

Smallman Tools and Equipment

Franchise Agreement



Welcome to our Smallman Tools Family

Prepared for:

Nick Smalley, Smallman Tools and Equipment (Franchisor)

_____ (Franchisee)

This franchise agreement governs _____ license to operate an authorized franchise location under the franchise company Smallman Tools and Equipment. The agreement is valid as of May 12th 2025 for the length of the _____ franchise with Smallman Tools And Equipment. The contract will be up for discussion every year.

Grant of Franchise

This franchise has been granted to the Franchisee. In accordance with this, the Franchisor hereby provides the Franchisee with the exclusive right to employ the Marks and Licensed Methods in association with the formation and operation of the franchise in their own territory provided by Smallman Tools and Equipment in their own vehicle approved by Smallman Tools and Equipment with vehicle wrap approved by Smallman Tools and Equipment. Indicated in this agreement, which the Franchisee accepts from the Franchisor in writing. The Franchisee undertakes to utilize the allotted trademarks and Licensed Methods in conformity with the terms and conditions of this agreement. These conditions may be amended, modified, or even further extended and elaborated as per requirements by the Franchisor at regular time intervals with prior notice.

Agreement Parties

Franchisee operator

Agreement Parties (Franchisor)

Nick Smalley, Smallman Tools and Equipment

3613 376th Avenue, Burlington WI 53105

(262) 325-2142

Franchise Fees and Royalty

The Grantee, in this case, the entity acquiring the franchise, agrees to remit a franchise fee of \$10,000 to the Grantor (Nickolas Smalley, Smallman Tools and Equipment) by start date of _____ .

In addition, the Franchisee shall remain responsible for paying to the local jurisdictions (city, county, state, etc., as appropriate), throughout the length of this agreement, the:

- Taxes (State, City, and Federal)
- Tool manager fees
- His/her own vehicle registration, tolls fees if applicable
- Maintenance Fee
- Tool accounts
- Any fees/costs arising from conducting or advertising the business
- Credit Card fees

It is acknowledged that the Grantee has, or will, enter into one or more franchise agreements with the Grantor, which will include provisions regarding franchise fees. The total Franchisor's royalties Fee for each month will be determined based on the gross sales generated during that month within the jurisdictions in which the Grantee operates. The Grantee will begin payment of royalties on _____.

The Grantee is responsible for declaring their gross sales on a weekly and monthly basis, in accordance with the intervals specified in this agreement (Declaration of Gross Revenues). This declaration is required not only for the calculation of any Franchisor's Fees as outlined above, but also for the determination of other Franchisor rights, royalties, and any tax obligations, whether local, state, or federal, as may be applicable and not otherwise specified herein

At the sole discretion of the Franchise Owner, a weekly royalty fee of 6% of the gross sales is required to be paid to Smallman Tools and Equipment. This 6% royalty fee will be assessed and paid weekly, regardless of the annual gross sales figures. Payments are to be made on a weekly basis, with each payment due on the Monday following the end of the preceding week. This royalty fee shall remain in effect for the duration of the franchise agreement between _____ and Smallman Tools and Equipment, represented by Nickolas Smalley.

Franchise Agreement Terms

- _____ will ensure that the truck adheres to established franchise guidelines for appearance and cleanliness.
- Unless otherwise specified in this Contract, Franchisee's Company shall be the sole operator operating within the established geographical territory agreed upon. So long as Licensee is not in violation of this Agreement, the Franchise Owner will not establish or operate a competitor (X) truck in the same Territory, whether corporate or licensed. There must, however, be no territorial constraints on where clients may originate from, for whatever Company truck, whether company-owned or franchised. Except in pursuance of this Agreement and the Guidelines, Franchisee shall not broadcast any form of media advertising or otherwise promote outside of the Franchisee's determined region.
- _____ agree to provide all necessary documentation and materials needed to meet the requirements of the franchise location.
- _____ to oversee the daily management and operation of said franchise location and all he decides to employ.
- _____ is also in agreement to maintain all upkeep of said truck(s)
- _____ agree to pay the franchise for the rights to own and operate this franchise location. The payment amount is shown above and includes any deposits, discounts, and taxes related to the said amount.
- _____ must agree and get permission for every town they enter into to fulfill their route. Approval is not guaranteed and is up to Smallman Tools and Equipment. Operating in a new location without approval is considered a breach of this agreement.

- _____ also agrees to pay the Franchisor royalties on a weekly basis as agreed upon by both parties. Failure to pay any royalties and/or fees within the agreed time may result in termination, seizure or withdrawal of _____.
- Any and all failure to apply with the terms and conditions set forth may result in termination of the agreement, and further legal action as deemed necessary by Nick Smalley, Smallman Tools and Equipment.
- Smallman Tools and Equipment will not expect logo or truck wrap to be changed before every 3 years.

Franchise Meeting

Franchisees are strongly encouraged to attend meetings held by Smallman Tools and Equipment. Attendance is strictly mandatory at least once a quarter. Regular is an essential part of ongoing support and success. These meetings provide valuable opportunities to review performance metrics, share updates, address challenges and growth, and receive continued guidance. Active involvement ensures that both the franchisee and the company remain aligned in goal and operations. Consistent failure to participate may impact on the level of support available and could be considered during evaluation.

