4 Franchisor does not assume any direct or indirect liability to Franchisee with respect to the maintenance, direction, or administration of the Brand Development Fund.

A. **Advisory Franchisee Committee.** Franchisor reserves the right, in its sole discretion, to establish an advisory committee (the “**Advisory Franchisee Committee**”) consisting of System franchisees to assist Franchisor in an advisory capacity with respect to Systemwide marketing and promotional programs. If established, Franchisee may submit a written request to become a member thereof after the Franchised Business has been open for a period of not less than six (6) months.

9.5 **System Business Directory.** Franchisee agrees to list the Franchised Business in the System Business Directory and to furnish to Franchisor such information as Franchisor or its designee may request for that purpose. Franchisee understands and acknowledges that the success and utility of the System Business Directory may require that it contain information concerning prices and special offers; that Franchisee shall have sole discretion in determining any prices and special offers for the Franchised Business which appears in each System Business Directory unless Franchisor exercises its authority under Article 8.8; and that Franchisor assumes no liability for, nor shall Franchisor be deemed liable by reason of, any failure by Franchisee or Franchisor’s other franchisees to honor any System Business Directory prices for the period during which each System Business Directory is in effect.

9.6 **Online Scheduling.** If an online scheduling system is established by Franchisor, Franchisee shall participate in the online scheduling system, and shall observe all terms and conditions of participation specified by Franchisor. Franchisee shall purchase, install, and maintain all equipment necessary for participation in the online scheduling system required by Franchisor, including computer equipment and software and any future enhancements, additions, substitutions, or other modifications specified by Franchisor in the Manual or otherwise in writing. Franchisee shall also be responsible for other communication infrastructure charges for connecting Franchisee’s online ordering equipment to the online scheduling system and for the cost of supplies used in the operation of the equipment and for all other related expenses.

9.7 **Advertising Cooperative.** Franchisor has the right to establish and maintain local and regional advertising cooperatives for geographic areas (each an “**Advertising Cooperative**”). Each Advertising Cooperative will use the funds it receives only for the purposes set forth in this Agreement and shall operate pursuant to policies and procedures Franchisor establishes. All System Businesses with a portion of their Protected Territories in the geographic area of the Advertising Cooperative will participate in the Advertising Cooperatives on the same basis. Franchisor will provide Franchisee written notice of the establishment of any Advertising Cooperative for the geographic area that the Franchised Business is located in, if and when an Advertising Cooperative for the geographic area is established. Franchisee may be required to contribute up to three percent (3%) of its Gross Revenues to the Advertising Cooperative, but all such contributions shall be counted toward Franchisee’s Local Advertising Requirement. Franchisee will make those contributions either to Franchisor or directly to Franchisee’s Advertising Cooperative, as Franchisor directs from time to time.

## **Article 10. Financial Reporting.**

**10.1 Maintenance of Books and Records.** Franchisee shall, in the manner and form specified by Franchisor in the Manual or otherwise in writing, prepare on a current basis (and preserve for at least five years from the date of preparation) complete and accurate books and records using such charts of accounts as Franchisor may require, and in accordance with generally accepted accounting principles concerning Gross Revenues and all financial, operating, marketing, and other aspects of the Franchised Business, and maintain an accounting system that fully and accurately reflects all financial aspects of the Franchised Business and Franchisee. Such books and records shall include, but not be limited to, books of account, tax returns, governmental reports, daily and other periodic reports, and complete quarterly and annual financial statements (profit and loss statements, balance sheets, and cash flow statements). Franchisee's obligation to preserve such books and records shall survive the termination or expiration of this Agreement.

**10.2 Income Statement.** Each month on a date that Franchisor specifies, Franchisee shall submit to Franchisor an income statement prepared in accordance with generally accepted accounting principles (in such form and detail as Franchisor may require) that will support the computation of amounts based on Gross Revenues then due under Article 4.1 of this Agreement, provided that, if fees will become due under this Agreement at a different frequency than monthly, upon notice to Franchisee, Franchisor may require reports to be submitted at such frequency as to coincide with the frequency of the payment due dates. The statement shall include information for the preceding month as to Gross Revenues, other revenues, expenses, and such other information as Franchisor may require. Any report required to be submitted hereunder shall be submitted electronically, unless another format for submission is specified by Franchisor. If Franchisee does not timely submit the reports required by this Article 10.2, Franchisor may charge Franchisee a Reporting Non-Compliance Fee the amount of which will be stated in the Manual. If an income statement required by this Article 10.2 is accessible by Franchisor through Franchisee's point-of-sale system, Franchisor may choose, in its sole discretion, to waive the obligation that Franchisee submit such statement or any period of time that Franchisor deems appropriate.

**10.3 Annual Reports.** At Franchisor's request, Franchisee shall submit to Franchisor as soon as its available but not later than ninety (90) days after the end of Franchisee's fiscal year, at Franchisee's expense, a full and complete reviewed financial statement in writing setting forth the Gross Revenues and the computation of all amounts paid by Franchisee under Article 4.1 of this Agreement for such fiscal year. Such statement shall be prepared in such format and according to such standards as specified by Franchisor, which may include being prepared in accordance with generally accepted accounting principles, consistently applied, and being accompanied by a report from an independent certified public accountant that the statement has been examined in accordance with generally accepted auditing standards. In addition, at Franchisor's request, Franchisee shall submit to Franchisor true copies of all state sales tax returns relating to sales made by the Franchised Business at the same time the returns are filed with state authorities, and such other records as Franchisor may reasonably request, including, without limitation, state and federal income tax returns of Franchisee. If Franchisee does not timely submit the reports required by this Article 10.3, Franchisor may charge Franchisee a Reporting Non-Compliance Fee.

**10.4 Audits and Inspections of the Records.** Franchisor or its representatives, at Franchisor's expense, shall at all reasonable times have the right to inspect or audit the books, accounts, records, returns, and statements of Franchisee on the premises of Franchisee, such other location where they are kept, or to have such records sent to a separate location designated by Franchisor. The foregoing records may include, but are not limited to, state and federal income tax returns, credit card or any other third-party charge account

statements, and any bank, savings and loan, brokerage, or other financial checking, money market, or savings account used for the Franchised Business. Franchisee shall fully cooperate with Franchisor and its representatives or agents conducting such inspections or audits and, upon request; Franchisee shall submit a written response to any issues raised in connection with said audits. In the event a discrepancy between reported Gross Revenues and actual Gross Revenues is uncovered in any audit conducted pursuant to this Article for any reporting period (monthly, quarterly, or annually), Franchisee shall promptly pay the amount determined to be owing and, if the discrepancy exceeds 2% of reported Gross Revenues, Franchisee shall reimburse Franchisor for all costs of the audit, including travel, lodging, and wages of personnel of Franchisor or third parties required to conduct such audit. Franchisee shall also promptly reimburse Franchisor for the cost of any audit (including salaries, travel, and living expenses) necessitated by Franchisee's failure to file any financial report due hereunder and any deficiency in royalties or Brand Development Fund contributions or other fees disclosed by such audit. At Franchisor's option, Franchisee shall also immediately pay to Franchisor a late charge on the understated amount due from the date such amount was due until paid at the lesser of 1.5% per month or the maximum rate permitted by applicable law. The foregoing remedies shall be in addition to any other remedies Franchisor may have. Submission by Franchisee of more than 2 written statements of Gross Revenues which under-report Gross Revenues for any reporting period by 2% or more (regardless of any subsequent cure) shall constitute a material breach of this Agreement entitling Franchisor, at its option, the right to terminate this Agreement pursuant to Article 14.1.B. of this Agreement.

**10.5 Authorization of Financial Institutions and of Disclosure.** Franchisee hereby authorizes all banks and/or other financial institutions with which Franchisee does business to disclose to Franchisor any requested financial information in their possession relating to the Franchised Business. Franchisee further authorizes Franchisor to disclose such information to prospective franchisees and state regulatory agencies; provided that such information is not identified as relating to the Franchised Business unless required by law or regulation and then only if Franchisor requests that such identification be held in confidence.

**10.6 Use of Operations Data.** Franchisee agrees that Franchisor or its Affiliates may disclose to third parties data concerning and relating, directly or indirectly, to Franchisee, the Franchised Businesses, the operations of Franchisee, and the customers Franchisee serves, including, but not limited to information about Gross Revenues and other financial performance information ("**Operations Data**"). Franchisee waives any notice in connection with the disclosure of Operations Data. Franchisor agrees that it, or its Affiliates, will from time to time disclose to Franchisee such operations data as it deems appropriate regarding other franchisees of Franchisor (Operations Data jointly with operations data of other franchisees, "**System Operations Data**"). Franchisor may, in its sole discretion, determine when and what System Operations Data will be disclosed, and may, without prior notice to, or consent from Franchisee, change the scope of the Systems Operations Data being disclosed to Franchisee or when it is disclosed. Systems Operations Data disclosed to Franchisee is disclosed solely for Franchisee's internal business purposes and to enable Franchisee to compare its results with those of other franchisees of Franchisor. The disclosed Operations Data and Systems Operations Data remains confidential information of Franchisor. Franchisee may not disclose Systems Operations Data to other franchisees of Franchisor, prospective franchisees of Franchisor, competitors of Franchisor, prospective purchasers of Franchisee or any of Franchisee's assets, financial institutions, or any other third parties. The Systems Operations Data so disclosed will be based on information provided to Franchisor by its franchisees. Such information will not be verified by Franchisor or any of its Affiliates. Franchisor has no obligation to correct Systems Operations Data disclosed after it learns that it was incorrect or incomplete, or to inform Franchisee thereof.

## **Article 11. Proprietary Marks and Trade Secrets; Competition.**

**11.1 Ownership of Proprietary Marks and System.** Franchisor is either the owner or the licensee of all Proprietary Marks. Franchisee acknowledges that ownership of all right, title, and interest in the System and all parts thereof, including, without limitation, the Proprietary Marks and the design, decor, and image of all System Businesses, is and shall remain vested solely in Franchisor and IP Owner. Franchisee expressly disclaims any right, title, or interest therein or in any goodwill derived therefrom.

**11.2 Franchisee's Use of Proprietary Marks and System.** The license granted hereby to use the Proprietary Marks is nonexclusive, and Franchisee agrees that such Proprietary Marks are and shall remain the property of IP Owner and shall not be contested as to ownership or validity by Franchisee. Franchisee understands and agrees that the grant of the license to use the Proprietary Marks is conditioned upon Franchisee's agreement that: (a) the Proprietary Marks shall be used only in connection with the Franchised Business and only in the manner authorized by Franchisor; (b) Franchisee will not use the Proprietary Marks or parts thereof as part of its corporate or other legal name, will identify itself as a Franchisee, and will comply with all fictitious name and other statutes in connection with its use of the Proprietary Marks; (c) Franchisee will cooperate with Franchisor in protecting and defending the Proprietary Marks; and (d) Franchisee will comply with Franchisor's designations of additions, deletions, and changes in the Proprietary Marks. Franchisee's license to use the System, and any part thereof, is personal to Franchisee, and Franchisee shall not license, sublicense, or allow the System, or any part thereof, to be used by any other person, firm, or business association. All uses of the System by Franchisee inure to the benefit of Franchisor and with respect to the Proprietary Marks, to the benefit of IP Owner. Franchisee acknowledges and agrees that for purposes of protecting IP Owner's interest in the Proprietary Marks, IP Owner is a third-party beneficiary to this Agreement.

**11.3 Changes to the Proprietary Marks.** Franchisor reserves the right, in its sole discretion, to designate one or more new, modified or replacement Proprietary Marks for Franchisee's use and to require Franchisee's use of any such new, modified or replacement Proprietary Marks in addition to, or in lieu of any previously designated Proprietary Marks. Franchisee must, at its expense, comply with any such directive within sixty (60) days following its receipt of Franchisor's written notice.

**11.4 Protection of Proprietary Marks and System.** Franchisee shall not, directly or indirectly, at any time during the term of this Agreement or thereafter, do, cause, or suffer to be done any act or thing disputing, attacking, or in any way impairing or tending to impair the right, title, or interest of Franchisor or IP Owner (to the extent applicable) in the Proprietary Marks or the System. Franchisee shall immediately notify Franchisor in writing of all infringements or imitations of the Proprietary Marks of which Franchisee becomes aware, and Franchisor or IP Owner (to the extent applicable) shall exercise absolute discretion in deciding what action, if any, should be taken. Franchisee shall fully cooperate with Franchisor or IP Owner (to the extent applicable) in the prosecution of any action to prevent the infringement, imitation, or illegal use of the Proprietary Marks and agrees to be named as a party in any such action at Franchisor's request. Franchisor or IP Owner, as the case may be, shall bear any and all legal expenses incident to Franchisee's participation, at Franchisor's request, in any action to prevent the infringement or illegal use of the Proprietary Marks, except for the cost of any legal counsel separately retained by Franchisee. Except as expressly provided in this Article, Franchisor shall not be liable to Franchisee for any damages, costs, expenses, loss of profits or business opportunities, or incidental or consequential damages of any kind or nature whatsoever relating to any action involving the Proprietary Marks.

**11.5 Identification of Franchised Business.** Franchisee shall use the Proprietary Marks as the sole identification of the Franchised Business; provided, however, that in all public records and in its relationship with other persons, on stationery, business forms, checks, or as otherwise required by Franchisor, Franchisee shall indicate Franchisee's independent ownership of the Franchised Business. Franchisee shall identify the Franchised Business as being independently operated, such as "Independently owned and operated by [Franchisee] through a franchise agreement with RECOAT REVOLUTION FRANCHISE LLC." or "This ReCoat Revolution Business is independently owned and operated by [Franchisee] through a franchise agreement with RECOAT REVOLUTION FRANCHISE LLC." Franchisee shall file so-called assumed name or doing business certificates with local or state authorities, as required by applicable law, showing its independent ownership of the Franchised Business. In no event shall Franchisee use the Proprietary Marks in connection with the sale of any product or service not authorized for sale by the Franchised Business. Franchisee shall not license, sublicense, or allow the Proprietary Marks to be used by any other person or business entity without Franchisor's prior written approval. In adopting any corporate, proprietorship, or partnership name, Franchisee shall not use the Proprietary Marks or any variation or abbreviation thereof, or any words confusingly similar thereto. Franchisee has no right to register any of the Proprietary Marks and shall not register any Proprietary Mark, or any abbreviation, acronym, or variation of any Proprietary Mark with the U.S. Patent and Trademark Office or with any state, provincial, or other authority, or to register any URL or other internet address including any Proprietary Mark, or any abbreviation, acronym, or variation of any Proprietary Mark. If it becomes advisable at any time in Franchisor's sole discretion for Franchisor and/or Franchisee to modify or discontinue use of the marks, and/or use one or more additional or substitute trade or service Proprietary Marks, Franchisee agrees to comply therewith within a reasonable time after written notice thereof by Franchisor.

**11.6 Trade Secrets.** Franchisee further acknowledges and agrees as follows:

A. Franchisor possesses certain Trade Secrets, and in general, methods, techniques, formats, specifications, programs, procedures, information systems, and knowledge, related to the operation and franchising of System Businesses.

B. Franchisor will disclose the Trade Secrets to Franchisee in furnishing Franchisee with the Manual and, potentially, other materials, by providing training to Franchisee hereunder, in the performance of Franchisor's other obligations and in the exercise of Franchisor's other rights under this Agreement. Franchisee hereby agrees that all materials lent or otherwise made available to Franchisee by Franchisor and all disclosures made to Franchisee hereunder including, without limitation, the Manual and other confidential commercial information identified as such by Franchisor are Trade Secrets of Franchisor and shall be kept confidential and used by Franchisee only in the operation of the Franchised Business. Franchisee will not, nor permit anyone else to, reproduce, copy, access or exhibit any portion of the Manual or any other confidential or proprietary information received from Franchisor. Franchisee shall not divulge any such Trade Secrets to any person other than Franchisee's employees who sign a confidentiality agreement in the form attached hereto as Exhibit D, or other form designated by Franchisor and then only to the extent necessary for the operation of the Franchised Business.

C. Franchisee shall acquire no interest in the Trade Secrets, other than the right to utilize them in the development and operation of the Franchised Business during the term of this Agreement. The use or duplication of the Trade Secrets in any other business will constitute an unfair method of competition. The Trade Secrets are proprietary and are disclosed to Franchisee in confidence and solely on the condition that Franchisee agrees, and

Franchisee hereby agrees that Franchisee (i) will not use the Trade Secrets in any other business or capacity; (ii) will maintain the absolute confidentiality of the Trade Secrets during and after the term of this Agreement; (iii) will not make unauthorized copies of any portions of the Trade Secrets disclosed in written form, including, without limitation, any plans, the Manual, bulletins or supplements, and additions thereto; and (iv) will operate and implement all reasonable procedures prescribed by Franchisor to prevent the unauthorized use and disclosure of the Trade Secrets. Franchisee shall immediately notify Franchisor of any unauthorized use or disclosure of the Manual or any of the Trade Secrets or if the Manual or any other materials containing any Trade Secrets are lost or stolen.

D. The foregoing restrictions on Franchisee's disclosure and use of Trade Secrets shall not apply to information, processes, or techniques that are or become generally known and used by other similar floor restoration concepts, other than through disclosure (whether deliberate or inadvertent) by Franchisee, and disclosure of Trade Secrets in judicial or administrative proceedings to the extent that Franchisee is legally compelled to disclose such information, provided, Franchisee shall have used Franchisee's best efforts, and shall have afforded Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

**11.7 Owners and Others Covered by Article 11.** Unless the context otherwise requires, the term "Franchisee" as used in this Article 11 shall include, individually and collectively, all partners, officers, directors, and managers of Franchisee, and owners or holders, directly or indirectly (and any partners, officers, directors, and managers of any such holder), of any beneficial interest in Franchisee.

**11.8 Confidentiality Agreements.** At Franchisor's request, Franchisee shall require and obtain execution of a Confidentiality Agreement in a form attached hereto as Exhibit D, or a form otherwise designated by Franchisor, (including a Confidentiality Agreement applicable upon the termination of a person's relationship with Franchisee) from any or all of the following persons: (a) all officers, directors, and holders of a beneficial interest of the securities of (i) Franchisee and (ii) any corporation directly or indirectly controlling Franchisee, if Franchisee is a corporation; (b) the general partners and any limited partners (including any corporation or other entity, and the officers, directors, and holders of a beneficial interest of the securities of such corporation or other entity which controls, directly or indirectly, any general or limited partner), if Franchisee is a partnership; (c) the managers and members (including any corporation or other entity, and the officers, directors, and holders of a beneficial interest of the securities of any corporation or other entity which controls, directly or indirectly, any member or manager), if Franchisee is a limited liability company; and (d) all of Franchisee's employees with access to Trade Secrets and/or the Manual. Failure by Franchisee to obtain execution of the Confidentiality Agreement required by this Article, or to deliver such Confidentiality Agreement to Franchisor, shall constitute a material breach of this Agreement.

**11.9 Designated Manager Confidentiality Obligations.** Franchisee shall require every person employed as Designated Manager of the Franchised Business to devote their full time to such employment and to agree in writing to be bound by the restrictions set forth in this Article. Franchisee shall also take all reasonable steps to require other employees to be bound by the confidentiality provisions of this Article. Upon Franchisor's request, Franchisee shall promptly provide copies of all such agreements to Franchisor.

**11.10 Proprietary Marks in Electronic Commerce.** All use of the Proprietary Marks in electronic commerce, which includes all forms of electronic or computer

communication, including all Online Presence, must comply with the requirements set forth in this Agreement and the Manual. Franchisor may require that various types of marketing or advertising utilize a specific template or format. Franchisee must provide Franchisor with copies of all proposed applications for registrations of any of the Proprietary Marks or any variation thereof for use in and for electronic commerce, including Franchisee's website address, domain name and any other individual franchisee Online Presence permitted hereunder. Franchisee must obtain Franchisor's prior written approval to file any such application, which Franchisor may withhold in its sole discretion. Upon expiration or termination of this Agreement, Franchisee agrees to transfer its website addresses and domain names to Franchisor upon Franchisor's written request. Franchisee will not receive any compensation for such transfer.

**11.11 Revisions of Article 11 and Injunctive Relief.** In the event any provision of this Article is deemed by a court of competent jurisdiction to be more restrictive than permissible at law or equity, then Franchisee agrees that the provisions hereof may be reformed and modified and enforced by such court to the maximum extent permissible under applicable law and principles of equity. Franchisee agrees that specific performance and injunctive relief are necessary and appropriate remedies for violations of this Article and agrees to the enforcement of such remedies, but without prejudice to the right of Franchisor to recover money damages, which are in no event a full and adequate remedy for such violations.

**11.12 Covenant Not to Compete.** Franchisee acknowledges the uniqueness of the System and that Franchisor is making its knowledge, know-how, and expertise available to Franchisee for the purpose of operating the Franchised Business only in the Territory(ies). Franchisee agrees that it would be an unfair method of competition for Franchisee to duplicate, or to allow others to use or duplicate, any of the knowledge, know-how, or expertise for any reason other than the operation of the Franchised Business under this Agreement. Franchisee further recognizes the importance of devoting substantial time and energy to the Franchised Business. Therefore, Franchisee agrees that:

A. During the term of this Agreement Franchisee shall not compete with Franchisor and/or the System by being associated directly or indirectly as an owner, shareholder, officer, director, employee, consultant, manager, or otherwise, in any Competing Business (except another System Business); provided, passive ownership of less than 5% of the outstanding voting securities of a publicly held corporation (which for purposes of this Agreement means a corporation registered under the Securities Exchange Act of 1934) shall not be deemed a violation of this Article.

B. For a period of two (2) years following the transfer (by Franchisee or by an owner signing an Owner's Acknowledgement to this Agreement), expiration, or termination of this Agreement for any reason, Franchisee shall not compete with Franchisor and/or the System by being associated directly or indirectly as an owner, shareholder, officer, director, employee, consultant, manager or otherwise, in any Competing Business (except a System Business) anywhere within 25 miles of Franchisee's Territory(ies) or the Territory(ies) of any other System Business; provided, passive ownership of less than 5% of the outstanding voting securities of a publicly held corporation (which for purposes of this Agreement means a corporation registered under the Securities Exchange Act of 1934) shall not be deemed a violation of this Article. If Franchisee is in breach of this Article 11.12.B. following the transfer, expiration or termination of this Agreement (including by continuing to operate as a System Business after the Agreement has expired or terminated), the period of duration for the obligation set forth herein will be tolled until the resolution of any enforcement action taken by Franchisor against Franchisee to enforce this Article 11.12.B. Franchisee covenants that it will not, for a period of two (2) years after the expiration, non-renewal or termination of this Agreement, regardless of the cause of termination,

or within two (2) years of the sale of the Franchised Business or any interest in Franchisee, solicit business from customers of Franchisor including the customers served by the Franchised Business or from any National Accounts, or contact any of Franchisor's suppliers or vendors for any competitive business purpose, or solicit any of its former Franchised Business' key or executive level employees, or the key or executive-level employees of any franchised business operated by another franchisee, Franchisor or its affiliates to discontinue employment.

## **Article 12. Insurance and Indemnity.**

12.1 **Insurance.** During the term of this Agreement, Franchisee shall comply with all insurance requirements of any lease, mortgage, or deed of trust covering the Franchised Business' premises as well as all insurance requirements of Franchisor as set forth in the Manual or as otherwise communicated by Franchisor from time to time. All insurance shall be procured at the earliest possible time that Franchisee has an insurable interest with respect thereto, but in no event later than the Opening, and shall be written by insurance companies with an A.M. Best rating of A-VI or greater. As of the Effective Date, at a minimum, Franchisee shall maintain the following:

- i. Comprehensive Commercial General Liability (CGL) insurance with coverage for bodily injury, personal injury, property damage, contractual liability, products liability, completed operations, and independent contractors, written on the latest ISO CG 00 01 occurrence form or equivalent. The policy shall have minimum limits of (i) \$1,000,000 per occurrence for bodily injury and property damage, (ii) \$1,000,000 per occurrence for personal and advertising injury, (iii) \$2,000,000 general aggregate, (iv) \$2,000,000 products-completed operations aggregate, (v) \$300,000 for damage to rented premises, and (vi) \$10,000 medical expense coverage per person. The general aggregate limit shall apply separately to the Franchised Business.
- ii. Business Automobile Liability insurance covering all of Franchisee's owned, non-owned, and hired automobiles with a minimum combined single limit of \$1,000,000 per accident for bodily injury and property damage.
- iii. Workers' Compensation and Employer's Liability insurance for all employees that work for the Franchised Business, regardless of whether Franchisee is able to exempt itself under applicable state law from the Workers' Compensation requirement, or whether the employees are full-time, part-time, temporary, seasonal, leased, or borrowed. The Workers' Compensation coverage provided shall be in accordance with the laws of the state where the Franchised Business is located and operates, and the Employer's Liability coverage shall have limits of \$1,000,000 each accident for bodily injury by disease; \$1,000,000 each employee for bodily injury by disease; and \$1,000,000 policy limit for bodily injury by disease.
- iv. Excess or Umbrella Liability insurance which provides excess coverage over the underlying CGL policy with minimum limits of \$2,000,000 each occurrence and \$2,000,000 general aggregate.
- v. During any construction work at the Franchised Business' premises, Franchisee shall maintain or cause its general contractor or design-builder to maintain Builder's Risk insurance or equivalent property insurance to cover that portion of the work to be constructed, installed, altered, or repaired. Such coverage shall

include the interests of Franchisor, Franchisee, any mortgagee, the general contractor or design-builder, any subcontractors, and any other party having an interest in the work. Franchisee shall also flow down the requirements of subparts (i) – (v) of this Article 12.1 to all contractors or design-builders performing such work, to the extent applicable.

**12.2 Waiver of Subrogation and Additional Insureds.** All policies of insurance specified herein shall contain a provision or endorsement whereby the insurers waive any rights of subrogation against the Indemnitees. The insurance policies required by subparts (i), (ii), (iv) and (v) of Article 12.1, shall name the Indemnitees as additional insureds and such policies shall apply on a primary and non-contributory basis to any insurance maintained by the Indemnitees. Upon execution of this Agreement, Franchisee shall deliver Certificates of Insurance to Franchisor evidencing Franchisee's compliance with the insurance requirements herein. An updated Certificate of Insurance shall be provided any time a policy required herein is renewed or a carrier is changed. Franchisee shall provide Franchisor with notice of cancellation of any insurance policy required herein promptly after receiving such notice from its respective insurance carrier(s). Franchisor shall have the option, at any time during the term of this Agreement, to request and examine complete policies of insurance from Franchisee.

**12.3 Sufficiency of Insurance Not Guaranteed.** Franchisee acknowledges and understands that Franchisor makes no representation or warranty with respect to the adequacy or sufficiency of the insurance required under this Article, and that Franchisee shall have the sole responsibility to determine whether additional insurance or higher limits are appropriate. Franchisee should consult with its own insurance agents, brokers, attorneys or other insurance advisors to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required herein. Franchisor's review and verification of certain elements of the franchisee's insurance does not in any way reduce or eliminate Franchisee's obligations to fully comply with all insurance requirements. It is Franchisee's sole obligation to fully comply with these insurance requirements and it is Franchisee's sole obligation to confirm with its insurance providers that its policies are in compliance.

**12.4 Franchisor's Right to Obtain Insurance.** If Franchisee does not obtain and maintain the insurance coverage required by this Agreement, as revised by the Manual or otherwise in writing, Franchisor may, but shall not be obligated to, procure such insurance, and the cost or expense thereof, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon demand.

**12.5 Indemnity.** Franchisee shall release, defend, indemnify, and hold the Indemnitees harmless from and against any and all fines, damages, legal fees, costs, expenses, and other liabilities suffered or incurred by the Indemnitees by reason of any actual or threatened claim, demand, lawsuit, tax, penalty, investigation, or other proceeding ("**Claim**") (even where Indemnitee's negligence or other wrongful conduct is alleged) arising directly or indirectly from, as a result of, or in connection with (a) any application submitted to Franchisor, (b) the development, construction, operation, condition, use, occupancy, or sale of the Franchised Business or its premises, (c) any occurrence at or on the Franchised Business' premises, at or on the property of a customer, or any other place where the Franchised Business is operated, permanently or temporarily, (d) any environmental matters of any kind pertaining to the Franchised Business', (e) any breach of any terms or provisions of this Agreement by Franchisee, and/or (f) any offering of securities, units, or other ownership interests of Franchisee, including, without limitation, the violation of any federal and/or state securities laws. Notwithstanding the foregoing, Franchisor shall have the right, through counsel of its choice, to control the defense of any matter to the extent Franchisor reasonably

determines that such matter may have a significantly adverse effect on any of the Indemnitees. Franchisee's indemnity obligations under this Agreement shall survive the expiration or other termination of this Agreement and shall be in addition to all other rights and remedies of Franchisor. Franchisee's obligations to indemnify Franchisor under this Article shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of its obligation to maintain insurance relieve Franchisee of liability under this indemnity provision or be construed to be a limitation on the amount of Franchisee's indemnity obligations. The right of the Indemnitees to indemnity under this Agreement shall arise notwithstanding that joint or concurrent liability may be imposed on the Indemnitees by statute, ordinance, regulation, or other law; provided, however, that Franchisee shall not be required to indemnify the Indemnitees from any Claim to the extent proven or agreed between the parties to have been caused by the sole or gross negligence or willful misconduct of the Indemnitees.

### **Article 13. Transfer of Interest or Management.**

**13.1 Transfer by Franchisor.** Franchisor shall have the right to transfer or assign all or any part of this Agreement, or all or any of its rights or obligations herein to any person or legal entity and any assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment.

**13.2 Transfer by Franchisee.** This Agreement is not transferable by Franchisee except as permitted herein. The rights and duties set forth in this Agreement are personal to Franchisee and are granted in reliance on the individual and collective business skill, financial capacity, and personal character of Franchisee and its owner(s). Accordingly, neither this Agreement or the license granted hereunder, any part or all of any owner's direct or indirect ownership interest in Franchisee, the Franchised Business' premises, nor a substantial portion of the Franchised Business' assets (collectively, the "**Franchised Interests**"), may be transferred by Franchisee without Franchisor's prior written approval, and then only in accordance with the provisions of this Agreement. Any purported Transfer by Franchisee, by operation of law or otherwise, which is not permitted hereunder, shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may then terminate in accordance with Article 14.1.B. without opportunity to cure.

**13.3 Grant of Security Interests.** Franchisee shall grant no security interest, lien, mortgage, or deed of trust on any or all of the Franchised Business' Vehicles or E&I without the prior written consent of Franchisor and then only if the secured party, lien holder, mortgagee or beneficiary of the deed of trust provides Franchisor with a non-disturbance agreement or comfort letter as to such E&I in form and substance reasonably acceptable to Franchisor.

**13.4 Transfer from Individual Franchisee to Entity.** In the event that Franchisee is an individual and proposes, subsequent to the execution of this Agreement, to transfer this Agreement to a corporation, partnership, or limited liability company formed by Franchisee, Franchisor's consent to such transfer shall be conditioned upon satisfaction of and compliance with Article 7.18 of this Agreement and to the following additional requirements:

A. Franchisee shall be the owner of all of the voting stock, interests, or units of the corporation, partnership, or limited liability company; and, if Franchisee is more than 1 individual, each individual shall have the same proportionate ownership interest in the corporation, partnership, or limited liability company as he or she had in Franchisee prior to the transfer.

B. All transferors shall execute a written agreement personally guaranteeing the full payment and performance of Franchisee's obligations to Franchisor from the date of transfer and agreeing to be bound by all the terms and conditions of this Agreement.

**13.5 Right of First Refusal.** Any transfer of any or all ownership interest, control, or voting rights in Franchisee or of any or all of the assets of Franchisee, which assets include this Agreement, except for a transfer made under Article 13.4, shall be subject to Franchisor's right of first refusal to such interest or assets if: (a) the offered purchase price for the transferred interest or assets is below fair market value; or (b) in the 12-month period before Franchisee or its owners receive or make a bona fide offer for such transfer the Franchised Business has received one or more notices of default of its obligations under this Agreement and is not managed by Franchisor or its affiliates (each a "**Right of First Refusal Transfer**"). Except in the event of a transfer pursuant to Article 13.4, if Franchisee or any of its owners receive a bona fide offer for the sale of any or all ownership interest in Franchisee or of any or all of the assets of Franchisee, which assets include this Agreement, they shall notify Franchisor of the offer. If the transfer is a Right of First Refusal Transfer Franchisor shall have the right for a period of thirty (30) days after the notice is submitted together with all other information requested by Franchisor to exercise a right of first refusal and substitute itself for the proposed transferee in the transaction. If Franchisor declines to do so and there is any change in the terms and conditions of the proposed transaction or the proposed transferee, Franchisee shall promptly notify Franchisor, and Franchisor shall have the further right to exercise its right of first refusal over the revised transaction for a period of thirty (30) days. Should Franchisor exercise its right of first refusal, Franchisor shall have not less than an additional sixty (60) days to close the transaction, and Franchisor shall have the right to substitute cash for any alternative form of consideration contemplated by the proposed transaction, if such substitution does not materially and adversely affect the tax impact of such proposed transaction on the owners of Franchisee. If Franchisor does not exercise its right of first refusal, Franchisee or the transferring owners may make a transfer on the terms and conditions of the offer considered by Franchisor, if Franchisee and its owners have complied with all of the provisions of this Article. If the parties disagree on whether the offered purchase price for the transferred interest or assets is below fair market value, the parties shall choose an appraiser to determine the fair market value. If the parties cannot agree on one appraiser each party shall choose one appraiser and the two appraisers so chosen shall choose a third appraiser whose appraisal of the fair market value shall be determinative.

**13.6 Death or Incapacity.** Upon Franchisee's death or Incapacity, or, if Franchisee is a corporation, partnership, or limited liability company, upon the death of an owner of a Controlling Interest or upon the determination by Franchisor that the owner of a Controlling Interest is Incapacitated, Franchisee's or such owner's executor, administrator, conservator, guardian, or other legally appointed personal representative must transfer Franchisee's interest in this Agreement or the owner's interest in Franchisee to a third party. Such disposition of this Agreement or the interest in Franchisee of an owner of a Controlling Interest (including, without limitation, transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed six (6) months from the date of death or Incapacity, and will be subject to all of the terms and conditions applicable to transfers contained in this Article 13. A failure to transfer Franchisee's interest in this Agreement or the interest of an owner of a Controlling Interest in Franchisee within this period of time constitutes a breach of this Agreement. Adequate provision must be made, in the sole discretion of Franchisor, for management of the Franchised Business during such period. Franchisee's interest in this Agreement or any owner's interest in Franchisee which is an entity may, with Franchisor's consent, which will not be unreasonably withheld, be transferred to the decedent's spouse, parent, sibling, or direct descendant or to spouse's direct descendant.

**13.7 Temporary Management in Case of Death or Incapacity.** If, upon Franchisee's death or Incapacity, or upon the death or Incapacity of an owner of a Controlling Interest in Franchisee, Franchisee's or the owner's executor, administrator, conservator, guardian, or other legally appointed personal representative must within a reasonable time, not to exceed 30 days from the date of death or declaration of Incapacity, appoint an approved person or entity to operate the Franchised Business. Such an approved Person may be appointed only with Franchisor's prior written approval and will be required to complete training at Franchisee's expense. Pending the appointment of an approved person or entity as provided above or if, in Franchisor's judgment, the Franchised Business is not being managed properly at any time after Franchisee's death or declaration of Incapacity or after the death or declaration of Incapacity of an owner of a Controlling Interest in Franchisee, Franchisor has the right, but not the obligation, to appoint a Designated Manager for the Franchised Business. All funds from the operation of the Franchised Business during the management by Franchisor's appointed Designated Manager will be kept in a separate account, and all expenses of the Franchised Business, including compensation, other costs, and travel and living expenses incurred by the management company, will be charged to this account. Franchisor also has the right to charge a reasonable management fee (in addition to the Royalty Fee and Brand Development Fund Contribution payable under this Agreement) during the period that Franchisor's Designated Manager manages the Franchised Business. Operation of the Franchised Business during any such period will be on the transferee's behalf, provided that Franchisor only has a duty to utilize commercially reasonable efforts and will not be liable to the transferee, Franchisee or its owners for any debts, losses or expenses, or obligations incurred by the Franchised Business or to any creditors for any products, materials, supplies, or services the Franchised Business purchases during any period it is managed by Franchisor's Designated Manager. The transferee will remain solely responsible for maintaining the Franchised Business during any period in which Franchisor's Designated Manager is managing the Franchised Business on the transferee's behalf.

**13.8 Minority Transfers to Employees.** Notwithstanding any provision to the contrary contained in this Article, Franchisee may transfer not more than an aggregate of 25% of the outstanding voting shares, units, or ownership interests of a Franchisee operating as a corporation, partnership, or limited liability company to employees of Franchisee who are actively engaged in the Franchised Business' operations, if such transfers, alone or together with other previous, simultaneous, or proposed transfers, do not have the effect of transferring a Controlling Interest in Franchisee. The ownership of such shares, units, or ownership interests by such employees will be subject to all of the terms and conditions of this Agreement, including, without limitation, Article 11 and Article 13 of this Agreement. Franchisee shall provide Franchisor with written notice of any such proposed transfer and all pertinent information regarding the same not later than 30 days prior to the proposed date of transfer.

**13.9 Conditions to Transfers.** Franchisor shall not unreasonably withhold any consent required under this Article 13; provided, that Franchisor shall have the right to require any or all of the following as conditions of its approval of a Transfer:

A. except for a Transfer pursuant to Articles 13.3, 13.4, 13.7, 13.8 and 13.9, that each proposed transferee shall be required to submit an application for a new license. Franchisor will process such application in accordance with Franchisor's then-current procedures, criteria, and requirements regarding fees, upgrading of the Franchised Business, credit, operational abilities and capabilities, prior business dealings, and other factors Franchisor deems reasonable.

B. that each transferor shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates, successors, and assigns, including, without limitation, claims arising under this Agreement, and any other agreement between Franchisee and Franchisor or its Affiliates;

C. that the transferee or its owners shall guarantee, in a form satisfactory to Franchisor, the performance of all obligations of Franchisee from the date of Transfer;

D. if the proposed Transfer would result in a Change in Control of Franchisee, that the transferee shall execute the then-current form of Franchise Agreement being offered to new Franchisees for the full term. The transferee shall execute such other ancillary agreements required by Franchisor for the Franchised Business, which agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a higher royalty and/or advertising fee.

E. if the proposed Transfer does not result in a Change of Control of Franchisee and does not have the effect of transferring a Controlling Interest in Franchisee, Franchisee will pay a transfer fee of up to \$1,000; if the Transfer results in a Change of Control of Franchisee, Franchisee will pay a transfer fee equal to \$7,500, plus any brokers' fees and/or commissions, if applicable. Such fee is in lieu of any application fee or initial franchise fee normally required under a new Franchise Agreement, and is intended to reimburse Franchisor for reasonable fees and expenses incurred by Franchisor in facilitating the proposed Transfer.

F. if a proposed Transfer would result in a Change in Control of Franchisee, that Franchisee or transferee at its expense upgrades the Vehicle(s) and equipment to conform to the then current System standards and specifications, and completes the upgrading and other requirements within the time specified by Franchisor;

G. that all monetary obligations of Franchisee hereunder shall be paid in full on a current basis, and Franchisee must not be otherwise in default of any of its obligations hereunder including, without limitation, its reporting obligations;

H. if a proposed Transfer would result in a Change in Control of Franchisee, and if so requested by Franchisor after Franchisor has conducted an inspection, transferor, at its expense, shall upgrade the Franchised Business to conform to the then current standards and specifications of new Franchised Businesses then-being established in the System, and shall complete the upgrading and other requirements set forth in this Article within the time specified by Franchisor;

I. that the transferor shall continue to be bound by, and remain liable for all of the obligations to Franchisor in connection with the Franchised Business that arose prior to the effective date of the Transfer, and any covenants that survive the termination or expiration of this Agreement, and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

J. if a proposed Transfer would result in a Change in Control of Franchisee, at Franchisee's expense, the transferee, or, if the transferee is a business entity, one of its owners with a Controlling Interest, shall complete to Franchisor's satisfaction all training programs required by Franchisor upon such terms and conditions as Franchisor may reasonably require, including the payment of a fee for attendance at such training programs (the

transferee shall be responsible for the salary and all expenses of the person who attends training);

If the proposed Transfer is not approved by Franchisor and Franchisee proceeds to transfer the Franchised Business or securities, units, or other ownership interests in Franchisee to any proposed new owner, then this Agreement shall terminate pursuant to Article 14 hereof and Franchisor will be entitled to all of its remedies. Neither the Agreement, nor any rights hereunder shall be transferable in the event that Franchisee is in default under the Agreement.

**13.10 No Waiver of Claims.** Franchisor's consent to a Transfer by Franchisee of any interest in the license granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

#### **Article 14. Default and Termination.**

14.1 This Agreement may not be terminated prior to the expiration of its term except as provided in this Article. Termination of this Agreement shall not relieve Franchisee of any unfulfilled obligations to Franchisor created hereunder unless it is so agreed by Franchisor in writing. This Agreement may be terminated as follows:

A. Upon the mutual agreement of the parties in writing to a termination.

B. At Franchisor's option, effective immediately upon the giving of written notice to Franchisee if Franchisee (i) ceases to operate the Franchised Business continuously for a period of three (3) or more days or otherwise abandons the business, or forfeits the legal right to do business in any jurisdiction in which the Territory(ies) exists; (ii) is convicted of a felony or other crime involving moral turpitude, consumer fraud, or crime or offense Franchisor believes is likely to have an adverse effect on Franchisee's ability to carry out the duties imposed by this Agreement or to have an adverse effect on the System and the goodwill associated therewith; (iii) transfers (including transfers following death or Incapacity) of any rights or obligations in violation of the terms of Article 13 of this Agreement; (iv) misuses or discloses confidential information in violation of Article 11 of this Agreement; (v) knowingly makes any false statements in any report or document submitted to Franchisor; (vi) submits more than two written statements of Gross Revenues which under-report Gross Revenues for any reporting period by 2% or more; (vii) fails to comply with the Project Timeline Standards three (3) or more times during any twelve (12) month period during the Term of this Agreement; (viii) suffers a final judgment to remain unsatisfied or of record for thirty (30) days or longer (unless superseded as bond is filed), or has execution levied against Franchisee's business or property, or any suit is filed to foreclose any lien or mortgage against the premises or equipment and not dismissed within thirty (30) days; (ix) becomes insolvent or has a receiver appointed to take possession of Franchisee's business or property or any part thereof or makes a general assignment for benefit of creditors; (x) engages in public conduct that reflects materially and unfavorably upon the operation of the System, the reputation of the System, or the goodwill associated with the Proprietary Marks; provided that engaging in legitimate political activity (including testifying, lobbying, or otherwise attempting to influence legislation) shall not be grounds for termination; (xi) is in default under any other franchise agreement or other agreement with Franchisor or any of its Affiliates which is not curable, or, if such default is curable, has not cured such default within the applicable cure period; or (xii) any Affiliate defaults under any franchise agreement or other agreement with Franchisor or any of its Affiliates which is not curable, or if such default is curable, has not cured such default within the applicable cure period.

C. At Franchisor's option, without notice, in the event Franchisee shall become bankrupt or become subject to a proceeding under any chapter of the United States Bankruptcy Code, unless Franchisee shall: (i) timely undertake to reaffirm the obligations under the Agreement, (ii) timely comply with all conditions as legally may be imposed by Franchisor upon such an undertaking to reaffirm the Agreement, and (iii) timely comply with such other conditions and provide such assurance as may be legally required in or under relevant provisions of the United States Bankruptcy Code; provided, however, that the parties acknowledge that this Agreement constitutes a personal services contract made in reliance on the qualifications and personal characteristics of Franchisee and its directors, officers, managers, shareholders, members, or partners, as the case may be, and in the expectation of a material degree of personal involvement in the management and operation of the Franchised Business, and consequently, the parties agree that any attempt by any other party, including a trustee in bankruptcy or any other third party, to assume or accept a transfer or assignment of this Agreement shall be void, and that in no event shall this Agreement or any rights or duties of Franchisee hereunder, be transferred to any individual or entity who does not comply with all requirements for transfer specified in this Agreement.

D. At the election of Franchisor, effective upon the expiration of thirty (30) days after giving of written notice (ten (10) days in the case of non-payment of any Payment or other financial obligation), in the event Franchisee defaults, and does not cure to Franchisor's reasonable satisfaction within the thirty (30) day (or ten (10) day) notice period, in the performance of any other covenant or provision of this Agreement, including without limitation, the obligation to pay when due any financial obligation to Franchisor, the obligation to make reports and provide information when due hereunder, or failure to maintain any of the standards or procedures prescribed for the Franchised Business in this Agreement, the Manual, or otherwise; provided, however, that Franchisee shall be entitled to notice and opportunity to cure any such default only once in any 6-month period, and any subsequent occurrence of the same or substantially similar default within such 6-month period shall entitle Franchisor, at its option, to terminate this Agreement effective immediately upon the giving of notice and without opportunity to cure.

**14.2 Franchisor's Right to Reduce Territory(ies).** In the event of any failure by Franchisee to comply with its obligations under this Agreement, or upon the occurrence of any event that would permit Franchisor to terminate this Agreement, at its sole option and discretion, Franchisor may, instead of exercising its rights to terminate, reduce the size of the Territory(ies) by terminating Franchisee's rights under this Agreement to operate the Franchised Business in a portion of the Territory(ies). Franchisor's decision to (a) reduce Franchisee's Territory, or (b) to reduce another System Business' territory in lieu of termination shall not be deemed a waiver of APA's right to terminate this Agreement as a result of Franchisee's breach of any obligation.

**14.3 Forbearance is Not Waiver.** No forbearance of Franchisor from asserting any default or giving any permitted notice of termination shall constitute a waiver of such default or right to terminate or an estoppel against such right as to any continuing default or subsequent occurrence of a default, whether similar or dissimilar in nature to the prior default. The rights of Franchisor to terminate this Agreement are in addition to, and not in lieu of, other remedies available at law or equity for defaults by Franchisee for payment and performance of its obligations hereunder.

**14.4 Purchase Option.** Upon termination or expiration of this Agreement for any reason after Opening, Franchisor will have the option, exercisable by giving written notice to Franchisee within thirty (30) days from the effective date of termination or expiration, to

purchase the assets of the Franchised Business and assume any or all of Franchisee's agreements relating to the Franchised Business. Assets of the Franchised Business will include without limitation, equipment, fixtures, furniture, furnishings, signs, inventory and assignable licenses. Franchisor will have the right to assign this option. Franchisor or its assignee will be entitled to all customary warranties, representations and pro rations in connection with its asset purchase. Franchisee shall cooperate with Franchisor in obtaining any necessary consents.

(i) Once Franchisor gives notice that it will purchase the assets of the Franchised Business, it shall have the right immediately to take over the operation of the Franchised Business. From the date Franchisor takes over the Franchised Business to the date of closing the purchase of such assets, Franchisor shall be entitled to use revenues of the Franchised Business to operate the Franchised Business and to retain as its management fee 5% of the balance of such gross sales.

(ii) The purchase price for the assets of the Franchised Business shall be determined as follows: each party shall appoint one appraiser within fifteen (15) days of Franchisor's notice, and each of the two appraisers shall independently of the other determine the purchase price. If the higher of the two prices does not exceed the lower by more than 10% of the lower price, the purchase price shall be 105% of the lower purchase price. If the higher of the two prices exceeds the lower by more than 10% of the lower price, the two appraisers shall select a third appraiser, who shall determine the purchase price. Each appraiser shall determine the purchase price within thirty (30) days of his or her appointment. All the appraisers must be members of the Appraisal Institute. If the purchase price is not acceptable to Franchisor, it may withdraw its offer to purchase by written notice to Franchisee. Franchisor shall have ten (10) days from the determination of the final purchase price, to determine whether to purchase the Franchised Business assets.

(iii) The purchase price shall be paid in cash at the closing of the purchase, by means of check, wire transfer or electronic funds transfer, which shall take place no later than ninety (90) days after Franchisee's receipt of notice of Franchisor's exercise of the option to purchase, at which time Franchisee must deliver instruments transferring to Franchisor or its assignee: (1) good and marketable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Franchisor or its assignee), with all sales and other transfer taxes paid by Franchisee; and (2) all licenses to the Franchised Business and/or permits which may be assigned or transferred. If Franchisee cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale shall be accomplished through an escrow. Franchisor will have the right to set off against and reduce the purchase price by any and all amounts owed by Franchisee to Franchisor, the amount of any encumbrances or liens against the assets, and any liability of Franchisee assumed or paid for by Franchisor.

**14.5 Temporary Removal from Marketing and Sales Channels.** If Franchisee's default is such that, in Franchisor's sole judgment, the Franchised Business does not fairly represent the quality and standards of the System, Franchisor may, temporarily in lieu of termination, remove the Franchised Business from marketing and registration channels generally available to all System Businesses such as websites, national accounts marketing and other such channels then in use. Because fees charged by Franchisor for access to such marketing and registration channels are generally set to cover the cost of the channels and charged on a pro rata basis, Franchisee shall continue to pay such fees, so that Franchisee's default does not negatively impact other System franchisees. Franchisor's removal of the

Franchised Business from generally available marketing and reservation channels will not constitute a waiver of Franchisor's right to terminate this Agreement due to the underlying default.

**14.1 Temporary Management by Franchisor.** In the event of any default under this Agreement, in order to prevent any interruption of the Franchise Business, which Franchisee agrees would cause harm to the Franchise Business and the System, Franchisee authorizes Franchisor or its agents and Affiliates to operate the Franchise Business for so long as Franchisor deems necessary and practical in its sole discretion. All income from the operation of the business will be kept in a separate account, and the expenses of the business, including reasonable compensation and expenses of Franchisor and its agents, in an amount equal to twenty percent (20%) of Franchisee's Gross Revenue, will be charged to this separate account. Nothing in this Article is intended to require Franchisor to operate the business in the event of Franchisee's inability, and the rights described in this Article may be exercised or not exercised in Franchisor's sole and absolute discretion.

**Article 15. Obligations Upon Termination.**

15.1 Upon expiration or termination of this Agreement for any reason:

A. All rights granted hereunder to Franchisee shall terminate;

B. Franchisee shall immediately and permanently cease to operate the Franchised Business, and shall not thereafter, directly or indirectly, represent itself to the public or hold itself out as a Franchisee of Franchisor;

C. Franchisee shall immediately and permanently discontinue the use of all Proprietary Marks, all similar names and marks, or any other designation or mark indicating or tending to indicate that Franchisee is or was a Franchisee of Franchisor, including removing the wrap and other forms of the Proprietary Marks from the Vehicles. Franchisee shall promptly amend or terminate any filings or registrations with any governmental authorities containing or pertaining to the use of Franchisor's name and Proprietary Marks. Franchisee shall not promote or advertise the fact that it was formerly a Franchisee of Franchisor;

D. Franchisee shall surrender and transfer to Franchisor or its designee any and all rights to use the telephone numbers, other business listings, and social media accounts and all other accounts and pages in any form of Online Presence used by Franchisee for the Franchised Business. Franchisee agrees to cooperate and execute any and all documents required to affect transfer of the telephone numbers and other business listings from Franchisee to Franchisor or its designee.

E. Franchisee shall immediately turn over to Franchisor all materials, including, without limitation, the Manual (in whatever form Franchisee may have) and all other manuals, all customer and supplier information, marketing materials, instructions, any Online Presence references and brochures, and any and all other materials relating to the operation of the Franchised Business in Franchisee's possession, custody, or control, and all copies thereof (all of which are acknowledged to be Franchisor's property), and shall retain no copy or record of the foregoing, excepting only Franchisee's copy of this Agreement and of any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of law;

F. Franchisee shall immediately and permanently discontinue all advertising as a Franchisee of Franchisor, including but not limited to removal of all signs, vehicle wraps or markings, and other identifying marks and colors, and shall destroy or surrender to Franchisor any letterheads, forms, printed matter, and advertising containing Franchisor's Proprietary Marks and any similar or related names marks or designations tending to indicate that Franchisee is or was an authorized Franchisee of Franchisor;

G. Franchisee shall, at its expense, immediately make such modifications or alterations as may be necessary to distinguish the Franchise Business' premises, vehicles, and equipment so clearly from its former appearance and from other System Businesses as to prevent any possibility of confusion therewith by the public, and to prevent the operation of any business by Franchisee or others in derogation of this Article (including, without limitation, removal of all distinctive physical and structural features identifying the Franchised Business' premises in the System including, without limitation, removal of all signs and emblems, and changing of telephone numbers and other directory listings). Franchisee shall, at Franchisee's expense, immediately make such specific additional changes as Franchisor may reasonably request for this purpose. Franchisee agrees that for ninety (90) days following termination or expiration, Franchisor or its designated agents may enter the Franchised Business' premises and adjacent areas, and hereby grants Franchisor an irrevocable license and permit to access the Franchised Business' vehicles, location and equipment for such purposes, at any time to make such alterations, at Franchisee's sole risk and expense, without responsibility for any actual or consequential damages to the property of Franchisee or others. Franchisee acknowledges that such actions by Franchisor are authorized and permitted and shall not be deemed a violation of any civil or criminal law or any basis for an action under such laws by Franchisee or others. Franchisee expressly acknowledges that its failure to make such alterations will cause irreparable injury to Franchisor, and consents to entry, at Franchisee's expense, of an ex parte order by any court of competent jurisdiction authorizing Franchisor or its agents to take such action, if Franchisor seeks such an order;

H. Franchisee shall immediately and permanently cease using Franchisor's System, including, but not limited to the Manual, any other operating or training manuals or aids, intranet, advertising and promotional materials, and all confidential material delivered to Franchisee pursuant to this Agreement;

I. Within ten (10) days following termination or expiration, Franchisee shall provide Franchisor with an inventory of all items owned, leased or otherwise possessed by the Franchised Business. Franchisor shall have the right, at its sole option, for a period of sixty (60) days following receipt of such inventory list, to purchase at fair market value all usable materials owned by Franchisee bearing the Proprietary Marks, and/or to purchase Franchisee's supplies, E&I and signage used in the Franchised Business at their fair market value. Franchisee shall not during such sixty (60) day period remove from the Franchised Business, transfer, assign, hypothecate, pledge, or otherwise encumber such E&I or moveable signs;

J. Franchisee shall within ten (10) days from termination or expiration pay all sums owing to Franchisor and its affiliates. In the event of termination for any default of Franchisee, such sums shall include payment of all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property (including, without limitation, signage, equipment, furnishings, furniture, Vehicle(s) and supplies) owned and used by Franchisee in connection with the Franchised Business at the time of default.

K. Franchisee shall pay to Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

L. In order to prevent any interruption of the Franchised Business, which Franchisee agrees would cause harm to the Franchised Business and the System, if Franchisee is unable to operate the Franchised Business for any reason whatsoever, Franchisee authorizes Franchisor or its agents and Affiliates to operate the Franchised Business for so long as Franchisor deems necessary and practical in its sole discretion. All income from the operation of the business will be kept in a separate account, and the expenses of the business, including reasonable compensation and expenses of Franchisor and its agents, in an amount equal to ten percent (10%) of Franchisee's Gross Revenue, will be charged to this separate account. Nothing in this Article is intended to require Franchisor to operate the business in the event of Franchisee's inability, and the rights described in this Article may be exercised or not exercised in Franchisor's sole and absolute discretion.

**15.2 Liquidated Damages.** The parties recognize the difficulty of ascertaining damages to Franchisor resulting from premature termination of this Agreement and have provided for Liquidated Damages, which Liquidated Damages represent the parties' best estimate as to the damages arising from the circumstances in which they are provided and which are the only damages for the premature termination of this Agreement and not as a penalty or as damages for breaching this Agreement or in lieu of any other payment. Accordingly, if this Agreement is terminated pursuant to Articles 14.1.B, 14.1.C or 14.1.D, or by Franchisee without cause, Franchisee shall pay to Franchisor within ten (10) days of termination a lump sum payment (as Liquidated Damages and not as a penalty or in lieu of any other payments required under this Agreement) equal to the combined monthly average of Royalty Fees (without regard to any fee waivers or other reductions) that are owed by Franchisee to Franchisor, beginning upon the date the Franchised Business was opened or was required to be opened pursuant to this Agreement through the date of early termination, multiplied by the lesser of (i) twenty-four (24), or (ii) the number of months remaining in the term of this Agreement.

**15.3 Obligation to Preserve Records.** Termination of this Agreement shall not relieve Franchisee of the obligations under Article 10 hereof to maintain and preserve financial and other records and to make them available for inspection and audit by Franchisor.

**15.4 Survival of Certain Provisions.** All covenants, obligations, and agreements of Franchisee which by their terms or by reasonable implication are to be performed, in whole or in part, after the termination or expiration of the term of this Agreement, including, without limitation, those set forth in Articles 14 and 15 of this Agreement shall survive such termination or expiration.

## **Article 16. Additional Covenants.**

**16.1 Responsibility for Operation of Franchised Business.** Franchisee agrees and acknowledges that, prior to executing this Agreement, Franchisee has made such investigation of Franchisor and the System as Franchisee deems necessary, that Franchisee understands that the results of operations of the Franchised Business are dependent upon the efforts and management of Franchisee, and Franchisee hereby assumes full responsibility for such operations.

**16.2 No Fiduciary Relationship.** It is understood and agreed by all parties hereto that this Agreement does not create a fiduciary relationship between them; that Franchisee shall be an independent contractor; and, that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name or on Franchisor's behalf, and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of any such action, or by reason of any act or omission of Franchisee in its conduct of the Franchised Business, or any claim or judgment arising therefrom against Franchisor. Franchisee agrees that Franchisor is not in a position to, and does not undertake to, exercise control over the employment, supervision, or discharge of the Franchised Business' employees and except as is necessary to protect the quality of the System and of the Services rendered by the Franchised Business has no right to do so; customer safety and health; or other matters arising out of or affecting the Franchised Business' operations, which are within the responsibility of Franchisee as a qualified independent business operator. Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a license from Franchisor. Franchisee agrees to take such affirmative action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place on the premises of the Franchised Business, and, as directed by Franchisor, in Franchisee's advertising and customer-facing materials and on Franchisee's agreements, forms, stationery, and promotional materials.

**16.3 Method and Application of Payments.** All payments to Franchisor hereunder shall be made payable to RECOAT REVOLUTION FRANCHISE LLC and, except as provided in the next sentence, shall be tendered to Franchisor in person at the address set forth in Article 18 below, or by making such Payment by mail, postage prepaid, to that address. At Franchisor's option, Franchisee shall make payments to Franchisor hereunder by wire transfer, electronic funds transfer, or such other payment method as directed by Franchisor, to an account or accounts specified by Franchisor. All Payments received by Franchisor from Franchisee shall be applied to the oldest obligation, regardless of any contrary designation by Franchisee. Franchisee agrees that Franchisee will not, on grounds of the alleged non-performance by Franchisor of any of its obligations hereunder, withhold payment of any royalties, marketing and advertising contributions, amounts due to Franchisor for purchases by Franchisee, or any other amounts due Franchisor.

**16.4 Economic Sanctions and Anti-Terrorism Laws.** Franchisee and its owners understand the requirements of, and will abide by, all United States government economic sanctions requirements. Franchisee represents and warrants that neither it nor any of its direct or indirect owners, directors, officers, employees or agents is a person subject to trade restrictions under United States law, including (without limitation) the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., or any Executive Orders or regulations promulgated thereunder (including Executive Order 13224 of September 24, 2001 Blocking Location and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, and the Specially Designated Nationals and Blocked Persons List) ("**Anti-Terrorism Laws**"). Franchisee and its owners may not engage in any activity that would expose Franchisor or its Affiliates to a risk of criminal or civil penalties under applicable United States law. Any violation of the Anti-Terrorism Laws by Franchisee or its owners, or any blocking of Franchisee's or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

**Article 17. Approvals and Waivers.**

17.1 **Requests for Approval.** Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent shall be obtained in writing. Except as otherwise expressly provided herein, Franchisor may withhold any consent or approval herein at its discretion.

17.2 **Franchisor’s Discretion.** Franchisor shall have no liability for withholding any consent or approval or for any delay or inaction in connection therewith, and the granting of any approval or consent shall not imply or constitute any representation, warranty, guaranty, or endorsement of the matter approved or consented to or an assumption of any liability in connection therewith.

17.3 **No Waiver.** No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Franchisee, or any other Franchisee, of any of the terms, provisions, covenants, or conditions hereof shall constitute a waiver by Franchisor to enforce any such right, option, duty, or power as against Franchisee, or as to subsequent breach or default by Franchisee. Subsequent acceptance by Franchisor of any obligations due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, provisions, covenants, or conditions of this Agreement.

**Article 18. Notices.**

Unless otherwise specifically stated elsewhere in this Agreement, any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, mailed by certified or registered mail, postage prepaid, return receipt requested, or sent via a nationally recognized overnight delivery service, or sent by email, with delivery confirmation, to the respective parties at the following addresses or email unless and until a different address or email address has been designated by written notice to the other party:

NOTICES TO  
Franchisor: RECOAT REVOLUTION FRANCHISE LLC  
44 Soccer Park Road  
Fenton, Missouri 63026  
ATTN: Angela Lauer  
EMAIL: alauer@recoatrevolution.com

NOTICES TO  
FRANCHISEE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
ATTN: \_\_\_\_\_  
FACSIMILE: \_\_\_\_\_

Any notice shall be deemed to have been given at the earlier of actual receipt or three business days after mailing by certified or registered mail, or one business day after sending by overnight delivery service, and the day it is sent if sent by email during or before normal business hours, or one business day after sending by email if sent after normal business hours.

**Article 19. Dispute Resolution.**

**19.1 First Meeting of Executives.** The parties shall attempt in good faith to resolve any unsettled claims, disputes, or controversies between Franchisor and Franchisee, and other matters arising between them relating to this Agreement, any other agreement between them, the dealings or relationship between them, or Franchisee's development or operation of the Franchised Business ("**Dispute**") promptly by negotiation between executives who have the authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for the administration of this Agreement if such party has a person in a higher level of management than the person with direct responsibility for the administration of this Agreement. Any party may give the other party written notice of any dispute not resolved in the normal course of business. Within 15 days after delivery of the notice, the receiving party shall submit to the other a written response. The notice and response shall include with reasonable particularity (a) a statement of each party's position and a summary of arguments supporting that position, and (b) the name and title of the one executive who will represent that party in the meeting. This meeting shall be limited to one executive/management person for each party and shall be held in person unless the parties mutually agree otherwise. Within 30 days after delivery of the notice, the executives of both parties shall meet at a mutually acceptable time and place.

A. Unless otherwise agreed in writing by the negotiating parties, the above-described negotiation shall end at the close of the first meeting of executives described above ("**First Meeting**"). Such closure shall not preclude continuing or later negotiations if the parties mutually desire.

B. All offers, promises, conduct and statements, whether oral or written, made in the course of the negotiation by any of the parties, their agents, employees, experts and attorneys are confidential, privileged and inadmissible for any purpose, including impeachment, in arbitration or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the negotiation.

C. At no time prior to the First Meeting shall either side initiate litigation related to this Agreement except to pursue a provisional remedy that is authorized by law or by agreement of the parties. However, this limitation is inapplicable to a party if the other party refuses to comply with the requirements of Paragraph 19.1 above.

D. All applicable statutes of limitation and defenses based upon the passage of time shall be tolled while the procedures specified in Article 19.1 and 19.2 are pending and for 15 calendar days thereafter. The parties will take such action, if any, required to effectuate such tolling.

E. If the matter is not resolved by negotiation pursuant to this Section 19.1, then the matter shall proceed to mediation as set forth in Section 19.2.

**19.2 Mediation.** In the event of a Dispute that remains unresolved after the First Meeting, either party may initiate a mediation process by notifying the other party in writing. The parties agree to conduct the mediation in accordance with the then current Commercial Mediation Procedures of the American Arbitration Association, except to the extent that those rules conflict with this Agreement, in which case this Agreement shall control. However, the mediation need not be administered by the AAA unless the parties cannot agree upon the selection of a mediator within thirty days of the receipt of the written notice of mediation. If the parties cannot agree upon the selection of a mediator, either party may commence a mediation proceeding by making a request to the AAA, with a copy to the other party. The written request

for mediation shall describe with specificity the nature of the dispute and the relief sought. Both parties are required to engage in the mediation in good faith.

A. The mediation process shall begin promptly, but in no event later than thirty (30) days after cessation of negotiations between the parties as set forth in Section 19.1, and shall be concluded within thirty (30) days of the day the request for mediation is made, unless the parties mutually agree otherwise.

B. Mediation shall be private, voluntary, and nonbinding. Any party may withdraw from the mediation at any time before signing a settlement agreement upon written notice to each other party and to the mediator. The mediator shall be neutral and impartial. The fees and expenses of the AAA (or other administrator) and the mediator shall be shared equally by the parties. Each party shall bear its own attorneys' fees and other costs incurred in connection with the mediation irrespective of the outcome of the mediation. The mediator shall be disqualified as a witness, consultant, expert, or counsel for either party with respect to the matters in Dispute and any related matters. At least seven days before the first scheduled session of the mediation, each party shall deliver to the mediator a concise written summary of its position with respect to the matters in dispute (such as claims or defenses) and such other matters required by the mediator.

C. Unless the parties agree otherwise, the entire mediation process shall be confidential and without prejudice. The parties and the mediator shall not disclose any information, documents, statements, positions, or terms of settlement. Nothing said or done or provided by the parties in the course of mediation shall be reported or recorded or, except as ordered by a court of competent jurisdiction, placed in any legal proceeding or construed for any purpose as an admission against interest. Nevertheless, evidence otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in mediation.

D. All mediation proceedings shall take place where Franchisor maintains its principal place of business at the time of the mediation.

E. Mediation shall be a condition precedent to either party's commencement or pursuit of any action which may be the subject of the Dispute, with the exception of (i) claims by Franchisor to recover any unpaid amounts due and payable to it under this Agreement, and (ii) those Disputes set forth in paragraph 19.3.

**19.3 Temporary Restraining Orders and Injunctive Relief.** Notwithstanding anything to the contrary contained in this Article, Franchisee and Franchisor each have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. Franchisee acknowledges that a proper case to obtain temporary restraining orders and temporary or permanent injunctive relief from a court of competent jurisdiction shall include, but not be limited to, the following:

A. Any Dispute involving actual or threatened disclosure or misuse of the contents of the Manual or any other confidential information or Trade Secrets of Franchisor;

B. Any Dispute involving the ownership, validity, use of, or right to use or license the Proprietary Marks;

C. Any action by Franchisor to enforce the covenants set forth in Article 11 and Article 13 of this Agreement; and

D. Any action by Franchisor to stop or prevent any threat or danger to public health or safety resulting from the construction, maintenance, or operation of the Franchised Business. The provisions of this Article are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

**19.4 Litigation.** The parties acknowledge that Franchisor operates, or intends to operate, a nationwide franchise system, with franchisees located in numerous different states and in numerous counties and cities within such states. Accordingly, the parties hereby agree that in view of the fact that the books, records, and business personnel of Franchisor are currently located, for the most part, at Franchisor's headquarters in St. Louis County, Missouri, and in order to minimize disruption or interference with operation of the franchise system as a whole, the parties agree as follows:

A. Any and all court proceedings arising from or relating in any manner to any Dispute between Franchisor and Franchisee, shall be brought in, and only in, a state court of general jurisdiction sitting in the county and state, or in the United States District Court for the District in which Franchisor has its principal place of business at the time any such action is instituted, and Franchisee irrevocably submits to the jurisdiction of such courts and waives any objection Franchisee may have to either the jurisdiction or venue of such court. No individual shall be joined as a party to such proceedings if such joinder has the effect of destroying federal court jurisdiction unless that individual or entity is a necessary party to the proceeding as a matter of law.

B. THE PARTIES AGREE THAT ALL DISPUTES ADMITTED TO THE COURT PURSUANT TO THIS PROVISION SHALL BE TRIED TO THE COURT SITTING WITHOUT A JURY, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS.

C. NO PUNITIVE OR EXEMPLARY DAMAGES SHALL BE AWARDED AGAINST EITHER FRANCHISOR OR FRANCHISEE OR ANY AFFILIATES OF EITHER OF THEM, IN ANY PROCEEDING, AND ALL CLAIMS TO SUCH DAMAGES ARE HEREBY WAIVED.

**19.5 Statute of Limitations.** Franchisor and Franchisee agree that no form of action or proceeding permitted hereby will be maintained by any party to enforce any liability or obligation of the other party, whether arising from this Agreement or otherwise, unless the proceeding is brought before the expiration of one year after the date of discovery of the facts resulting in such alleged liability or obligation. Notwithstanding the foregoing, where state or federal law mandates or makes possible by notice or otherwise a shorter period, such shorter period shall apply in all cases, in lieu of the time specified above.

**19.6 Franchisor's Business Judgment.** The parties hereto recognize, and any mediator or judge is affirmatively advised, that certain provisions of this Agreement describe the right of Franchisor to take (or refrain from taking) certain actions in the exercise of its discretion based on its assessment of the overall best interest of the System and/or franchise program. Where such discretion has been exercised, and is supported by the business judgment of Franchisor, neither a mediator nor a judge shall substitute his or her judgment for the judgment so exercised by Franchisor.

**19.7 Legal Fees.** If Franchisor incurs any legal fees or costs or other expenses in seeking enforcement of or defending this Agreement, or as a result of claims

arising out of or related to any Dispute (except those fees and costs in connection with the First Meeting and Mediation as identified in paragraph 19.1 and 19.2), then Franchisor shall recover from Franchisee the amount of all legal fees, costs and expenses, including attorneys' fees, whether incurred prior to, or in preparation for or contemplation of the filing of any claim, demand, action, or proceeding.

**19.8 No Class Action.** Any disagreement between Franchisee and Franchisor (and Franchisor's Affiliates) will be considered unique as to its facts and must not be brought as a class action, and Franchisee waives any right to proceed against Franchisor (and Franchisor's Affiliates, stockholders, officers, directors, employees, agents, successors and assigns) by way of class action, or by way of a multi-plaintiff, consolidated or collective action.

## **Article 20. Construction and Modification.**

**20.1 Entire Agreement and Amendment.** Franchisor and Franchisee each acknowledge and warrant to each other that they wish to have all terms of their business relationship defined in this written Agreement. Neither Franchisor nor Franchisee wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, Franchisor and Franchisee agree that this Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto, supersede and cancel any prior and/or contemporaneous discussions (whether described as presentations, inducements, promises, agreements, or any other term), between Franchisor or anyone acting on its behalf and Franchisee or anyone acting on his, her or its behalf, which might be taken to constitute agreements, representations, inducements, promises, or understandings (or any equivalent to such terms) with respect to the relationship between the parties, and Franchisor and Franchisee each agree that they have placed, and will place, no reliance on any such discussions, provided, however, that nothing in this Agreement or any related document is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document furnished to Franchisee. This Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto, constitutes the entire agreement between the parties and contains all of the terms, conditions, rights, and obligations of the parties with respect to any aspect of the relationship between the parties. No future franchise license rights or offer of franchise license rights have been promised to Franchisee and no such franchise license rights or offer of franchise license rights shall come into existence, except by means of a separate writing, executed by an officer of Franchisor or such other entity granting this Agreement and specifically identified as a modification of this Agreement. No change, modification amendment or waiver of any of the provisions hereof, including by custom or usage of trade or course of dealing or performance, shall be effective and binding upon either party unless it is in writing, specifically identified as an amendment hereto, and signed by the party to be charged.

**20.2 Governing Law.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 et seq.), this Agreement and the relationship between Franchisor and Franchisee will be interpreted and construed in accordance with the substantive laws of the State of Missouri, without giving effect to its conflicts of law provisions, provided that any nothing in this Article is intended by the parties to subject this Agreement to any franchise or similar law, rule or regulation of such state to which this Agreement would not otherwise be subject. If applicable law provides Franchisee with additional rights as to notices, opportunities to cure or otherwise than as are provided by this Agreement as to termination, renewal, transfers or otherwise, Franchisor will comply with the

requirements of such laws to the extent they exceed Franchisor's obligations under this Agreement.

**20.3 Survival.** Should any one or more parts of this Agreement be declared invalid for any reason by a court of competent jurisdiction, such decision shall not affect the validity of any remaining portions of the Agreement, which shall remain in full force and effect as if the Agreement had been executed without such invalid parts, except to the extent the absence of the provisions invalidated would frustrate or make it impossible to achieve the purposes for which the Agreement was made. Should the requirements of any applicable law or regulation change or modify the terms of this Agreement or conflict with its provisions, such change or modification shall not be applicable to this Agreement unless such change is lawfully mandated by the authority making the same, in which case only the provisions affected by such law or regulation shall be affected, and the Agreement shall otherwise remain in full force and effect, as modified to be consistent with such law or regulation.

**20.4 Third Party Beneficiaries.** This Agreement is made solely for the benefit of the parties hereto and their respective successors and permitted assigns, and nothing herein shall create any right to rely upon the terms hereof in favor of any third party nor confer any right or remedy upon any third party, except as specifically provided in Article 11.2 of this Agreement.

**20.5 Captions.** All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provisions hereof.

**20.6 Gender.** All terms and words used in this Agreement, regardless of numbers and genders in which they are used, shall be deemed to include singular or plural and all genders as the context or sense of this Agreement or any paragraph or clause herein may require.

**20.7 Joint and Several.** All acknowledgments, promises, covenants, agreements, and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all those executing this Agreement on behalf of Franchisee and the Guaranty attached hereto.

**20.8 Time is of the Essence.** Time is of the essence of this Agreement and all provisions hereof shall be so interpreted. Any provision of this Agreement which imposes an obligation after termination or expiration of this Agreement shall survive such termination or expiration.

**20.9 Remedies Not Exclusive.** No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

## **Article 21. Execution of Agreement.**

**21.1 Multiple Counterparts.** This Agreement may be executed in counterparts, which together shall constitute one agreement of the parties.

**21.2 Timely Receipt and No Inconsistent Warranties or Representations.** By signing this Agreement, Franchisee acknowledges that it has received a complete copy of this Agreement, with any Exhibits referred to herein attached, at least seven (7) calendar days

prior to the date on which this Agreement was executed, and further acknowledges that it has received Franchisor’s franchise disclosure document at least fourteen (14) calendar days prior to the date on which this Agreement was executed or any money paid, or by such earlier date as may be required by state law. Franchisee further acknowledges that no agent or employee of Franchisor is authorized to make any representation or warranty inconsistent with or in addition to the terms of this Agreement. By signing this Agreement, Franchisee represents and warrants to Franchisor that no such representation or warranty, including specifically any representation as to the potential success or profitability of the Franchised Business, has been made or relied upon.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Agreement as of the day and year first above written.

**“Franchisor”**

**“Franchisee”**

**RECOAT REVOLUTION FRANCHISE LLC**  
A Missouri limited liability company

**[FRANCHISEE],**  
A \_\_\_\_\_

\_\_\_\_\_  
BY: Angela Lauer  
ITS: \_\_\_\_\_

\_\_\_\_\_  
BY: \_\_\_\_\_  
ITS: \_\_\_\_\_

**EXHIBIT A.1**

**OWNERS' ACKNOWLEDGEMENT**

Each following party is an owner of Franchisee. Each following party is signing this Acknowledgment, not as a party, but only to the extent necessary to indicate its, his or her acceptance of, and agreement to be bound by, the specific rights and duties of an owner of Franchisee mentioned in this Agreement, including rights and obligations relating to confidentiality, competition, and transfers.

*sign here if the owner is an entity*

*sign here if the owner is an individual*

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

Print name: \_\_\_\_\_

Name: \_\_\_\_\_

Percentage Ownership: \_\_\_\_\_

Its: \_\_\_\_\_

Percentage Ownership: \_\_\_\_\_

*sign here if the owner is an entity*

*sign here if the owner is an individual*

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

Print name: \_\_\_\_\_

Name: \_\_\_\_\_

Percentage Ownership: \_\_\_\_\_

Its: \_\_\_\_\_

Percentage Ownership: \_\_\_\_\_

*sign here if the owner is an entity*

*sign here if the owner is an individual*

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

Print name: \_\_\_\_\_

Name: \_\_\_\_\_

Percentage Ownership: \_\_\_\_\_

Its: \_\_\_\_\_

Percentage Ownership: \_\_\_\_\_

## EXHIBIT A.2

### FRANCHISEE GUARANTY

In consideration of, and as an inducement to RECOAT REVOLUTION FRANCHISE LLC (“**Franchisor**”), to enter into the foregoing Franchise Agreement with \_\_\_\_\_ (“**Franchisee**”) dated \_\_\_\_\_ (“**Franchise Agreement**”), the undersigned individually and, if more than one guarantor, jointly and severally, guarantee the punctual payment and performance of all obligations of Franchisee under the Franchise Agreement and any documents, agreements, instruments and promissory notes executed pursuant to or in connection with the Franchise Agreement (“**Franchise Documents**”). This shall be an unconditional, irrevocable, and continuing guaranty for the entire term of this Guaranty and the Franchise Agreement.

The undersigned agree that they are willing to remain fully bound by this Guaranty notwithstanding any action or inaction of Franchisor and Franchisee in connection with the Franchise Agreement, and that their obligation shall not be modified, waived, or released by any modification, amendment, or departure from the terms of the Franchise Agreement, or by any forbearance, extension of time, waiver, or release granted by Franchisor to Franchisee or any guarantor or with respect to any security held by Franchisor.

The undersigned waives:

- (i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings;
- (ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (iii) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed;
- (iv) any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- (v) any and all other notices (including, without limitation, notice of amendment or modification of the Franchise Agreement, notice of default or termination, and any other notices required by the Franchise Agreement) and legal or equitable defenses to which the undersigned may be entitled.

The undersigned consents and agrees that:

- (i) the undersigned’s direct and immediate liability under this Guaranty shall be joint and several with all signatories to this and similar guaranties of Franchisee’s obligations;
- (ii) the undersigned will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;
- (iii) this Guaranty will apply to any claims Franchisor may have due to return of any payments or property Franchisor may have received from Franchisee as a preference, fraudulent transfer or conveyance or the like in any legal proceeding;

- (iv) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and
- (v) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during and after the terms of the Franchise Documents, as the same may be amended or renewed, until Franchisee's duties and obligations to Franchisor are fully discharged and satisfied; and
- (vi) will pay Franchisor's court costs and reasonable attorney's fees in enforcing or collecting on this Guaranty.

All capitalized terms when used herein will have the meaning ascribed to them in the Franchise Agreement.

This Owner's Guaranty will be governed, construed and interpreted in accordance with the substantive laws of the State of Missouri, without giving effect to its conflicts of law principles.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

WITNESS(ES):

GUARANTOR(S):

\_\_\_\_\_  
Print or Type Name

\_\_\_\_\_  
Print or Type Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print or Type Name

\_\_\_\_\_  
Print or Type Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

**EXHIBIT A.3**

**RECOAT REVOLUTION FRANCHISE LLC**

**FRANCHISE AGREEMENT**

**Owners of Franchisee**

<b><u>NAME OF OWNER</u></b>	<b><u>VOTING RIGHTS IN FRANCHISEE</u></b>	<b><u>BENEFICIAL INTEREST IN FRANCHISEE</u></b>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b><u>TOTAL</u></b>	<b><u>100%</u></b>	<b><u>100%</u></b>

**EXHIBIT B**

**RECOAT REVOLUTION FRANCHISE LLC**

**FRANCHISE AGREEMENT**

**Map(s) of Territory(ies)**

**[Insert Map(s) Here]**

**EXHIBIT C**  
**RECOAT REVOLUTION FRANCHISE LLC**  
**FRANCHISE AGREEMENT**  
**DIRECT DEBIT AUTHORIZATION AGREEMENT**

\_\_\_\_\_(Name of Person or Legal  
Entity)  
\_\_\_\_\_  
Number) \_\_\_\_\_ (ID

The undersigned depositor ("**Depositor**") hereby authorizes RECOAT REVOLUTION FRANCHISE LLC ("Franchisor") or any of its affiliates to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("Depository") ("Bank") to debit or credit such account(s) pursuant to Franchisor's instructions.

_____ Depository	_____ Branch	
_____ City	_____ State	_____ Zip Code
_____ Bank Transit/ABA Number	_____ Account Number	

This authority is to remain in full and force and effect until sixty (60) days after Franchisor has received written notification from Franchisee of its termination.

_____ Depositor	_____ Depository
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

## EXHIBIT D

### CONFIDENTIALITY AGREEMENT

#### (FOR EMPLOYEES OF FRANCHISEE)

1. Pursuant to a Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_(the “Franchise Agreement”), \_\_\_\_\_( “Franchisee”) has acquired the right and franchise from RECOAT REVOLUTION FRANCHISE LLC (the “Company”) to establish and operate a ReCoat Revolution business (the “Franchised Business”) and the right to use in the operation of the Franchised Business the Company’s trade names, service marks, trademarks, logos, emblems, and indicia of origin (the “Proprietary Marks”), as they may be changed, improved and further developed from time to time in the Company’s sole discretion, only in the following territory(ies):

\_\_\_\_\_ (whether one or more, collectively, the “Territory”).

2. The Company, as the result of the expenditure of time, skill, effort and resources, has developed and owns a distinctive format and system (the “System”) relating to the establishment and operation of System Businesses. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, specifications, security protocols, computer hardware and systems, technology and equipment used, methods of business practices and management, research and development, training processes, operational manuals, presentation materials, vendor agreements, supplier lists, vendor lists, marketing and merchandising strategies, plans for new product or service offerings, and experience in, the operation of the Franchised Business (the “Confidential Information”). Confidential Information shall also expressly include all client personal information that I obtain or have access to during my employment.

3. In consideration for my employment with Franchisee and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree to the terms of this Confidentiality Agreement (the “Agreement”).

4. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

5. As an employee of Franchisee, the Company and Franchisee may disclose the Confidential Information to me via training programs, the Company’s Confidential Operations Manual (the “Manual”), customer intake forms and other general assistance during the term of my employment with Franchisee.

6. I will not acquire any interest in the Confidential Information, other than the right to utilize it in performing my duties for the Franchised Business during the term of my employment with Franchisee and I acknowledge that the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition. I covenant that I will not forward or provide the Confidential Information to any third party, nor store it on any personal or third-party electronic device, disk, drive, or otherwise, unless expressly authorized to do so by the Company.

7. Any work performed by me during my employment with Franchisee and any derivative works created by me using the Confidential Information or any proprietary

information of the Company are considered “works made for hire” and I will have no ownership interest in the items created.

8. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as an employee of Franchisee, and will continue not to disclose or use any such information even after I cease to be employed by Franchisee, unless I can demonstrate that such information has become generally known to the public or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement, a breach of the employees or associates of Franchisee, or a breach of my own duties or the duties hereunder.

9. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. In the event any provision of this Agreement is ever deemed to exceed the limits permitted by any applicable law, the provisions set forth herein will be reformed to the extent necessary to make them reasonable and enforceable. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the remaining provisions, all of which are severable and will be given full force and effect.

10. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

11. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with Franchisee. I am aware that my violation of this Agreement will cause the Company and Franchisee irreparable harm; therefore, I acknowledge and agree that Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, in addition to any other remedies available to them, and I agree to pay Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to Franchisee and the Company, any claim I have against Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

12. This is not a contract for employment and does not guaranty my employment for any set period of time. I agree and understand that Franchisee is my employer and I have no employment relationship with the Company.

13. Subject to the rights of Franchisee and the Company in Section 11, it is expressly acknowledged, understood and agreed that any and all claims, disputes or controversies that may arise concerning this Agreement, or the construction, performance, or breach of this Agreement, will be submitted to and adjudicated, determined and resolved through compulsory, binding arbitration. The parties hereby irrevocably and unconditionally submit to the exclusive jurisdiction of the American Arbitration Association (“AAA”), unless otherwise required by law, for any action or proceeding arising out of or relating to this Agreement, unless otherwise mutually agreed by the parties. It is acknowledged, understood and agreed that any such arbitration will be final and binding and that by agreeing to arbitration, the parties are waiving their respective rights to seek remedies in court, including

the right to a jury trial. The parties waive, to the fullest extent permitted by law, any right they may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement, whether based in contract, tort, statute (including any federal or state statute, law, ordinance or regulation), or any other legal theory. It is expressly acknowledged, understood and agreed that: arbitration is final and binding; the parties are waiving their right to seek legal remedies in court including the right to a trial by jury; pre-arbitration discovery generally is more limited than and different from that available in court proceedings; the arbitrator's award is not required to include factual findings or legal reasoning; and any party's right to appeal or vacate, or seek modification of, the arbitration award, is strictly limited by law. It is understood, acknowledged and agreed that in any such arbitration, each party will be solely responsible for payment of his/her/its own counsel fees, with the costs of arbitration borne equally by the parties. Questions regarding the enforceability and scope of this arbitration provision will be interpreted and enforced in accordance with the U.S. Federal Arbitration Act. Otherwise, the terms of this Agreement shall be governed by the laws of the State of employment. Any such arbitration will be conducted in the county and State of employment.

14. In the event any action for equitable relief, injunctive relief or specific performance is filed, or should any action be filed to confirm, modify or vacate any award rendered through compulsory binding arbitration, I hereby irrevocably agree that the forum for any such suit will lie with a court of competent jurisdiction in the county and State of employment, and hereby agree to the personal jurisdiction and venue of such court.

15. This Agreement will be binding upon and inure to the benefit of all parties including my heirs, personal representatives, successors and assigns and Franchisee's and Company's officers, directors, executives, employees, representatives, successors, agents and assigns. I understand that this Agreement may and will be assigned or transferred to, and will be binding upon and will inure to the benefit of, any successor of the Company, and any successor will be deemed substituted, for all purposes, as the "Company" under the terms of this Agreement. As used in this Agreement the term "successor" will mean any person, firm, corporation, or business entity which at any time, whether by merger, purchase or otherwise, acquires all or substantially all of the assets of the business of the Company. I acknowledge that the services to be rendered by me in my employment are unique and personal. Accordingly, I may not assign any of my rights nor delegate any of my duties or obligations under this Agreement.

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

ACKNOWLEDGED BY FRANCHISEE

By: \_\_\_\_\_

Name: \_\_\_\_\_

ACKNOWLEDGED BY COMPANY

By: \_\_\_\_\_

Name: \_\_\_\_\_

## EXHIBIT E

### COVENANT AGREEMENT

THIS COVENANT AGREEMENT (this "Agreement") is entered into as of the \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by and among RECOAT REVOLUTION FRANCHISE LLC ("Franchisor") and \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ (whether one or more "Covenantors").

#### WITNESSETH:

WHEREAS, Covenantors have agreed to enter into this Agreement to induce Franchisor to enter into that certain Franchise Agreement ("Franchise Agreement") dated \_\_\_\_\_, 20\_\_\_, between Franchisor and \_\_\_\_\_ ("Franchisee"); and

WHEREAS, Covenantors and its Affiliates have entered into, or may in the future enter into other franchise agreements with Franchisor ("Other Agreements");

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the Covenantors covenant and agree as follows:

1. Capitalized terms used herein and not otherwise defined shall have the same meaning as defined in the Franchise Agreement.
2. The Covenantors shall not, either directly or indirectly, individually, or through, or on behalf of, or in conjunction with any person, persons, or entity:
  - a. During the term of the Franchise Agreement, the Other Agreements and thereafter, except as otherwise approved in writing by Franchisor, copy or disclose to any person other than Franchisee's employees (and then only to employees who have a need to know) (i) any Trade Secrets, (ii) any knowledge, information or know-how concerning the System, or (iii) all or any portion of the Manual or any other confidential materials, including without limitation, the design of all System Businesses, methods of operation and service at all System Businesses, intranet, knowledge of sales and profit performance at any one or more of all System Businesses, advertising and promotional programs, advertising, promotion and marketing techniques, the selection and training of the Franchised Business' managers and, in general, methods, techniques, formulas, formats, specifications, procedures, information systems and knowledge used in the operation and licensing of System Businesses, or other materials deemed confidential by Franchisor. Covenantors shall at all times treat the Trade Secrets and Manual and the information contained therein as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential and shall use the same only in the operation of the Franchised Business. The Trade Secrets and Manual shall at all times remain the sole property of Franchisor, and shall be returned to Franchisor immediately upon expiration or termination of this Agreement. Any and all information, knowledge, know-how, and other data, that Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Covenantors can demonstrate came to their attention prior to disclosure thereof by Franchisor; or which, at or after the time of disclosure by Franchisor to

Covenantors, had become a part of the public domain, through publication or communication by others.

- b. During the term of the Franchise Agreement or any Other Agreement, compete, or be associated, directly or indirectly as an owner, officer, director, employee, consultant, or otherwise, in any Competitive Business, and, for a period of two (2) years after any transfer or termination of any Franchise Agreement or any Other Agreement for any reason, Covenantors shall not compete, or be associated, directly or indirectly as an owner, officer, director, employee, consultant, or otherwise, in any Competitive Business that is located within the continental United States. For purpose of this Article 2, the term "Competitive Business" means any company (except a ReCoat Revolution Business) that offers any hard surface flooring cleaning, finishing, refinishing or replacement; provided, however, that passive ownership of less than 5% of the outstanding voting securities of a publicly held corporation (which for purposes of this Agreement means a corporation registered under the Securities Exchange Act of 1934) shall not be deemed a violation of this Article.
  
- c. During the term of the Franchise Agreement or any Other Agreement, employ or seek to employ any person who is or was within the immediate past six (6) months employed in a management capacity by Franchisor, any other System Business (except for ReCoat Revolution Businesses who are Affiliates of any Covenantor), or induce or seek to induce any such person to leave his or her employment. Franchisor shall not employ or seek to employ any person who is or was within the immediate past six (6) months employed by Franchisee or induce or seek to induce any such person to leave his or her employment. Any party violating the provisions of this Article 2.c shall pay to the former employer as liquidated damages (which the parties agree are difficult of ascertainment) an amount equal to two (2) times the annual salary of the employee involved, plus all costs and attorneys' fees incurred by the former employer in connection with such default. The parties hereto agree that each current and future Franchisee in the System shall be a third party beneficiary of the provisions of this Article 2.c, and shall be entitled to enforce the provisions hereof. Franchisor shall have no obligation to enforce the provisions of this Article 2.c for the benefit of any current or future franchisee in the System.

3. In the event any provision of this Agreement is deemed by a court of competent jurisdiction to be more restrictive than permissible at law or equity, the Covenantors agree that the provisions hereof may be reformed and modified and enforced by such court to the maximum extent permissible under applicable law and principles of equity. Covenantors agree that specific performance and injunctive relief are necessary and appropriate remedies for violations of this Agreement and agrees to enforcement of such remedies, but without prejudice to the right of Franchisor to recover money damages, which are in no event a full and adequate remedy for such violations.

4. The Covenantors agree that the existence of any claim that any of them may have against Franchisor shall not constitute a defense to the enforcement by Franchisor of this Agreement or the covenants contained in Article 11 of the Franchise Agreement. In the event that Covenantors commence any action against Franchisor arising out of or related to this Agreement, or the dealings or relationship of the parties hereunder or otherwise, such action shall be brought only in any state court of general jurisdiction sitting in the county and state, or

in the United States District Court for the district, in which Franchisor has its principal place of business at the time any such action is instituted. Covenantors consent to the exercise of jurisdiction by such courts over any claims or counterclaims against Covenantors. In the event Franchisor incurs legal fees or costs or other expenses to enforce any obligation of Covenantors hereunder, or to defend against any claim, demand, action or proceeding by reason of Covenantors' failure to perform or observe any obligation imposed upon Covenantors by this Agreement, then Franchisor shall be entitled to recover from Covenantors the amount of all legal fees, costs and expenses, including reasonable attorneys' fees, whether incurred prior to, or in preparation for or contemplation of the filing of any claim, demand, action, or proceeding to enforce any obligation of Covenantors hereunder or thereafter or otherwise.

5. This Agreement and the documents provided for herein contain the entire agreement of the parties hereto with respect to the subject matter hereof and supersede all prior negotiations, agreements, and understandings with respect thereto, provided, however, that nothing in this Agreement or any related document is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document furnished to Franchisee. This Agreement may only be amended by a written document duly executed by all parties hereto. This Agreement shall be governed by and construed in accordance with the laws of the State of Missouri, without reference to the rules governing conflicts of law. This Agreement shall inure to the benefit of and shall be binding upon the respective successors, heirs, administrators, executors, personal representatives, trustees, and assigns of the parties hereto. This Agreement may be executed in multiple counterparts, each considered an original, but all of which shall constitute but one Agreement. Capitalized used herein but not defined shall have the meaning set forth in the Franchise Agreement between Franchisor and Franchisee.

IN WITNESS WHEREOF, the undersigned have executed this Agreement.

**“Franchisor”**

**“Recipient”** (each in their individual capacity)

**RECOAT REVOLUTION FRANCHISE LLC**

A Missouri limited liability company

\_\_\_\_\_  
BY: \_\_\_\_\_  
ITS: \_\_\_\_\_

\_\_\_\_\_  
NAME: \_\_\_\_\_

\_\_\_\_\_  
NAME: \_\_\_\_\_

\_\_\_\_\_  
NAME: \_\_\_\_\_

**EXHIBIT F**  
**STATE ADDENDUM**

[Insert State Addendum if applicable]

**MULTI-STATE AMENDMENT  
TO FRANCHISE AGREEMENT  
(FOR THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI)**

This Amendment pertains to franchises sold in the state that have adopted as law the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements (the "SOP") and is for the purpose of complying with the statutes and regulations of such states. Signing this Amendment where the SOP, because applicable jurisdictional requirements are not met, does not subject the parties to the provisions of the SOP. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated \_\_\_\_\_, 20\_\_\_, will be amended as follows:

1. The following language is added immediately before the signature block of the Franchise Agreement:

"No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the 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."

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:

Franchisee:

\_\_\_\_\_  
By:  
Its:  
Date of signature: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signature: \_\_\_\_\_

**EXHIBIT D TO THE DISCLOSURE DOCUMENT**

**LIST OF FRANCHISEES**  
**(As of December 31, 2024)**

William Walton  
ReCoat Revolution of North Atlanta  
300 Colonial Center Parkway, Ste. 100-  
1005  
Roswell, GA 30076  
[wwalton@recoatrevolution.com](mailto:wwalton@recoatrevolution.com)

Ryan Steele  
ReCoat Revolution of South Charlotte  
3540 Toringdon Way Suite 200 #1029  
Charlotte NC, 28277  
[rsteele@recoatrevolution.com](mailto:rsteele@recoatrevolution.com)

Joe Worrel (and Jennifer Worrel on the FA)  
ReCoat Revolution of North Metroplex  
1500 Corporate Circle, Suite 4  
Southlake, TX 76092  
[jworrel@recoatrevolution.com](mailto:jworrel@recoatrevolution.com)

**LIST OF FRANCHISEES THAT HAVE SIGNED A FRANCHISE AGREEMENT, BUT THE OUTLET HAS NOT OPENED**

Jeff Sturgis  
ReCoat Revolution of the Midlands  
1130 Broad River Rd.  
Columbia, SC 29220  
[jsturgis@recoatrevolution.com](mailto:jsturgis@recoatrevolution.com)

Jeff Sturgis  
ReCoat Revolution of York County  
no address at this time  
[jsturgis@recoatrevolution.com](mailto:jsturgis@recoatrevolution.com)

Monica Fernandes  
ReCoat Revolution of Austin  
no address at this time  
[mfernandes@recoatrevolution.com](mailto:mfernandes@recoatrevolution.com)

Wes Howell and Caleb Grant  
ReCoat Revolution of North Charlotte  
no address at this time  
[whowell@recoatrevolution.com](mailto:whowell@recoatrevolution.com)  
[cgrant@recoatrevolution.com](mailto:cgrant@recoatrevolution.com)

Troy Bunting  
ReCoat Revolution of Salt Lake City  
no address at this time  
[troy@tinmanlegacypartners.com](mailto:troy@tinmanlegacypartners.com)

**EXHIBIT E TO THE DISCLOSURE DOCUMENT**

**LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM**

**(As of December 31, 2024)**

**None.**

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

**EXHIBIT F TO THE DISCLOSURE DOCUMENT**

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**EXHIBIT G TO THE DISCLOSURE DOCUMENT**

**FINANCIAL STATEMENTS**

**ReCoat Revolution Franchise, LLC**

**Independent Auditor's Report  
And  
Financial Statements  
December 31, 2024 and 2023**

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**Metwally CPA PLLC**

**CERTIFIED PUBLIC ACCOUNTANT**

1312 Norwood Dr STE 100, Bedford, Texas 76022

Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

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## **Independent Auditor's Report**

To the members of  
ReCoat Revolution Franchise, LLC

### **Opinion**

We have audited the accompanying financial statements of ReCoat Revolution Franchise, LLC (the Company), which comprise the balance sheets as of December 31, 2024 and 2023 and the related statements of operations, members' equity (deficit), and cash flows for years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ReCoat Revolution Franchise, LLC as of December 31, 2024 and 2023 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

*Metwally CPA PLLC*

Metwally CPA PLLC

Bedford, Texas

January 31, 2025

**ReCoat Revolution Franchise, LLC**

**Balance Sheets**

**December 31, 2024 and 2023**

	2024	2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 161,083	\$ -
<b>Total Current Assets</b>	<b>161,083</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 161,083</b>	<b>\$ -</b>
<b>LIABILITIES AND MEMBERS' EQUITY (DEFICIT)</b>		
<b>Current Liabilities</b>		
Due to related parties	\$ 68,879	\$ 32,922
Accounts payable	3,809	-
<b>Total Current Liabilities</b>	<b>72,688</b>	<b>32,922</b>
<b>Total Liabilities</b>	<b>72,688</b>	<b>32,922</b>
<b>Members' Equity (Deficit)</b>		
Members' equity (deficit)	88,395	(32,922)
<b>Total Members' Equity (Deficit)</b>	<b>88,395</b>	<b>(32,922)</b>
<b>Total Liabilities and Members' Equity (Deficit)</b>	<b>\$ 161,083</b>	<b>\$ -</b>

*The accompanying notes are an integral part of the financial statements.*

**ReCoat Revolution Franchise, LLC**  
**Statements of Operations**  
**Years Ended December 31, 2024 and 2023**

---

	<u>2024</u>	<u>2023</u>
<b>Revenues</b>		
<b>Total Revenues</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Operating Expenses</b>		
Advertising and marketing	21,000	-
Legal and professional	17,766	32,922
<b>Total Operating Expenses</b>	<u>38,766</u>	<u>32,922</u>
<b>Net Income / (Loss)</b>	<u>\$ (38,766)</u>	<u>\$ (32,922)</u>

*The accompanying notes are an integral part of the financial statements.*

**ReCoat Revolution Franchise, LLC**  
**Statements of Members' Equity (Deficit)**  
**Years Ended December 31, 2024 and 2023**

---

<b>Members' Equity At September 7, 2023</b>	<u>\$ -</u>
Net income / (loss)	<u>(32,922)</u>
<b>Members' Equity (Deficit) At December 31, 2023</b>	<u>\$ (32,922)</u>
Net income / (loss)	(38,766)
Members' contribution	160,083
<b>Members' Equity At December 31, 2024</b>	<u>\$ 88,395</u>

*The accompanying notes are an integral part of the financial statements.*

**ReCoat Revolution Franchise, LLC**  
**Statements of Cash Flows**  
**Years Ended December 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Cash Flows From Operating Activities</b>		
Net income / (loss)	\$ (38,766)	\$ (32,922)
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>		
<b>Change in assets and liabilities</b>		
Due to related parties	35,957	32,922
Accounts payable	3,809	-
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>1,000</b>	<b>-</b>
<b>Cash Flows From Investing Activities</b>		
<b>Net Cash Flows Provided By (Used In) Investing Activities</b>	<b>-</b>	<b>-</b>
<b>Cash Flows From Financing Activities</b>		
Members' contribution	160,083	-
<b>Net Cash Flows Provided By (Used In) Financing Activities</b>	<b>160,083</b>	<b>-</b>
<b>Net Change In Cash And Cash Equivalent During The Year</b>	<b>161,083</b>	<b>-</b>
Cash and cash equivalents - beginning of the year	-	-
<b>Cash And Cash Equivalent - End of The Year</b>	<b>\$ 161,083</b>	<b>\$ -</b>

*The accompanying notes are an integral part of the financial statements.*

**ReCoat Revolution Franchise, LLC**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

**1. COMPANY AND DESCRIPTION OF BUSINESS**

ReCoat Revolution Franchise, LLC (the Company), formerly Clean Recoat Franchise, was established in the state of Missouri as a limited liability Company on September 7, 2023, for the purpose of offering franchises. The Company offers qualified individuals the right to operate a business that provides floor refinishing services for residential and commercial customers under “ReCoat Revolution” mark. The Company offers individual unit cleaning and refinishing franchises and area development franchises for the development of multiple Offices within a designated territory.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company’s financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

**A. Basis of Accounting**

The financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (“US GAAP”).

**B. Cash and Cash Equivalents**

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**C. Federal Income Taxes**

The Company is organized as a limited liability Company and is a disregarded entity for income tax purposes. The Company’s accounts are included in the tax return of its members, and all taxes are assessed and paid at the individual member level. Therefore, no income tax liability for federal or state taxes has been recorded in the financial statements.

**D. Use of Estimates**

The preparation of our Company’s financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

## **E. Concentration of Credit Risk**

The Company maintains cash and cash equivalents with major financial institutions. At various times during the period, the total amount on deposits might exceed the \$250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

## **F. Revenue Recognition**

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

### Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the Company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) Marketing, brand development and royalties Fees and (c) IT Fees; (d) Annual Conference Fees. The Company utilize ASC 606 five-steps revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

The terms of the Company's franchise agreement will be as follows:

- The Company will grant the right to use the Company name, trademark, and system in the franchisee's franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay monthly royalties, marketing, IT, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources: The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, assistance in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 10 years while successive agreement terms are typically 10 years.

### Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

### Contracts Assets and Liabilities Balances

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized as expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

The Company didn't generate any revenue as of the balance sheet date but will be implementing ASC 606 to recognize its revenue once a sale has been made.

### **G. Advertising and Marketing**

Advertising and marketing costs are charged to operations in the year incurred.

### **H. Recent Accounting Pronouncements**

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements and determined that it doesn't have any lease that meet the requirement to recognize a right-of-use asset and liability because the Company doesn't have any long-term leases.

## **3. CASH AND CASH EQUIVALENTS**

The Company maintains its cash balance in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. On December 31, 2024, the Company's cash balance didn't exceed the FDIC insurance limits.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents. The Company has approximately \$161,083 and \$0 in cash in their operating bank account as of December 31, 2024 and 2023, respectively.

## **4. RELATED PARTY TRANSACTIONS**

The Company has a common ownership with ReCoat Revolution, LLC. The balance due to the related party represents the expenses paid on behalf of the Company which include legal and professional fees and general and administrative. As of December 31, 2024 and 2023, the due to related parties' balances were \$68,879 and \$32,922, respectively.

## **5. ADVERTISING EXPENSES**

Advertising costs for the years ended December 31, 2024 and 2023 were \$21,000 and \$0, respectively. These expenses were expensed as incurred.

## **6. SUBSEQUENT EVENTS**

In 2024, the Company partnered with a franchise development company, agreeing to exchange equity for successful franchise sales. This agreement entitled them to commissions, a royalty percentage, and 0.67% equity on up to 150 franchise sales. In January 2025, the franchise development company earned 1.34% equity for a completed sale.

Management has evaluated subsequent events through January 31, 2025, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements other than disclosed above.

**Clean ReCoat Franchise, LLC**

**Independent Auditor's Report**

**And**

**Financial Statements**

**Period From September 7, 2023 to December 31, 2023**

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## **Metwally CPA PLLC**

### **CERTIFIED PUBLIC ACCOUNTANT**

1312 Norwood Dr STE 100, Bedford, Texas 76022

Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

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## **Independent Auditor's Report**

To the Members of  
Clean ReCoat Franchise, LLC

### **Opinion**

We have audited the accompanying financial statements of Clean ReCoat Franchise, LLC (the Company), which comprise the balance sheet as of December 31, 2023 and the related statements of operations, members' equity (Deficit), and cash flows for period from September 07, 2023 to December 31, 2023 and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clean ReCoat Franchise, LLC as of December 31, 2023 and the results of its operations and its cash flows for the period from September 7, 2023 to December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Emphasis of Matter**

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 4 to the financial statements, the Company has a net loss for December 31, 2023 of \$32,922. The Company also has a low liquidity level in comparison to its short-term obligation and had net capital deficiency. This raises substantial doubt about its ability to continue as a going concern. The management's plan in this regard is also described in Note 4. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

*Metwally CPA PLLC*

Metwally CPA PLLC

Bedford, Texas

July 15, 2024

**Clean ReCoat Franchise, LLC**  
**Balance Sheet**  
**December 31, 2023**

---

	<u>2023</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Total Current Assets</b>	<u>\$ -</u>
<b>Total Assets</b>	<u>\$ -</u>
<b>LIABILITIES AND MEMBERS' EQUITY (DEFICIT)</b>	
<b>Current Liabilities</b>	
Due to related parties	\$ 32,922
<b>Total Current Liabilities</b>	<u>32,922</u>
<b>Total Liabilities</b>	<u>32,922</u>
<b>Members' Equity (Deficit)</b>	
Members' equity (deficit)	(32,922)
<b>Total Members' Equity (Deficit)</b>	<u>(32,922)</u>
<b>Total Liabilities and Members' Equity (Deficit)</b>	<u>\$ -</u>

*The accompanying notes are an integral part of the financial statements.*

**Clean ReCoat Franchise, LLC**  
**Statement of Operations**  
**Period From September 7, 2023 to December 31, 2023**

---

	<u>2023</u>
<b>Revenues</b>	
<b>Total Revenues</b>	<u>\$ -</u>
<b>Operating Expenses</b>	
Legal and professional	32,922
<b>Total Operating Expenses</b>	<u>32,922</u>
<b>Operating Income / (Loss)</b>	<u>(32,922)</u>
<b>Net Income / (Loss)</b>	<u>\$ (32,922)</u>

*The accompanying notes are an integral part of the financial statements.*

**Clean ReCoat Franchise, LLC**  
**Statement of Members' Equity (Deficit)**  
**Period From September 7, 2023 to December 31, 2023**

---

<b>Members' Equity (Deficit) At September 7, 2023</b>	<u>\$ -</u>
Net income / (loss)	<u>(32,922)</u>
<b>Members' Equity (Deficit) At December 31, 2023</b>	<u><b>\$ (32,922)</b></u>

*The accompanying notes are an integral part of the financial statements.*

**Clean ReCoat Franchise, LLC**  
**Statement of Cash Flows**  
**Period From September 7, 2023 to December 31, 2023**

---

	<b>2023</b>
<b>Cash Flows From Operating Activities</b>	
Net income / (loss)	\$ (32,922)
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>	
<b>Change in assets and liabilities</b>	
Due to related parties	32,922
<b>Net Cash Flows Provided By (Used In) Operating Activities</b>	-
 <b>Cash Flows From Investing Activities</b>	
<b>Net Cash Flows Provided By (Used In) Investing Activities</b>	-
 <b>Cash Flows From Financing Activities</b>	
<b>Net Cash Flows Provided By (Used In) Financing Activities</b>	-
<b>Net Change In Cash And Cash Equivalent During The Period</b>	-
Cash and cash equivalents - beginning of the period	-
<b>Cash And Cash Equivalent - End of The Period</b>	\$ -

*The accompanying notes are an integral part of the financial statements.*

**Clean ReCoat Franchise, LLC**  
**Period From September 7, 2023 to December 31, 2023**  
**Notes To Financial Statements**

**1. COMPANY AND NATURE OF OPERATIONS**

Clean ReCoat Franchise, LLC (“the Company”) was established in the state of Missouri as a limited liability Company on September 7, 2023 for the purpose of offering franchises. The Company offers qualified individuals the right to operate a business that provides floor refinishing services for residential and commercial customers under “Clean ReCoat” mark. The Company offers individual unit cleaning and refinishing franchises and area development franchises for the development of multiple Offices within a designated territory.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company’s financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

**A. Basis of Accounting**

The Company’s financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

**B. Cash and Cash Equivalents**

For purposes of the Statement of cash flows, cash equivalents include bank accounts and cash in transit for bank deposits with maturities of three months or less to be cash equivalents.

**C. Federal Income Taxes**

As a limited liability company, the Company’s taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision for income taxes has been included in the financial statements.

**D. Concentration of Credit Risk**

The Company maintains cash and cash equivalents with major financial institutions. At various times during the year, the total amount on deposit might exceed the \$250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

**E. Use of Estimates**

The preparation of our Company’s financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

## **F. Revenue Recognition**

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

### Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the Company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) Marketing, brand development and royalties Fees and (c) IT Fees; (d) Annual Conference Fees. The Company utilize ASC 606 five-step revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

The terms of the Company's franchise agreement will be as follows:

- The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay weekly royalties, marketing, IT, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources: The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, assistance in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 5 years while successive agreement terms are typically 5 years.

### Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license. The Company

collects funds from franchisees to manage the brand-level advertising, marketing, and development program. The fee is based on a percentage of the gross sales less any amount paid towards sales tax, payable weekly.

#### Contracts Assets and Liabilities Balances

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized to expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

The Company didn't generate any revenue as of the balance sheet date but will be implementing ASC 606 to recognize its revenue once a sale has been made.

#### **G. Recent Accounting Pronouncements**

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements and determined that it doesn't have any lease that meet the requirement to recognize a right-of-use asset and liability because the Company doesn't have any long-term leases.

#### **3. RELATED PARTY TRANSACTIONS**

As of December 31, 2023, the Company has a \$32,922 balance due to a related party which represents start-up expenses paid by the parent company on behalf of the Company.

#### **4. LIQUIDITY RISK**

As shown in the accompanying financial statements, the Company had a net loss for December 31, 2023 of \$32,922. The Company also has a low liquidity level in comparison to its short-term obligation and a net capital deficiency. The future of the Company is dependent upon its ability to obtain financing and upon future profitable operations. The financial statements do not include any adjustments related to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence. Management's plans in connection with such concerns include implementing operations modification anticipated to increase efficiencies, reduce operation costs, and generate franchise sales. In addition, management has identified and implemented various efficiencies to improve overall operations and increase profitability. The Company's members are also capable and willing to contribute more funds if needed. The Company's members have guaranteed the ongoing operation of the Company for the next twelve months.

#### **5. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through July 15, 2024 which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

**EXHIBIT H TO THE DISCLOSURE DOCUMENT**

**CONFIDENTIALITY AGREEMENT**

## **EXHIBIT H TO THE DISCLOSURE DOCUMENT**

### **RECOAT REVOLUTION FRANCHISE LLC CONFIDENTIALITY AGREEMENT**

THIS CONFIDENTIALITY AGREEMENT (the "Agreement") is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between \_\_\_\_\_ ("Recipient"), and RECOAT REVOLUTION FRANCHISE LLC, a Missouri limited liability company ("Franchisor").

**A.** Recipient desires to review certain confidential and proprietary information regarding Franchisor, its affiliates, and/or its franchisees (collectively the "Disclosing Parties"), for the purpose of evaluating whether to enter into a business relationship with Franchisor (the "Contemplated Relationship"); and

**B.** Franchisor desires to disclose certain confidential and proprietary information to Recipient, but only pursuant to the terms of this Agreement.

In consideration of the covenants and premises herein contained, and for other good and valuable consideration received, it is hereby agreed as follows:

1. Recipient acknowledges and agrees that all Covered Information (defined below) it receives from Franchisor, its affiliates, or franchisees is confidential and proprietary information. For purposes of this Agreement, "Covered Information" includes, by way of example, but without limitation, data, know-how, processes, designs, sketches, photographs, plans, drawings, specifications, reports, financial information, customer lists, pricing information, other information about advertising, marketing, designs and methods of operation, studies, findings, inventions, and ideas. Recipient agrees that any information received from Franchisor, its subsidiaries, affiliates, or franchisees (a) shall only be used for purposes of evaluating whether Recipient desires to directly or indirectly enter into a business relationship with Franchisor, and (b) shall not be disclosed to any third party without the prior written consent of Franchisor. Recipient agrees to use reasonable care to prevent the disclosure of the Covered Information to any third party, and further agrees to limit the dissemination of the Covered Information within its own organization to individuals whose duties justify the need to know such information, and then only provided that there is a clear understanding by such individuals of their obligation to maintain the confidential status of the Covered Information and to restrict its use solely to the purposes specified herein.
2. All Covered Information remains the exclusive property of Franchisor or the Disclosing Parties, and nothing contained in this Agreement may be construed as a grant, express or implied or by estoppel, of a transfer, assignment, license, or lease of any right, title, or interest in the Covered Information, other than as the limited right of use stated herein. Recipient agrees that the amount of Covered Information to be disclosed to Recipient is completely within the discretion of Franchisor. Nothing in this Agreement requires either party or its owners to enter into the Contemplated Relationship or to negotiate a Contemplated Relationship for any specified period of time or otherwise.
3. The Parties agree that notwithstanding the termination of this Agreement, the Recipient's obligations hereunder will survive for five (5) years after the Effective Date. If either party determines that it does not wish to proceed with a Contemplated Relationship or if either party notifies the other party of a termination of this Agreement, then Recipient will destroy or return

all written materials, documents, or other Covered Information received from Franchisor, its affiliates, subsidiaries, or franchisees, or any notes, photos, or derivative works thereof. Additionally, the Recipient will certify to Franchisor in writing that it has complied with the obligations of this Article.

4. Recipient shall be under no obligation under this Agreement with respect to any information (a) which is, at the time of the disclosure, available to the general public; (b) which becomes at a later date available to the general public through no fault of the Recipient and then only after said date; or (c) which Recipient can demonstrate was in its possession before receipt.
5. The definition in Article 1 of Covered Information is for illustrative purposes only. The Recipient of the Covered Information must perform its own due diligence when evaluating the Contemplated Relationship, and Franchisor or other Disclosing Parties will not be liable for the Recipient's failure to do so. Recipient must rely solely on its own investigation and not on information provided by Franchisor.
6. Franchisor does not guarantee or warranty the accuracy or completeness of the Covered Information. Some Covered Information may have been obtained or gathered by third parties and Franchisor has not performed any independent investigation or verification of such Covered Information. The Covered Information is being provided on an "AS IS" "WHERE IS" basis and Franchisor does not make and specifically disclaims any representations, warranties, promises, covenants, agreements or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, including, without limitation, warranties of merchantability, fitness for a particular purpose, non-infringement or intellectual property rights or other warranties, conditions, guarantees or representations, whether express or implied.

Any financial information included in the Covered Information is not a guarantee or otherwise indicative of potential success, profitability, or any particular level of return from the Contemplated Relationship, if consummated. Many factors would impact the success and profitability of the Contemplated Relationship, including without limitation site selection, local economic conditions (which conditions may change over time), and the Recipient's business acumen, management skill, and experience.

The Covered Information does not constitute an offer to become a franchisee or to sign any agreement or an offer to enter the Contemplated Relationship. Entering into the Contemplated Relationship will be subject to, among other things, the execution of a franchise agreement and certain other collateral agreements and the payment of certain fees. Franchisor's provision of the Covered Information, and the Recipient's acceptance of it, does not obligate either party to enter into the Contemplated Relationship.

7. This Agreement will be governed and construed in accordance with the laws of the State of Missouri, excluding its conflicts of law principles. Any legal action or proceeding arising out of or related to this Agreement must be brought in a state or federal court in St. Louis County, Missouri. Each party submits itself to the jurisdiction of such courts. However, a party may seek to enforce an order or judgment of any such court in any other court of competent jurisdiction.
8. This Agreement constitutes the entire agreement and understanding among the parties hereto and shall not be amended except pursuant to a written agreement executed by each of the parties hereto. This agreement shall be binding upon the parties hereto and their respective

heirs, administrators, successors, and assigns. This Agreement may be signed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the day, month, and year first above written.

**“Franchisor”**

**“Recipient”**

**RECOAT REVOLUTION FRANCHISE LLC**  
A Missouri limited liability company

\_\_\_\_\_  
BY: \_\_\_\_\_  
ITS: \_\_\_\_\_

\_\_\_\_\_  
NAME: \_\_\_\_\_

**EXHIBIT I TO THE DISCLOSURE DOCUMENT**

**FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT**

**FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT**

**DO NOT COMPLETE OR SIGN THIS QUESTIONNAIRE IF YOU ARE A RESIDENT OF, OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ONE OF THE FOLOWING STATES:**

**CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI**

As you know, RECOAT REVOLUTION FRANCHISE LLC (the “**Franchisor**”) and you are preparing to enter into a franchise agreement (the “**Franchise Agreement**”) for the establishment and operation of a ReCoat Revolution Business (the “**Franchised Business**”). The purpose of this Questionnaire is to determine whether any statements or promises were made to you by existing franchisees, employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor (“**Broker**”), that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Franchised Business from an existing Franchisee?

Yes \_\_\_\_\_ No \_\_\_\_\_

2. I had my first face-to-face meeting with a Franchisor representative on \_\_\_\_\_, 20\_\_\_\_.

3. Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

4. Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

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5. Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

6. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes \_\_\_\_\_ No \_\_\_\_\_

7. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_

If No, what parts of the Disclosure Document and/or Addendum do you not understand?  
(Attach additional pages, if necessary.)

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8. Have you discussed the benefits and risks of establishing and operating a Franchised Business with an attorney, accountant, or other professional advisor?

Yes \_\_\_\_\_ No \_\_\_\_\_

If No, do you wish to have more time to do so?

Yes \_\_\_\_\_ No \_\_\_\_\_

9. Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes \_\_\_\_\_ No \_\_\_\_\_

10. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Franchised Business operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_

11. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Franchised Business that is contrary to or different from the information contained in the Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_

12. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchised Business will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_

13. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Franchised Business that is contrary to or different from the information contained in the Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_

14. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes \_\_\_\_\_ No \_\_\_\_\_

15. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or franchise agreement?

Yes \_\_\_\_\_ No \_\_\_\_\_

16. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes \_\_\_\_\_ No \_\_\_\_\_

17. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes \_\_\_\_\_ No \_\_\_\_\_

18. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? \_\_\_\_\_

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If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank.

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I signed the Franchise Agreement and Addendum (if any) on \_\_\_\_\_, 20\_\_\_\_, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that:

A. You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You hereby acknowledge your awareness of and willingness to undertake these business risks.

B. You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including any Broker) as to the likelihood of success of the franchise. Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None".

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C. You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

- (i) a person or entity listed in the Annex to the Executive Order;

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or

(iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

**(NOT FOR USE IN THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI)**

Acknowledged this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Sign here if you are taking the franchise as an

**INDIVIDUAL**

Sign here if you are taking the franchise as a

**CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP**

\_\_\_\_\_  
Signature

Print Name \_\_\_\_\_

\_\_\_\_\_  
Signature

Print Name \_\_\_\_\_

\_\_\_\_\_  
Signature

Print Name \_\_\_\_\_

\_\_\_\_\_  
Print Name of Legal Entity

By: \_\_\_\_\_  
Signature

Print Name \_\_\_\_\_

Title \_\_\_\_\_

**EXHIBIT J TO THE DISCLOSURE DOCUMENT**

**STATE EFFECTIVE DATES**

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

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

California	Not Registered
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Pending
Maryland	Not Registered
Michigan	Pending
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	Pending

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

**EXHIBIT K TO THE DISCLOSURE DOCUMENT**

**RECEIPTS**

**(KEEP THIS COPY FOR YOUR RECORDS)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If RECOAT REVOLUTION FRANCHISE LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. If RECOAT REVOLUTION FRANCHISE LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit A.

The franchisor is RECOAT REVOLUTION FRANCHISE LLC, located at 44 Soccer Park Road, Fenton, MO 63026. Its telephone number is 314-270-2707.

Issuance date: April 22, 2025. The state effective dates are on an exhibit preceding this page.

The franchise seller is  Angie Lauer, located at 44 Soccer Park Road, Fenton, MO 63026 with a telephone number of 314-270-2707 or  \_\_\_\_\_ located at \_\_\_\_\_ with a telephone number of \_\_\_\_\_.

RECOAT REVOLUTION FRANCHISE LLC authorizes the agents listed in Exhibit A to receive service of process for it.

I have received a disclosure document dated April 22, 2025, that included the following Exhibits:

- |  |   |
|--|---|
| A – State Administrators/Agents for Service of Process | F – Table of Contents of The Confidential Operations Manual |
| B – State Addenda to FDD                               | G – Financial Statements                                    |
| C – Franchise Agreement                                | H – Confidentiality Agreement                               |
| D - List of Franchisees                                | I – Franchisee Disclosure Acknowledgment Statement          |
| E – List of Franchisees Who Have Left the System       | J – State Effective Dates                                   |
|  | K - Receipts  |

Date: \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name

**RECEIPT**

**(RETURN THIS COPY TO US)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If RECOAT REVOLUTION FRANCHISE LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. If RECOAT REVOLUTION FRANCHISE LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit A.

The franchisor is RECOAT REVOLUTION FRANCHISE LLC, located at 44 Soccer Park Road, Fenton, MO 63026. Its telephone number is 314-270-2707.

Issuance date: April 22, 2025. The state effective dates are on an exhibit preceding this page.

The franchise seller is  Angie Lauer, located at 44 Soccer Park Road, Fenton, MO 63026 with a telephone number of 314-270-2707 or  \_\_\_\_\_ located at \_\_\_\_\_ with a telephone number of \_\_\_\_\_.

RECOAT REVOLUTION FRANCHISE LLC authorizes the agents listed in Exhibit A to receive service of process for it.

I have received a disclosure document dated April 22, 2025, that included the following Exhibits:

- |  |   |
|--|---|
| A – State Administrators/Agents for Service of Process | F – Table of Contents of The Confidential Operations Manual |
| B – State Addenda to FDD                               | G – Financial Statements                                    |
| C – Franchise Agreement                                | H – Confidentiality Agreement                               |
| D – List of Franchisees                                | I – Franchisee Disclosure Acknowledgment Statement          |
| E – List of Franchisees Who Have Left the System       | J – State Effective Dates                                   |
|  | K - Receipts  |

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 RECOAT REVOLUTION FRANCHISE LLC at 44 Soccer Park Road, Fenton, MO 63026, or by emailing a copy of the signed and dated receipt to RECOAT REVOLUTION FRANCHISE LLC at [franchise@recoatrevolution.com](mailto:franchise@recoatrevolution.com).