Franchisor's Responsibility

- The company is currently in good standing under all laws and has all the requisite power and authority to enter into this agreement with the owner.
- To the owner's current knowledge there are no legal matters or personal matters that will prohibit them from fulfilling this contract's term.
- Company will provide needed support as listed below for _____ as agreed to in this Franchise Agreement.
- Nick Smalley/Samantha Mertes, Smallman Tools and Equipment has the right to inspect and change the truck and check tool manager at any time.

Death of Franchisor

In the event of the death or permanent incapacity of Franchisor Nickolas Smalley, this agreement shall remain in full force and effect, with all rights and obligations transferring to his wife, Samantha Mertes. Franchises agree that all payments, including royalties and any other due payments, shall continue to be made directly to Samantha Mertes under the same terms and conditions of this Agreement.

Rights

Any and all trademarks and any copyrights belonging to the Franchise will remain Smallman Tools and Equipment always sole intellectual property.

_____ will have limited and non-exclusive rights for use of said trademarks and copyrights for the sole purposes of advertising and promotion. Any misuse of the Company's trademarks or copyrights will result in contract termination and legal action. All advertising and promotional use of Logo need to be authorized by Smallman Tools and Equipment Owners.

Selling/Transferring of Franchise

The Grantee shall not assign the Franchise granted herein except by operation of law or to an entity controlling, administered by, or even under contract arrangements with the Grantor, without the previous agreement of the Grantor, which allows implementation not to be unreasonably withheld or delayed.

However, no such approval is necessary for a transaction in trust, by lien, by other hypothecation, or by assignment of the Grantee's rights, title, or interest in the Franchise's name to secure debts. Within thirty (30) days after receiving a release clause, the Grantor shall advise the Grantee in writing of any additional information reasonably required to evaluate the transferee's juridical, economic, and technological abilities.

_____ may sell or transfer the Franchise with prior written and approved notice from the Franchisor. The Franchisor has

the right to deny any selling or transferring of ownership of the franchise location for any reason.

If Grantee decides to remove themselves from Smallman Tools and Equipment or contract has been revoked for any reason as determined by Grantor and decides to operate in Similar capacity of an independent Tool Truck, grantee may not operate in any township that Smallman Tools has clientele in until \$30,000 is paid to franchisor. \$30,000 (thirty thousand dollars) per town to release contracts and be released of all duties to franchisor Nick Smalley, Smallman Tools and Equipment.

Confidentiality

All confidential information exchanged between Franchisor and Franchisee shall be labeled and clearly marked as confidential.

Both parties agree that they will undertake reasonable efforts to not share or disclose this information with any third party, until and unless, the said third party needs it for legal purposes, or already has knowledge of the information.

Information that is out and open to the public is not classified as confidential information.

Both parties agree that regardless of whether any information is specifically marked as confidential, or if it has been formally shared with them, if it can be classified as sensitive or personal information, or information that might ruin the other party's reputation, will not be shared.

Renewal and Termination

This Franchise Agreement will be revised and assessed as one year to date, one year from date of contract and every year on said date. Both parties will have options to assess this Franchise Agreement on said date. Failure to comply with all terms of this agreement made by the Franchisee will result in termination of the agreement in its entirety. To cancel this agreement discussed in above \$30,000 (thirty thousand dollars) per town _____ is selling in will be paid to franchisor at time.

As a result, _____ will agree to give up all rights to use the Franchise's intellectual property of said logos and vehicle wrap listed in this Franchise Agreement, including intellectual property such as logos and signage.

Franchisors Right to Audit

According to the Franchisor's Right to Audit, the Franchisor Smallman Tool and Equipment, and/or its agents or representatives (Samantha Mertes and Brad Siggeman) shall have the right to investigate and audit, or potentially trigger to be thoroughly checked and audited, the financial records, record keeping and financial reporting records, computer database systems, tax information and other documentation of the outlet and of licensor, and the public records of franchisee if it is a corporate entity, limited liability company, or perhaps other commercial entity.

Such audits can occur at any period during office hours even without previous intimation to the distributor. Any such examination or review must be conducted with the Franchisee's complete cooperation. If any review or audit reveals an underestimation of the outlet's gross sales, dietary products overall receivables, or F&B gross receipts, or nonpayment of any charges or other obligations owed under the agreement, the agreement will be dissolved or additional fees may apply.

Severability and Jurisdiction

Any terms found unenforceable will have the option to be replaced as deemed necessary. The exclusion of the above-mentioned terms will in no way affect any other portions of this agreement. Both parties are in agreement all disagreements pertaining to this Franchise Agreement shall take place in the United States, state of Wisconsin.

Terms

This agreement will come "Into Term" upon the signing of this document.

This agreement shall remain active for a period of countless years of signing unless one of the following occurs,

Termination by either party in disregard to the terms and conditions.

Lapse of contract due to no extension or finalization of franchise agreement.

Legal proceedings from either agreeing party.

By signing this agreement both parties acknowledge understanding and agreement of all the above listed terms and conditions.

Acceptance

By Signing below, both parties agree to enter into, uphold, and enforce the entire terms of this Franchise Agreement.

Smallman Tools and Equipment

franchisee business name

Signature

Signature

Print signature above

Print signature above

Nick Smalley, Smallman Tools and Equipment

Date: ____/____/____

Date: ____/____/____

Notarization:
